

AGENDA PAPER

Item Number: 5(d)
Date of Meeting: 27 November 2017
Subject: Annual review of APES 320 *Quality Control for Firms*

Action required For discussion For noting For information

Purpose

In accordance with APESB's Constitution, an annual review of APES 320 *Quality Control for Firms* (APES 320) has been performed to identify and resolve any issues identified by stakeholders.

Background

The APESB originally issued APES 320 in May 2006. Since then APES 320 has been reissued in May 2009 and revised in December 2015.

APES 320 incorporates ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

Consideration of Issues

ISQC 1 and ISQC 2

As part of its Audit Quality initiative, the IAASB is currently undertaking a project that aims to enhance ISQC 1 and develop a new standard ISQC 2 *Engagement Quality Control Review*. ISQC 1 will remain as the standard for managing quality control at the Firm level.

The proposed new standard ISQC 2 will focus specifically on engagement quality control reviews to strengthen the requirements and guidance in respect of engagement quality reviews. It also aims to clarify the criteria for selecting engagement quality control reviewers (EQCRs) and their responsibilities.

At its September 2017 meeting, the IAASB considered proposed revisions to ISQC 1 and a draft of the proposed ISQC 2.

Technical Staff will continue to monitor the progress of this IAASB project and the potential implications on APES 320. Technical Staff have recorded this matter on the Issues Register to highlight the current IAASB project to users of APES 320.

Technical Review

In addition to monitoring IAASB's work on ISQC 1 and ISQC 2, Technical Staff have completed the following procedures to identify any issues associated with APES 320:

- Consulted with the Professional Bodies to identify whether Members or other stakeholders have raised any issues in respect of APES 320;
- Reviewed the APESB Issues Register to identify whether stakeholders have reported any matters in relation to APES 320;
- Considered the results of the Quality Review Program conducted by the Professional Bodies in respect of APES 320; and
- Performed an internal technical review of APES 320, including consideration of the technology neutrality of the standard.

We did not identify any issues as a result of completing the above procedures.

Recommendation

Technical Staff recommend that the Board note the annual review of APES 320.

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Date: 6 November 2017