

Meeting: IAASB

Meeting Location: Hong Kong

Meeting Date: September 19–23, 2016

Agenda Item

5

High-Level Summary of the Responses to the Invitation to Comment and Possible Options for the Way Forward

Objective of Agenda Item

1. The objectives of the agenda item is to provide a high-level summary of the responses to the Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits* and discuss the Audit Quality Enhancements Coordination Group's (Enhancements Group) considerations of possible options for the way forward.
2. The names of the respondents to the ITC have been presented in Appendix 1 of **Agenda Item 5-A**.

Working Groups

Audit Quality Enhancements Coordination Group (Enhancements Group)
<ul style="list-style-type: none"> • Megan Zietsman, Overall Chair and Chair of the Group Audits Working Group (GAWG) • Karin French, Chair of the Quality Control Working Group (QCWG) • Annette Köhler, Chair of the Professional Skepticism Working Group (PSWG) • Rich Sharko, Chair of the ISA 540 Group and member of the QCWG • Brendan Murtagh, IAASB Member, member of the GAWG and serving as the Liaison to the International Ethics Standards Board for Accountants (IESBA) and the IFAC Small and Medium Practices (SMP) Committee <p>This group is responsible for coordinating the overall responses to the ITC and consider possible options for a way forward. The group was supported by Kathleen Healy (Technical Director) and Beverley Bahlmann.</p>

Professional Skepticism Working Group	Quality Control Working Group (QCWG)	Group Audits Working Group (GAWG)
<ul style="list-style-type: none"> Annette Köhler, IAASB Member and Chair of the WG (supported by Wolf Böhm) Charles Landes, IAASB Deputy Chairman Susan Jones, IAASB Technical Advisor Eric Turner, IAASB Technical Advisor Richard Fleck, International Ethics Standards Board for Accountants (IESBA) Member Tone Sakshaug, IESBA Technical Advisor Dave Simko, International Accounting Education Standards Board (IAESB) Member Bernard Agulhas, IAESB Member 	<ul style="list-style-type: none"> Karin French, IAASB Member and Chair of the WG (supported by Sara Ashton) Rich Sharko, IAASB Member Imran Vanker, IAASB Member Sayaka Sumida, IAASB Member (supported by Sachiko Kai) Ahava Goldman, IAASB Technical Advisor Josephine Jackson, IAASB Technical Advisor Stefan Schmidt, NSS Representative (Germany) (supported by Wolf Böhm) Dawn McGeachy, IFAC SMP Committee Representative Keith Wilson, US Public Company Accounting Oversight Board (Official Observer) 	<ul style="list-style-type: none"> Megan Zietsman, IAASB Member and Chair of the WG (supported by Dora Burzenski) Robert Dohrer, IAASB Member Brendan Murtagh, IAASB Member Wolf Böhm, IAASB Technical Advisor Josephine Jackson, IAASB Technical Advisor Derek Broadley, National Standard Setters Representative (NSS) (Hong Kong) Len Jui, NSS Representative (China)
IAASB Staff: Nancy Kamp-Roelands and Schuyler Simms	IAASB Staff: Natalie Klonarides	IAASB Staff: Beverley Bahlmann

Activities since the Last IAASB Discussion

- The responses to the ITC were briefly discussed by the individual working groups and the Enhancements Group prior to the June 2016 IAASB meeting.
- The activities of the professional Skepticism Working Group are set out in **Agenda Item 8**.
- In relation to the topics of quality control and group audits, the following working group activities have taken place since the June 2016 Board Meeting:
 - Enhancements Group* – One physical meeting and one teleconference to discuss the input from the individual working groups and develop possible options for a way forward (**Agenda Item 5-A**).

- QCWG – One physical meeting and two teleconferences to finalize the materials relevant to **Agenda Item 5-B**.
- GAWG – One physical meeting and two teleconferences to finalize the materials relevant to **Agenda Item 5-C**.

Format of the Sessions

6. The IAASB discussions will first focus on the responses to the ITC, and options for a possible way forward in relation to quality control and group audits. The way forward in relation to professional skepticism will be discussed separately (see **Agenda Item 8**).
7. Discussions on discrete aspects of quality control (**Agenda Item 5-B**) and group audits (**Agenda Item 5-C**) will also be separate to the overall discussions about a possible way forward on these topics.

Matters for IAASB Consideration

8. **Agenda Items 5-A, 5-B, 5-C and 8** present the discussions and views of the various working groups, as well as the matters for IAASB Consideration. The IAASB is asked to consider the agenda items and provide input to assist the working groups in moving forward.
9. The discussions of the IAASB on these matters will help inform the development of project proposals for quality control and group audits to be presented to the IAASB at its December 2016 meeting.

Material Presented

Agenda Item 5-A	<i>High-Level Summary of the Responses to the Invitation to Comment and Possible Options for the Way Forward</i>
Agenda Item 5-B	<i>Quality Control: Engagement Quality Control Review – Issues and Working Group Views</i>
Agenda Item 5-C	<i>Group Audits: The Approach to Scoping A Group Audit – Issues and Working Group Views</i>