

Enhancing Audit Quality (Agenda Item F)

Megan Zietsman, Chair of Audit Quality Enhancements
Coordination Group and Group Audits Working Group

Karin French, Chair of Quality Control Working Group

IAASB CAG Meeting

New York, USA

September 15, 2015

Enhancing Audit Quality – Invitation to Comment (ITC)

- Part I: Forepart (to be discussed in main session)
- Part II: Exploring the IAASB's Suggested Enhancements in Relation to Specific projects (to be discussed in breakout sessions)
 - Quality Control (QC)
 - Group Audits (GA)

ITC – Forepart

- Broad view of issues identified relating to specific projects (QC, GA, Financial Institutions, Professional Skepticism)
- Designed to appeal to wider audience
- Provides context and introduces:
 - Crossover issues
 - Matters of significance for individual projects

ITC Forepart – Questions

- Does forepart provide sufficient detail, and is it at the appropriate level?
- Are the issues described complete and clear?
- Are the questions appropriate?
- Any other matters?

Other Considerations

- CAG Member Organizations initiatives or activities that may be relevant
- SMP's / public sector

ITC – Quality Control

- Specific topics to be discussed during main session:
 - Application of QC policies and procedures when operating through network of firms
 - Transparency reporting
 - Development of a separate EQCR standard

ITC – Quality Control

Application of QC policies and procedures when operating through a network of firms

- In addressing an audit firm's responsibilities under ISQC 1, some audit firms seek to rely on network system of quality control
- Concerns expressed regarding:
 - Overreliance on network policies and procedures; and
 - Inadequate consideration of external inspection findings by network
- Do CAG Representatives and Observers agree with QCWG view that requirements in ISQC 1 or development of 'ISQC 1 like' standard that applies at network level is not feasible?

ITC – Quality Control

Transparency reporting

- Audit firm transparency reporting is evolving
- QCWG believes, at this time, would be inappropriate to incorporate transparency reporting in ISQC 1
- ITC to acknowledge efforts of others in this area
- Do CAG Representatives and Observers agree with QCWG view?

ITC – Quality Control

Development of a separate engagement quality control standard

- At its June 2014 meeting, a few IAASB members initially did not support the possibility of a separate EQCR standard, while some CAG Representatives and Observers at the March 2015 CAG meeting suggested the IAASB should continue to consider
- QCWG believes disadvantages of a separate EQCR standard outweigh advantages – ITC should not include a separate question on topic of separate EQCR standard
- Do CAG Representatives and Observers agree with QCWG view?



www.iaasb.org
