



Board Meeting Summary Paper

Subject: IAASB Paper – Item 9 Audit Quality
Date: 23 November 2010

AUASB AGENDA ITEM NO. 11(b)(i)-9
Meeting Date: 29 November 2010

Action Required

For Information Purposes Only

Agenda Item Objective

To present for the Board's information, a summary of key areas addressed in the IAASB December 2010 Meeting papers on *Audit Quality*.

Key Areas Addressed in the IAASB Papers

The IAASB papers on *Audit Quality* cover the following key areas:

Proposed Consultation on Audit Quality

The IAASB Audit Quality Task Force recommends that the consultation be focused on the development of an international Audit Quality Framework (AQF). The Task Force views this as a more useful undertaking than developing an internationally-accepted definition of "audit quality".

The need for an AQF is highlighted by various discussions about audit quality at the international level. It is recognised that there is a need for an international agreement on this topic and a need for leadership on the international debate on audit quality.

The proposed AQF is envisioned, amongst other things, to:

- (a) provide the IAASB with a platform for engaging with regulators and audit oversight organisations;
- (b) facilitate continuous assessment of IAASB standards and consider whether there are areas within the IAASB standards that need further attention;
- (c) encourage those who are involved in the financial reporting process to ensure that audits are conducted at a high level of quality;
- (d) further educate those charged with governance about audit quality; and
- (e) raise awareness and understanding of audit quality at the international level, and encourage consistency in global practices relating to audit quality.

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Timeline

The Task Force expects to present a draft consultation paper for the IAASB's approval by the 4th quarter of 2011. The AQF is expected to be finalised in late 2012.

Proposed Thought Piece on Audit Quality

In response to a request by the IAASB, the Task Force drafted a thought piece called *Audit Quality An IAASB Perspective*. The thought piece is intended to serve as a precursor to the AQF, as well as a mechanism for communicating the IAASB's important views relating to audit quality.

Materials Presented

Agenda Item 11(b)(i)-9	Board Meeting Summary Paper
Agenda Item 11(b)(i)-9.1	Agenda Item 9 <i>Audit Quality</i>
Agenda Item 11(b)(i)-9.2	Agenda Item 9-A <i>Audit Quality-Issues and IAASB Task Force Proposals</i>
Agenda Item 11(b)(i)-9.3	Agenda Item 9-B <i>Draft Audit Quality An IAASB Perspective</i>

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