Draft Minutes of the 104th Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)
Held on April 10, 2019 by Teleconference

Voting Members

Present:  
- Prof. Arnold Schilder (Chairman)
- Fiona Campbell (Deputy Chair)
- Chun Wee Chiew
- Julie Corden
- Robert Dohrer
- Karin French
- Marek Grabowski
- Kai Morten Hagen
- Len Jui
- Sachiko Kai
- Prof. Kai-Uwe Marten
- Lyn Provost
- Fernando Ruiz Monroy
- Rich Sharko
- Prof. Roger Simnett
- Isabelle Tracq-Sengeissen
- Eric Turner
- Imran Vanker

Apologies:  
- Sylvia van Dyk (Ms. Provost)
- Kohei Yoshimura (Ms. Kai)

Technical Advisors (TA)

- Helene Agélii (Mr. Hagen)
- Sara Ashton (Ms. French)
- Viviene Bauer (Mr. Monroy)
- Nicolette Bester (Mr. Vanker)
- Wolfgang Böhm (Prof. Marten)
- Melissa Bonsall (Ms. Corden)
- Fabien Cerutti (Ms. Tracq-Sengeissen)
- Johanna Field (Mr. Turner)
- Andrew Gambier (Mr. Chiew)
- Hiram Hasty (Mr. Dohrer)
- Josephine Jackson (Mr. Grabowski)
- Susan Jones (Mr. Jui)
- Jamie Shannon (Mr. Sharko)
- Denise Weber (Ms. Campbell)
- Matthew Zappulla (Prof. Simnett)

Non-Voting Observers

Present:  
- James Dalkin (IAASB Consultative Advisory Group (CAG) Chair)

Apologies:  
- Yosh’inao Matsumoto (Japanese Financial Services Authority) and Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observer

Present:  
- Ms. Karen Stothers
Audits of Less Complex Entities

Prof. Simnett presented an updated proposed Discussion Paper (DP), *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs* (Agenda Item 1-A) and noted that the DP was tentatively planned to be out for public consultation for a period of 4 months from the date of publication. It was reiterated that the DP was still part of IAASB’s research phase in addressing the challenges in applying the ISAs in audits of less complex entities (LCEs) and was not intended to commit the IAASB to a specific course of action.

Prof. Simnett thanked the Board for the feedback received at the March 2019 IAASB meeting, and for the written comments also received. He reported that the LCE Working Group had updated the DP in response to these comments and highlighted that the key changes made within the DP or the LCE Working Group’s thinking as to why no changes were made were outlined in Agenda Item 1.

Challenges Related to Applying the ISAs in Audits of LCEs

While the Board recognized the improvements presented within Section II, the Board was of a view that the following aspects of the challenges related to applying the ISAs in audits of LCEs need further consideration by:

- Clarifying that the matters outlined in the table labeled as ‘not within the control of the IAASB’ were actually ‘factors driving challenges.’ There was also a Board view that information presented within this section be concise to the extent possible (e.g., audit thresholds).
- Highlighting that some of the challenges within the scope of the IAASB’s work on audits of LCEs may be conflicting with one another, however, it was acknowledged that no change was needed. It was also suggested that the reference to the ISAs noted as particularly problematic under this section be toned down so as not to inadvertently exacerbate perceptions about the ISAs being problematic.

Possible Actions to be Explored

The Board again highlighted that the most appropriate way forward may be one, or a combination of the possible actions, or only some aspects of the possible actions, set out in the DP, and may also include other actions identified by respondents. It was noted that this should be very clear within the DP. It was also suggested that further consideration be given to providing an indication about the relative time that would...
be needed for the different courses of action. The Board also asked the LCE Working Group to further consider how various aspects of the possible actions had been presented within the DP by:

- Maintaining consistency with respect to the presentation about how technology can be utilized, including the conversion of the IAASB’s Handbook to an electronic format, which was then presented within both Sections II and III.
- Emphasizing that the standards had to remain sufficiently robust in revising the ISAs. There was also a Board view that the matters that this option may involve as currently outlined in the DP reflected efforts that the IAASB was already undertaking to enhance the under stability, scalability and proportionality of the ISAs. Therefore, it was suggested that this option be revised to reflect the efforts that the IAASB is currently undertaking.
- There was a view expressed that a substantial project to revise the ISAs holistically at the same time entailed a herculean effort by the IAASB, and may therefore appear impractical (e.g., limited resources and length of time to complete, among others). Hence, it was suggested that this be reconsidered and clarified as appropriate.
- With respect to developing a separate auditing standard for audits of LCEs, explaining that what reasonable assurance means in the circumstances may vary by context, which may need to be explored further if this option was to be progressed by the Board.
- With respect to the possible features of a separate auditing standard based on existing ISAs:
  - Removing unintended implications that the ISAs are not founded on principles-based requirements.
  - Removing the duplicative feature on requirements that may focus on objectives to be achieved.
  - Clarifying that not all of the documentation requirements within the ISAs may be applicable to audits of LCEs.
- With respect to a separate standard developed based on a different framework:
  - Clarifying the approach for the development of a separate standard based on a different framework (i.e., whether the approach be more substantive in nature or innovate, based on technology). There was also a Board view that the reference to technology in this section be removed to be consistent with the Board’s overall position that technology was scoped out of the IAASB’s exploratory activities.
  - Clarifying that the approach’s objective would result in the same level of assurance as an audit opinion. There was also a Board view that the reference to obtaining ‘not less than reasonable assurance’ in this section be removed as it was not only misleading but may be construed that it was possible to obtain ‘more than reasonable assurance.’
  - Removing the reference that such approach ‘may not be risk-based.’ There was a Board view that reasonable assurance was a risk-based concept and therefore, it would not be possible to obtain reasonable assurance without using a risk-based approach.

**Questions for Respondents**

The Board broadly supported the revised questions that had been presented in the DP, but noted that some questions were too detailed or granular. While the questions included asking about the respondents’ views
on the underlying causes of the challenges as part of Question 2(a), the Board believed that emphasis be made with respect to this matter by presenting it as a separate and focused question. There was also a Board view that it may be better to restructure the question relating to the challenges that were not within the IAASB’s control, or had been scoped out of the exploratory information gathering activities, by asking whether respondents agreed or disagreed to the relevant matters set out in Section II and not on where the focus will be if the IAASB was encouraging others to act (Question 3).

OTHER CHANGES AND COMMENTS
A number of changes were also made to the proposed DP in response to more detailed clarifications and suggestions by various Board members.

CONSULTATION PERIOD
It was initially proposed that the DP will be published for a 120-day consultation period. Considering the number of comment periods that will close in June and July 2019 and holiday period within the month of August, the Board suggested to extend the DP’s consultation period to 135 days. It was also suggested that the closing date of the comment period be prominently indicated within the DP, as appropriate.

IAASB CAG CHAIR’S REMARKS
Mr. Dalkin reported that the CAG was very supportive of moving this project forward. Mr. Dalkin also echoed the Board view that the matters that may be involved in revising the ISAs as currently outlined in the DP reflected current efforts by the IAASB to enhance the understandability, scalability and proportionality of the ISAs.

PIOB OBSERVER REMARKS
Ms. Stothers noted the importance of this project and was supportive of publishing the DP.

APPROVAL AND WAY FORWARD
Subject to the LCE Working Group responding to the Board’s various suggested changes and improvements to the proposed DP and the corresponding review by the leadership team before its publication, the Board unanimously approved the DP for consultation, with 18 affirmative votes out of the 18 IAASB members present. The Board also agreed that the consultation period would remain open for 135 days. The DP was targeted to be published on April 26, 2019 and was planned to be translated in French and Spanish with the translations published in May 2019.