

**Meeting:** IAASB

**Meeting Location:** New York

**Meeting Date:** September 21–25, 2015

## Agenda Item

# 4

### Invitation to Comment–Responding to Public Interest Calls to Enhance Audit Quality

#### Objective of Agenda Item

1. To discuss an initial draft of the Invitation to Comment (ITC), intended to address matters relevant to the IAASB's work on the topics of quality control, group audits, financial institutions and professional skepticism.

#### Working Groups

2. This Agenda Item includes discussion relevant to:
  - The forepart of the ITC.
  - Quality Control.
  - Group Audits.
3. **Agenda Items 5 and 7** will facilitate discussions relevant to professional skepticism and special audit considerations related to financial institutions, respectively. The Working Groups are comprised of the following members:

Audit Quality Enhancements Coordination Group (AQECG or Enhancements Group)	Quality Control Working Group (QCWG)	Group Audits Working Group (GAWG)
<ul style="list-style-type: none"> <li>• Megan Zietsman, Overall Chair and Chair of the GAWG</li> <li>• Karin French, Chair of the QCWG</li> <li>• Annette Köhler, Chair of the Professional Skepticism Working Group (PSWG)</li> <li>• Rich Sharko, Chair of the Financial Institutions Working Group (FIWG)</li> <li>• Brendan Murtagh, IAASB Member, serving as the Liaison to the International</li> </ul>	<ul style="list-style-type: none"> <li>• Karin French, IAASB Member and Chair of the WG</li> <li>• Rich Sharko, IAASB Member</li> <li>• Jennifer Burns, IAASB Technical Advisor</li> <li>• Ahava Goldman, IAASB Technical Advisor</li> <li>• Inge Van Beveren, IAASB Technical Advisor</li> </ul>	<ul style="list-style-type: none"> <li>• Megan Zietsman, IAASB Member and Chair of the WG</li> <li>• Robert Dohrer, IAASB Member</li> <li>• Brendan Murtagh, IAASB Member</li> <li>• Wolf Böhm, IAASB Technical Advisor</li> <li>• Josephine Jackson, IAASB Technical Advisor</li> </ul>

Audit Quality Enhancements Coordination Group (AQECG or Enhancements Group)	Quality Control Working Group (QCWG)	Group Audits Working Group (GAWG)
<p>Ethics Standards Board for Accountants (IESBA) and the IFAC Small and Medium Practices (SMP) Committee</p> <ul style="list-style-type: none"> <li>Correspondent Member: Merran Kelsall, IAASB Member, currently the Audit Quality Liaison as a former member of the Audit Quality Task Force</li> </ul>	<ul style="list-style-type: none"> <li>Stefan Schmidt, NSS Representative (Germany)</li> <li>Dawn McGeachy, IFAC SMP Committee Representative</li> </ul>	<ul style="list-style-type: none"> <li>Derek Broadley, National Standard Setters Representative (NSS) (Hong Kong)</li> <li>Len Jui, NSS Representative (China)</li> </ul>
<b>Purpose of the WGs:</b>		
To develop the “forepart” of the ITC and overarching questions, and to coordinate the various inputs to the ITC developed at the individual WG level	To develop the discussion and questions relevant to quality control in the ITC. This WG will also be responsible for analyzing the responses relating to quality control, and formulating the project proposal.	To develop the discussion and questions relevant to group audits in the ITC. This WG will also be responsible for analyzing the responses relating to group audits, and formulating the project proposal.

#### Activities since the Last IAASB Discussion

- The following WG activities have taken place since the last IAASB discussion:
  - AQECG** – One physical meeting and two teleconferences to develop the forepart of the ITC and the discussion presented in **Section I of Agenda Item 4-A**.
  - QCWG** – One physical meeting and one teleconference to develop the materials relevant to quality control in the ITC, and in **Section II of Agenda Item 4-A**.
  - GAWG** – One physical meeting and one teleconference to develop the materials relevant to group audits in the ITC, and in **Section III of Agenda Item 4-A**.
- The approach to the ITC and various issues outlined therein continue to feature prominently in outreach with stakeholders, including:
  - Meetings of the International Organization of Securities Commissions Committee 1 and its Auditing Subcommittee;
  - Discussions with the Standards Coordination Working Group of the International Forum of Independent Audit Regulators (IFIAR SCWG); and
  - Meetings with NSS and professional accountancy organizations in India, Germany, and the Nordic region.

### Format of the Sessions

6. The IAASB will first be asked to reflect on the forepart of the initial draft of the proposed ITC (pages 1–73 of **Agenda Item 4-B**). The respective WG Chairs will then lead discussions with IAASB members about the relevant parts of Section II (relating to quality control and group audits) of the proposed ITC.
7. The matters highlighted in **Agenda Item 4-A** are those areas where there have been changes from what was previously discussed with the IAASB (up to and including at the June 2015 meeting), or new matters that have not yet been discussed with the IAASB. These topics will be addressed concurrently with the discussion of the ITC, as will the questions that have been included in the ITC to solicit feedback.
8. At the end of the September 2015 IAASB meeting, a wrap-up session will be held to enable the WG chairs to summarize the respective discussions and outline the plans and steps necessary to refine the ITC for a final discussion at the December 2015 IAASB meeting.

### Matters for IAASB Consideration

9. In addition to comments on the draft ITC in **Agenda Item 4-B**, the IAASB is asked for its views on the matters set out in **Agenda Item 4-A**.

### Material Presented

Agenda Item 4-A	Responding to Public Interest Calls to Enhance Audit Quality—Issues and WGs' Recommendations
Agenda Item 4-B	Draft Invitation to Comment—Responding to Public Interest Calls to Enhance Audit Quality