

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

Agenda Item

5

Quality Control—ISA 220¹

Objectives of the Agenda Item

1. The objective of the agenda item is to obtain Board views on the matters set out in this paper, together with the proposed changes to extant ISA 220 set out in **Agenda Item 5-B**, in order to help the Task Force make progress towards developing an exposure draft of revisions to ISA 220.

ISA 220 (previously Crossover) Task Force (the ‘Task Force’)

2. Members of the Task Force include:
 - Megan Zietsman, IAASB Deputy Chair and Chair of the Task Force
 - Karin French, IAASB Member and Chair of the Quality Control Task Force (QCTF)
 - Rich Sharko, IAASB Member
 - Imran Vanker, IAASB Member and member of the QCTF
 - Brendan Murtagh, IAASB Member and member of the QCTF
 - Josephine Jackson, IAASB Technical Advisor and member of the QCTF and the Group Audits Task Forces
 - Annette Köhler, IAASB Member and Chair of the Professional Skepticism Working Group (correspondent member)

Activities Since the Last IAASB Discussion

3. Subsequent to the December 2016 IAASB meeting, the Task Force held two physical meetings and three teleconferences in order to develop the agenda material. The Task Force did not present any agenda items at the March 2017 IAASB meeting.

Interaction of the Project to Revise ISA 220 with Other Current IAASB Projects

4. ISA 220 is premised on the basis that the firm is subject to ISQC 1² or to national requirements that are at least as demanding. Therefore, the work on ISA 220 is closely aligned with the work currently being undertaken to revise ISQC 1, and the Task Forces and Staff of both projects have worked closely together in aligning the proposals. **Agenda Item 5-A** makes extensive reference to the work being done to revise ISQC 1 and therefore incorporates terms and addresses matters currently being

¹ International Standard on Auditing (ISA) 220, *Quality Control for an Audit of Financial Statements*

² ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and Related Services Engagements*

contemplated in that revision (including as it relates to the proposal to introduce a quality management approach (QMA) within ISQC 1). Accordingly, this Agenda Item should be read after having read, or in combination with reading, Agenda Items 2-A, 2-B, and 2-C.

5. Similarly, the topic of network structures has been highlighted in both the ISA 220 and ISQC 1 projects, as well as the ISA 600³ project. The topic of networks is covered separately in **Agenda Item 4-A.**

Materials Presented

6. The agenda materials presented for the Board's consideration include **Agenda Item 5-A**, which summarizes the discussions of the ISA 220 Task Force, the key issues identified at this stage, and provides further context for the proposed enhancements and changes in **Agenda Item 5-B**. The suggestions presented reflect feedback received from the Board at its December 2016 meeting on the potential suggested enhancements and changes, feedback received in the responses to the Invitation to Comment (ITC),⁴ as well as the discussions of the Task Force. A summary of the responses to the ITC relevant to the matters discussed in Agenda Item 5-A can be found in the **Supplement to Agenda Item 2.**
7. **Agenda Item 5-B** presents the extant requirements within ISA 220 and the proposed enhancements and changes to those requirements. In addition, the Task Force has given careful consideration to potential application material to support the proposed enhancements and changes. The Task Force's suggestions for additional application material are further explained in **Agenda Items 5-A and 5-B.**

Matters for IAASB Consideration

8. The IAASB is asked to provide views on the matters set out for IAASB consideration in **Agenda Item 5-A.**

Materials Presented

Agenda Item 5-A	Quality Management at the Engagement Level (ISA 220) —Issues and Discussion
Agenda Item 5-B	Quality Management at the Engagement Level Working Draft of ISA 220—Proposed Amendments to ISA 220 Requirements
Supplement to Agenda Item 2	Summary of Responses to the ITC

³ ISA 600, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)

⁴ ITC, [Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits](#)