



## INTERNATIONAL FEDERATION OF ACCOUNTANTS

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## Agenda Item

# 4

**Committee:** IAASB

**Meeting Location:** Miami

**Meeting Date:** December 8-13, 2002

## Quality Control

### Objectives of Agenda Item

1. To review the draft International Standard on Quality Control (ISQC) 1 and ISA 220 "Quality Control for Audit Engagements."
2. To provide the Quality Control Task Force with feedback and guidance on the key issues identified in Agenda Paper 4-A

### Background

At the IAASB meeting in June 2002 it was decided that, rather than simply revise the existing ISA 220 "Quality Control for Audit Work" which deals with quality control at both the level of the firm and the individual audit, the IAASB would issue two separate documents as follows:

- A new standard, in a series of International Standards on Quality Control (ISQCs), which applies to a firm's system of quality control for those services addressed by the IAASB engagement standards.
- A revised ISA 220, covering quality control for audit engagements only.

Although the IAASB has previously discussed drafts of a revised ISA 220 dealing with quality control at both the level of the firm and the individual audit, this is the first time the Task Force presented drafts to the IAASB since the decision was made to issue two documents.

### Activities Since Last IAASB Discussions

The Task Force has established liaison at both staff and member level with the IFAC Board Task Force that is responsible for revising IPPS 1 (which in its revised form will be renamed Statement of Membership Obligations (SMO) 1). The overall vision is that the three documents, SMO 1, ISQC 1 and ISA 220 (in conjunction with future ISAEs and ISRSs addressing quality control at engagement level for assurance and related services engagements) will establish a framework for quality assurance, consisting of standards and related guidance directed at the level of member bodies, firms and individual engagements. The intention is that all three documents should be exposed together to enable users to understand the overall quality control activities and responsibilities of member bodies, firms and engagement teams, and how the documents interrelate.

The Task Force met in London (August and October 2002) and in Cape Town (September 2002). Members of the Task Force and staff have also participated in conference calls held by the SMO 1 Task Force.

**Material Presented**

|                                       |                                                                          |
|---------------------------------------|--------------------------------------------------------------------------|
| Agenda Paper 4-A<br>(Pages 665 – 670) | Quality Control: Background and Significant Issues                       |
| Agenda Paper 4-B<br>(Pages 671 – 684) | Draft ISQC 1 “Quality Control for Audit, Assurance and Related Services” |
| Agenda Paper 4-C<br>(Pages 685 – 690) | Draft ISA 220 “Quality Control for Audit Engagements”                    |
| Agenda Paper 4-D<br>(Pages 691 – 714) | Comparison of Draft ISQC 1 and Draft ISA 220 (for information only)      |

**Action Requested**

1. The IAASB is asked to review ISQC 1 and the draft revised ISA 220 and provide guidance to the Task Force on the issues raised in Agenda Paper 4-A.
2. The IAASB is asked to provide any editorial comments directly to staff.