

**Meeting:** IAASB  
**Meeting Location:** New York, USA  
**Meeting Date:** June 19–22, 2017

## Agenda Item

# 4

### Consideration of Networks—Issues and Discussion

#### Objective of Agenda Item

1. The objective of this Agenda Item is to obtain the IAASB’s feedback on the matters set out by the Quality Control Task Force (QCTF), the ISA 220<sup>1</sup> Task Force (TF) and the Group Audits Task Force (GATF) (hereinafter: the Task Forces) on ‘network’<sup>2</sup> related matters relevant to the projects addressing proposed revisions to:
  - International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and Related Services Engagements*;
  - ISA 220; and
  - ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*.
2. The Task Forces comprise the following members:

QCTF	ISA 220 TF	GATF
<ul style="list-style-type: none"> <li>• Karin French, IAASB Member and Chair of the QCTF</li> <li>• Bob Dohrer, IAASB Member</li> <li>• Brendan Murtagh, IAASB Member</li> <li>• Imran Vanker, IAASB Member</li> <li>• Josephine Jackson, IAASB Technical Advisor</li> <li>• Denise Weber, IAASB Technical Advisor</li> <li>• Keith Wilson, US Public Company Accounting Oversight Board (Official Observer)</li> </ul>	<ul style="list-style-type: none"> <li>• Megan Zietsman, IAASB Member and Chair of the ISA 220 TF</li> <li>• Karin French, IAASB Member</li> <li>• Rich Sharko, IAASB Member</li> <li>• Imran Vanker, IAASB Member</li> <li>• Brendan Murtagh, IAASB Member</li> <li>• Josephine Jackson, IAASB Technical Advisor</li> <li>• Annette Köhler, IAASB Member (correspondent member)</li> </ul>	<ul style="list-style-type: none"> <li>• Megan Zietsman, IAASB Member and Co-Chair of the GATF</li> <li>• Bob Dohrer, IAASB Member and Co-Chair of the GATF</li> <li>• Len Jui, IAASB Member</li> <li>• Wolf Böhm, IAASB Technical Advisor</li> <li>• Josephine Jackson, IAASB Technical Advisor</li> </ul>

<sup>1</sup> International Standards on Auditing (ISA) 220, *Quality Control for an Audit of Financial Statements*

<sup>2</sup> Firms may operate through arrangements that share common quality control policies and procedures and common methodologies, but the extent of sharing can vary significantly. For the purposes of this Agenda Item “network” is used to describe those arrangements where firms share common quality control policies and procedures, including monitoring and inspection procedures, and common methodologies.

QCTF	ISA 220 TF	GATF
<ul style="list-style-type: none"> <li>• Dawn McGeachy, IFAC Small and Medium Practices Committee Representative (correspondent member)</li> </ul>		

### Activities of the Task Forces

3. With the exception of providing high-level feedback from the responses to the Invitation to Comment (ITC), [Enhancing Audit Quality: A Focus on Professional Skepticism, Quality Control and Group Audits](#) to the IAASB at the September 2016 meeting, the Board has not discussed matters related to networks specifically. The IAASB’s Consultative Advisory Group last discussed this topic in the development of the ITC.
4. There have been no specific meetings or call of the Task Forces related to this topic, rather it has been discussed as part of the meetings and teleconferences held by the various Task Forces—details of those meetings and calls can be found in Agenda Items 2, 5 and 7 respectively. The QCTF and ISA 220 TF had a joint discussion on the matters set out in **Agenda Item 4–A** in April 2017.
5. Representatives of the IAASB discussed network-related matters, including a broad overview of the proposed approach described in **Agenda Item 4–A**, with members of the Forum of Firms at their May 2017 meeting.

### Matters for IAASB Consideration

6. **Agenda Item 4–A** presents the discussions and views of the Task Forces, setting out matters for IAASB consideration. The IAASB is asked to consider the matters as set out in the agenda item and provide input to assist the Task Forces in progressing the changes in the relevant standards.
7. The **Supplement to Agenda Item 2** includes a summary of the responses to the ITC, as well as the names of the respondents to the ITC.

### Material Presented

Agenda Item 4-A	<i>Further Consideration of Networks—Issues and Discussion</i>
Supplement to Agenda Item 2	<i>Summary of Responses to the ITC</i>