

**Meeting:** IAASB  
**Meeting Location:** Los Angeles  
**Meeting Date:** December 5-9, 2011

## Agenda Item

# 6

### Audit Quality

#### Objective of Agenda Item

1. To discuss the main comments received from stakeholders on the draft Audit Quality Framework paper, *Audit Quality: An International Framework*, circulated to the IAASB Consultative Advisory Group (CAG) in August 2011 (the “CAG Draft”) and the Task Force’s proposals in response to them.

#### IAASB Task Force

- Jon Grant, Chair, IAASB Member
- Bernard Agulhas, Independent Regulatory Board for Auditors, South Africa
- Arch Archambault, IAASB Member
- Phil Cowperthwaite, IAASB Member
- Craig Crawford, former IAASB Member
- Kam Grewal, Canadian Public Accountability Board
- Gert Jönsson, IAASB Member
- Merran Kelsall, IAASB Member
- Thomas Orth, IAESB Member
- Don Thomson, Member of the International Ethics Standards Board for Accountants (IESBA)
- Abdullah Yusuf, IAASB Member

#### Activities since Last IAASB Discussion

2. After the IAASB’s consideration of a first draft of the Audit Quality Framework paper at the June 2011 meeting, the Task Force met in July 2011 to develop a revised draft of the paper for purposes of seeking input from a number of stakeholder groups in Q3 and Q4 2011. The Task Force Chair provided an update on the progress of these outreach activities to the Board in September 2011.

3. Since then, the Task Force has met twice via teleconference in October and November 2011 to consider the significant comments received from stakeholders, including from the CAG in September 2011, and to discuss a possible way forward. A summary of the main comments received from the various outreach activities is provided as an appendix to Agenda Item 6-A.

### **Material Presented**

Agenda Item 6-A	Audit Quality – Matters for Consideration
Agenda Item 6-B	Illustrative Engagement Level Part of Framework Paper
Agenda Item 6-C	An Alternative Framework Structure
Agenda Item 6-D	Illustrative Revised Introductory Part of Framework Paper
Agenda Item 6-E	Audit Quality Considerations Relating to Impact of the Requirements of the Applicable Financial Reporting Framework
Agenda Item 6-F	The “CAG Draft” of the Draft Framework Paper, <i>Audit Quality: An International Framework</i> ( <b>provided for reference purposes and not for discussion</b> )

### **Action Requested**

4. The IAASB is asked to consider the directional issues raised in **Agenda Item 6-A**, including a proposed alternative structure for presenting the Audit Quality Framework in response to stakeholder comments, and to advise the Task Force on the way forward.
5. **Agenda Items 6-B to 6-E** are provided to illustrate the Task Force’s proposed approach. The IAASB is asked for **substantive views** on whether these agenda materials appropriately address the issues raised in **Agenda Item 6-A**. The Task Force does not expect Board deliberation of detailed editorial points on **Agenda Items 6-B to 6-E** within the allotted time for this topic on the agenda. The Task Force would, however, welcome comments of an editorial nature on these agenda items offline.
6. While the CAG Draft presented in **Agenda Item 6-F** is being provided for the Board’s reference and to facilitate the Board’s deliberation on the issues raised in the agenda material, it is not being tabled for discussion. Should Board members, nevertheless, have any comments on **Agenda Item 6-F**, the Task Force would welcome them offline for its consideration in developing the next draft of the Framework paper for discussion at the March 2012 IAASB meeting.