[Draft] Minutes of the 69th Meeting of the INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD Held on April 29, 2015 by teleconference

**Voting Members**

Present: Arnold Schilder (Chairman)  
Charles Landes (Deputy Chair)  
Jean Blascos  
Fiona Campbell  
Robert Dohrer  
Karin French  
Marek Grabowski  
Jonas Hällström  
Merran Kelsall  
Brendan Murtagh  
Marc Pickeur  
Ron Salole  
Rich Sharko  
Sayaka Sumida  
Ge Zhang  
Megan Zietsman

**Technical Advisors**

Sue Almond (Mr. Murtagh)  
Wolf Böhm (Ms. Köhler)  
Jennifer Burns (Ms. Zietsman)  
Ahava Goldman (Mr. Dohrer)  
Hiram Hasty (Mr. Landes)  
Josephine Jackson (Mr. Grabowski)  
Susan Jones (Mr. Blascos)  
Sachiko Kai (Ms. Sumida)  
Jamie Shannon (Mr. Sharko)  
Greg Shields (Mr. Salole)  
Inge Vanbeveren (Mr. Pickeur)  
Denise Weber (Ms. Campbell)

**Apologies:**

Valdir Coscodai  
Annette Köhler  

**Non-Voting Observers**

Present: Norio Igarashi (Japanese Financial Services Authority)  
Apology: Matthew Waldron (IAASB Consultative Advisory Group (CAG) Chairman), Juan Maria Arteagoitia (European Commission)

**Public Interest Oversight Board (PIOB) Observer**

Present: Nicolaas van der Ende
IAASB Technical Staff

Present: James Gunn (Managing Director, Professional Standards), Kathleen Healy (Technical Director), Sara Ashton, Beverley Bahlmann, Brett James, Diane Jules, Nancy Kamp-Roelands, Jasper van den Hout

International Auditing and Assurance Standards Board (IAASB) agenda materials referred to in these minutes can be accessed http://www.iaasb.org/meetings/iaasb-conference-call-april-29-2015. Meeting minutes are a summary of the decisions made at IAASB meeting, in light of the issues and recommendations in the agenda material put forth by the Task Forces, Working Groups, and Staff supporting the individual projects. These recommendations are made taking into account feedback from respondents to the IAASB’s public consultations, in particular Exposure Drafts of the IAASB’s proposals, consideration of previous discussions of the Board and its Consultative Advisory Group (CAG), and feedback from stakeholders through outreach activities.

1. Welcome

Prof. Schilder welcomed all participants to the meeting.

2. Responding to Calls to Improve Audit Quality

Board members were supportive of the proposed approach explained in Agenda Item 1 to coordinate efforts of the various working groups through the formation of an overall group to oversee the development of an overarching discussion paper (DP) on certain key topics. Board members also agreed that one DP would facilitate the ability of respondents to comment effectively, in particular in light of the crossover issues on many of the projects. However, a few Board members expressed concern about the planned timeline to develop and issue the DP and obtain and analyze input, including how the overall timing of the activities relating to the underlying projects would be affected. Notwithstanding their support for the approach of using an overall DP to solicit input to inform project proposals, some Board members emphasized the need to continue to be aware of the need to consider immediate action with respect to certain aspects of the projects that are currently underway.

With regard to the proposed structure and content of the DP, members of the Board variously:

- Noted certain challenges relating to such an overarching paper, including:
  - The potential length of the paper if it was to include the overarching issues as well as more topic-specific sections.
  - That consideration would be needed as to the appropriate amount of detail to be included about the issues that had been identified in relation to individual projects. In this regard, Board members expressed concerns about the issues being described in sufficient detail in the DP to optimize the ability of respondents to provide their commentary; noting that incomplete or inadequate responses would likely impede the overall progress of the projects, including the ability to develop comprehensive project proposals.

- Expressed the view that it would be important that the DP was written in such a way that the appropriate stakeholders would be able to identify and respond to those issues or aspects of the topics of most relevance to them.
• Emphasized that it is important to fully explore “core” issues for each of the individual projects, as doing so would likely improve the quality and level of responses. It was also noted that the questions about the various topics should be structured in such a way as to solicit relevant feedback for the IAASB to understand whether standard-setting actions, or another action, either by the IAASB or other stakeholders, or some combination thereof may be appropriate responses to address the issues.

• Supported the inclusion of the topic of professional skepticism in the coordinated approach to the DP, as early consultation on the topic may provide insights relevant to the three key projects. It was noted that professional skepticism is pervasive to the audit process and to the auditor in discharging responsibilities under the ISAs, and should therefore be a prominent theme in the DP. A suggestion was also made to consider professional judgment as part of this initiative. In addition, a few Board Members noted a need to consider the link between professional skepticism and the activities of other independent standard-setting boards, including the International Ethics Standards Board for Accountants and the International Accounting Education Standards Board.

• Cautioned about "scope-creep" on topics that may be viewed as being outside of the topics of quality control, group audits and financial institutions. In this regard, some Board members highlighted the potential interactions with issues relevant to ISA 315\(^1\) and ISA 620,\(^2\) but cautioned that it may not be feasible to address issues related to these standards in the DP.

• Expressed concern about the need for the DP to ask for feedback as to how the IAASB should prioritize topics or aspects thereof, to alleviate the possibility of approaching any of the projects in a piecemeal manner.

• Questioned whether some aspects of the topics (e.g., potential improvements to ISQC 1)\(^3\) should also seek to enhance the quality of services other than audits.

Some Board members expressed concerns about the inclusion of special audit considerations relevant to financial institutions (FI) in this initiative, including the combined DP. Board members who expressed such concerns were apprehensive about the likely specificity of the FI project (such as exploring the audit implications of insurance contracts and in view of the revisions to International Financial Reporting Standard 9).\(^4\) Some of these members had the view that some of the more specific issues relating to FI may get lost in an overarching DP, thereby detracting from the ability to get appropriate input and feedback on the issues from respondents. However, there were other Board members that had the view that there are aspects of the FI project that are not necessarily unique to FI and that parallel issues in the other projects being explored in the DP, that is, issues that relate to the need to improve audit quality and to obtaining sufficient appropriate audit evidence.

Some Board members expressed concern about the name of the overarching group incorporating “public interest,” as a focus, as attention to public interest issues does and should underscore all the IAASB’s

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1 ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
2 ISA 620, Using the Work of an Auditor’s Expert
3 ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
4 IFRS 9, Financial Instruments
activities and the name might inadvertently apply that the public interest is somehow less of a factor in other projects. A few Board members therefore suggested that the name should focus more on the coordination role of the group and its objectives, possibly linking the name to “enhancing audit quality”.

**WAY FORWARD**

Further discussions with the IAASB are planned for June 2015 about how the coordinated approach would work, taking into account the Board’s comments and concerns as noted. Additionally, the IAASB asked the Chair and Technical Director to reconsider the proposed composition of the overarching group, including whether the Chair of the Professional Skepticism Working Group should be added to the group.

3. **PIOB Observer’s Remarks**

Mr. van der Ende complimented the Board on the discussions around the scope and content of the DP, noting that it would be beneficial to the Board’s activities for the overarching working group to coordinate the DP and stimulate the discussions on a broader basis. He also highlighted the importance of communication to key stakeholders about the Board’s proposed approach, so that they could understand the Board’s activities, including the timing, and why this approach was being taken.

4. **Next Meeting**

The next meeting of the IAASB is scheduled for June 15–19, 2015 in New York, USA.

5. **Closing**

Prof. Schilder thanked the IAASB members, technical advisors, observers, and Staff for their contributions to the meeting. He then closed the meeting.