

**Draft Minutes of the 87th Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)**

Held on September 18–22, 2017 in New York City, USA

[Marked for IAASB comments]

Voting Members

Present: Prof. Arnold Schilder (Chairman)
Megan Zietsman (Deputy Chair)
Abhijit Bandyopadhyay
Fiona Campbell
Robert Dohrer
Karin French
Marek Grabowski
Len Jui
Prof. Annette Köhler (September 20–22)
Charles Landes (via teleconference for agenda items 6 and 9)
Brendan Murtagh
Marc Pickeur
Lyn Provost
Ron Salole
Rich Sharko
Sayaka Sumida
Imran Vanker
Ge Zhang

Technical Advisors

Sara Ashton (Ms. French)
Nicolette Bester (Mr. Vanker)
Wolf Böhm (Prof. Köhler)
Dora Burzenski (Ms. Zietsman)
Chun Wee Chiew (Mr. Murtagh)
Jacques Vandernoot (Mr. Pickeur)
Shu Duan (Mr. Zhang)
Sylvia Van Dyk (Ms. Provost)
Ahava Goldman (Mr. Dohrer) (September 18–20)
Hiram Hasty (Mr. Landes)
Josephine Jackson (Mr. Grabowski)
Susan Jones (Mr. Jui)
Sachiko Kai (Ms. Sumida)
Jamie Shannon (Mr. Sharko)
Eric Turner (Mr. Salole)
Sanjay Vasudeva (Mr. Bandyopadhyay)
Denise Weber (Ms. Campbell)

Non-Voting Observers

Present: Jim Dalkin (IAASB Consultative Advisory Group (CAG) Chair), Yosh'inao Matsumoto (Japanese Financial Services Authority) (September 19–22)

Apology: Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observers

Present: Karin Stothers

IAASB Technical Staff

Present: James Gunn (Managing Director, Professional Standards) (September 18 and 20), Matt Waldron (Technical Director), Beverley Bahlmann, Brett James, Natalie Klonaridis, Jasper van den Hout, Csilla Molnar, Schuyler Simms, Phil Minnaar (via teleconference)

IAASB agenda materials referred to in these minutes can be accessed at <http://www.iaasb.org/meetings/new-york-usa-16>. These minutes are a summary of the decisions made at the September 2017 IAASB meeting, in light of the issues and recommendations in the agenda material put forth by the Task Forces, Working Groups, Drafting Teams 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 (EDs) of the IAASB's proposals, consideration of previous discussions of the Board and its CAG, and feedback from stakeholders through outreach activities.

1. Welcome and Approval of Previous Minutes

Prof. Schilder welcomed all participants to the meeting, including IAASB members, technical advisors, staff and observers.

The minutes of the June 19–22, 2017 IAASB meeting and August 1, 2017 IAASB teleconference, as presented, were approved.

2. ISA 315 (Revised)

Ms. Campbell provided an overview of proposed changes to the requirements in ISA 315 (Revised)¹ as presented in **Agenda Item 2-B**, noting that information technology (IT) related changes would be presented to the IAASB for discussion at its October 2017 meeting.

The IAASB generally supported the overall direction of the proposed changes, and expressed strong support for the separation of the requirements for the assessment of inherent and control risk. The Board encouraged the ISA 315 Task Force to:

- Develop proposed changes bearing in mind the need for them to be capable of being adapted in a wide range of circumstances, noting in particular as that firms have a broad range of methodologies, and that result in the necessary appropriate risks being identified and assessed.
- Further consider how the proposed new and revised requirements can be implemented on audits of smaller entities.
- Further consider matters specific to audits of public sector entities.

The Board also cautioned that, as new concepts are introduced, the terminology used should be consistent considered in light of with the way terms are used elsewhere in the ISAs (for example 'significant' or 'relevant' or new concepts such as 'higher' risks), to ensure consistency as applicable and also to avoid as there may be unintended consequences of using the same or similar terms in different circumstances.

¹ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

DEFINITIONS

In relation to the changes proposed to the definitions, the Board supported:

- Developing a definition for ‘controls.’ However, it was noted that controls are broader than only ‘policies and procedures,’ for example controls should include aspects of governance (such as tone at the top) and other aspects of the entity’s systems (such as the risk assessment process), and encouraged the ISA 315 Task Force to further consider how the definition could be revised to incorporate these other aspects.
- Developing a definition for ‘relevant assertions,’¹ but noted that further consideration was needed:
 - For the threshold used to determine a relevant assertion (i.e., it was noted that there could be the perception that ‘more than a remote likelihood’ may expand the scope of the audit thereby impacting the scalability of the standard).
 - Whether a quantitatively large balance may be assessed as having no relevant assertions and therefore scoped out of the audit. Mr. Grabowski noted that there is a backstop in ISA 330² that would require procedures on ‘material’ items.
 - About how the concept of relevant assertions interacts with the auditor’s consideration of relevant class of transaction, account balance or disclosure. Furthermore, concern was expressed about not being too prescriptive as to how the auditor approaches these new concepts to accommodate differing methodologies.
- Developing a definition for ‘relevant class of transaction, account balance or disclosure.’ However, the ISA 315 Task Force was asked to further consider:
 - Whether ‘relevant’ was the most appropriate way to describe the concept,
 - Whether the definition was complete, in particular considering how other standard-setters have described the concept.
 - How it can be highlighted that determining relevant classes of transactions, account balances and disclosures is done independently of considering the effectiveness of controls.
- The definition of qualitative inherent risk factors (QIRFs). However, it was emphasized that further consideration be given to how:
 - The susceptibility to fraud is considered by auditors in ISA 315 (Revised), including whether it should be included in the QIRFs. Board members expressed mixed views about how fraud should be highlighted in ISA 315 (Revised), but it was agreed that more emphasis on fraud, with a link to ISA 240,³ is needed.
 - It could be made clear that the QIRF’s relate to inherent risks.
 - QIRF’s are used in the process to identify and assess the risks of material misstatement.
 - The QIRF’s align with the QIRF’s exposed in the ISA 540 ED.

The Board, however, had mixed views about changing the definition of assertions. While some Board members had the view that the proposed changes made the definition clearer, others expressed concern

² ISA 330, *The Auditor’s Responses to Assessed Risks*, paragraph 18

³ ISA 240, *The Auditors’ Responsibilities Relating to Fraud in an Audit of Financial Statements*

about changing a concept that was well understood. In particular, concern was expressed about removing the reference to '~~management~~ representations by management.'

RISK ASSESSMENT PROCEDURES

There was support for the proposals relating to the risk assessment procedures, but the Board asked that further consideration be given to:

- Whether the part of the requirement in paragraph 5 of the extant ISA 315 (Revised) relating to 'risk assessment procedurs by themselves do not provide sufficient appropriate audit evidence' should be reinstated as a requirement and not be presented as application material.
- Whether the risk assessment procedures should be 'sufficient and appropriate' in this overarching requirement.

UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT

The Board were generally supportive about the changes proposed in **Agenda Item 2-B**, but asked that further consideration be given to:

- What is required to be understood in relation to the entity's 'business model' that has now been introduced. Ms. Campbell noted the intention is to provide application material explaining this concept.
- How 'business risks' can be better described to highlight that consideration needs to be given to all risks, including operating risks, as they relate to financial reporting.
- What is required to be understood relating to "external measures used by the entity to assess its financial performance."
- How all the aspects of the existing requirement have been included in the revised requirement to understand the entity and its environment.
- How a more challenging mindset can be integrated in the auditor's consideration when obtaining an understanding of the entity and its environment.

OBTAINING AN UNDERSTANDING OF INTERNAL CONTROL

In relation to the proposals to clarify the requirements in the components of internal control so that it is clear what each term in the standard relates to, and what procedures are required, Board members:

- Supported clarification but noted that the focus of the understanding appeared to be on controls, which may not be where the focus should be, in particular where the focus should be on the process (such as the entity's risk assessment process) or flow of transactions (when understanding the information system).
- Emphasized the need to further clarify the control activities component, including considering whether this needed to be defined.
- Asked that further consideration be given to what is meant by 'controls relevant to the audit' for each component of internal control, so that auditors could focus on what needs to be done, including on smaller, less complex audits where controls may not be relied upon.

IDENTIFICATION AND ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Although supporting the separation of the assessment of inherent and control risk, the ISA 315 Task Force was encouraged to consider how the requirements would operate practically. In addition, the ISA 315 Task Force was asked to further consider:

- How the assessment of inherent risks is described, in particular in relation to relevant assertions. Concern was expressed that the proposed revision required the assessment for ~~each-the~~ assertion and not the risk, which ~~may-would~~ not take into account that some risks could relate to more than one assertion, or that one assertion could ~~contain-have~~ numerous risks.
- In relation to significant risks:
 - That it is clarified that the determination of significant risk under other ISAs, where specifically required by another ISA, is not a separate assessment.
 - Whether the ~~outcome-notion~~ of 'special audit considerations' should be ~~eliminated-retained if these types of risks are being to help distinguished these types of risks~~.
- Clarifying how control risk is assessed, including how the auditor's understanding of internal control feeds in to the control risk assessment.
- How it can be made clear that control risk cannot be reduced if the effectiveness of controls has not been tested.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted the CAG's support for the changes being developed. He emphasized the need, in light of the changes being made, to make the link to fraud in ISA 315 (Revised) more clearly.

PIOB REMARKS

Ms. Stothers supported the progress of the Task Force and noted that a flowchart in relation to ISA 315 (Revised) would be helpful. She also emphasized the importance of fraud and the need for ISA 315 (Revised) to sufficiently recognize the susceptibility to fraud when identifying and assessing the risks of material misstatement. Ms. Stothers also highlighted the importance of further consideration about how the qualitative inherent risk factors link to the qualitative inherent risk factors included in the ISA 540⁴ exposure draft.

WAY FORWARD

The ISA 315 Task Force will present proposed changes related to IT for Board discussion at the October 2017 IAASB meeting, and will continue to progress changes to the requirements and application material more broadly for discussion at the December 2017 IAASB meeting.

⁴ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

3. Engagement Quality Control (EQC) Reviews

Ms. French provided an overview of the proposals in relation to EQC reviews in ISQC 1⁵ (**Agenda Item 3–B**) and the newly established standard, Proposed ISQC 2⁶ (**Agenda Item 3–C**). Although some members were of the view that certain requirements in relation to the firm and relevant application material should be placed in ISQC 1, with ISQC 2 only addressing the responsibilities of the EQC reviewer, the Board on the whole supported the balance of the requirements in ISQC 1 and ISQC 2, as presented in **Agenda Item 3–B** and **Agenda Item 3–C**.

The IAASB agreed that the purpose of the EQC review remains appropriate, i.e., that the EQC review should focus on significant judgments made by the engagement team, however recommended that the standard should more clearly explain what is meant by an evaluation of the significant judgments, including that it is broader than relates to the significant judgments made by the engagement team and does not only relate to significant judgments regarding the evaluation of audit evidence.

In relation to the proposals in general, the IAASB recommended:

- Clarifying in the context of the quality management process that the EQC review is only one type of response to quality risks and that other types of responses may be equally or more effective in addressing the quality risks, including other forms of reviews;
- Evaluating the differences between the proposed requirements and the U.S. Public Company Accounting Oversight Board's (PCAOB) Auditing Standard (AS) 1220;⁷ and
- Providing more guidance in the application material for sole practitioners and small-and medium-practices (SMPs), public sector and for EQC reviews performed on engagements other than audits.

SCOPE OF ENGAGEMENTS SUBJECT TO AN EQC REVIEW

The Board suggested various improvements to the clarity of the proposed requirements and application material. The Board further encouraged the QCTF to improve the robustness of the requirement in order that entities that are of significant public interest would be captured, and suggested:

- Including in the requirement entities that are undergoing or plan to undergo an initial public offering or admission to public listing; and
- Addressing entities in the public sector.

Additional suggestions by the Board on the scope of engagements subject to an EQC review included:

- Reconsidering the examples of criteria in the application material, as it was noted that they could scope in engagements for which there is not always an associated quality risk; and
- Addressing how the firm may go about identifying other assurance engagements that should be subject to an EQC review and including examples of criteria that may apply to such engagements.

⁵ International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and Related Services Engagements*

⁶ Proposed ISQC 2, *Engagement Quality Control Reviews*

⁷ Auditing Standard 1220, *Engagement Quality Review*

OBJECTIVE AND DEFINITION

The Board recommended various refinements to the objective and encouraged the QCTF to more broadly capture what the EQC review is expected to achieve.

In relation to the definition of the EQC reviewer, the Board suggested various amendments to further clarify the definition and:

- Recommended relocating all aspects in relation to the eligibility of the EQC reviewer to the requirements; and
- Supported eliminating the “team” from the definition, and recommended:
 - Explaining circumstances when a team may be used, and how they may be directed and supervised, in the application material; and
 - Including eligibility criteria that would be applicable to the members of the team, for example, independence, integrity and objectivity.

ELIGIBILITY OF THE EQC REVIEWER

With respect to the eligibility of the EQC reviewer, in addition to various drafting and clarity suggestions the Board recommended:

- Explaining how the appropriate combination of criteria may be attained;
- Explaining how the criteria support the ability of the person to challenge the significant judgments;
- Addressing the threats to authority and enhancing the application material in this regard, and further proposed including a requirement for the firm to consider the reporting lines within the firm in determining the authority of the individual; and
- The QCTF reconsider how the standard addresses consultation with the EQC reviewer, ~~noting that this is generally not likely to be appropriate.~~

APPOINTMENT OF THE EQC REVIEWER

The Board supported the requirement for the appointment of the EQC reviewer and recommended improving the robustness of the application material addressing circumstances when the firm uses a suitably qualified external person.

PERFORMANCE OF THE EQC REVIEW

In addition to various drafting suggestions, including improving the linkage between the requirements and clarifying aspects of the application material, the Board recommended:

- Improving the focus on significant judgments and clarifying what these may be, as well as how the EQC reviewer may identify significant judgments that should be subject to the EQC review;
- Clarifying the difference between ‘significant matters’ and ‘significant judgments’;
- Clarifying that the EQC reviewer evaluates the engagement team’s process for making significant judgments and the professional skepticism applied by the engagement team; and

- Strengthening the requirement in relation to the EQC reviewer's evaluation of the sufficiency and appropriateness of the procedures, and including a requirement for the EQC reviewer to conclude overall (i.e., similar to the conclusion in AS 1220).

The Board further recommended that ISA 220 include requirements addressing the engagement partner's responsibility for bringing matters to the attention of the EQC reviewer that could be considered significant judgments.

DOCUMENTATION OF THE EQC REVIEW

The Board broadly supported the proposals and in addition to various drafting recommendations suggested:

- Placing more focus on what should be documented in relation to the performance and outcome of the EQC review, instead of what the firm policies or procedures should address;
- Refocusing the documentation requirement in ISQC 1 on documenting the reasons for the selection of classes of engagements subject to EQC review; and
- Clarifying that the EQC reviewer, and not the engagement team, is responsible for the documentation of the EQC review.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the CAG was supportive of establishing a separate standard for EQC reviews that would emphasize the importance of the EQC review. He encouraged the QCTF to address how the standard would apply to the public sector and also indicated his support for the requirements addressing documentation.

PIOB REMARKS

Ms. Stothers indicated her support for a new standard addressing EQC reviews and encouraged the QCTF to consider the results of inspection findings in developing the proposals.

WAY FORWARD

The QCTF will consider the Board's comments and recommendations and present an updated version of the Exposure Draft to the board in its March 2018 meeting.

4. Group Audits

Ms. Zietsman introduced the draft project update (**Agenda Item 4-B**) that explains the background to the Group Audits Project, including the crossover issues with other IAASB projects. It also summarizes the Group Audits Task Force's (GATF) recent activities and the issues being considered in the revision of ISA 600.⁸ The Board supported the project update, and recommended:

- Revisiting the balance of matters addressed within the project update by focusing on the group audit angle of the issues discussed;
- Making reference to the consideration of the U.S. PCAOB's project; and

⁸ International Standard on Auditing (ISA) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

- Being transparent about the resource constraints and priorities of the IAASB that may impact the progress of the project.

PIOB REMARKS

Ms. Stothers welcomed the impending release of the project update and encouraged the GATF to emphasize what they have ~~been~~ accomplished, and to be transparent about the resource constraints.

WAY FORWARD

The GATF will consider the matters noted by the Board before the publication of the project update.

5. Agreed-Upon Procedures (AUP)

The Board discussed the feedback received on the Discussion Paper, [Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards](#), as well as the project proposal to revise ISRS 4400.⁹

The Board unanimously approved the project proposal subject to clarifications around:

- The use of judgment. It was also suggested to link the use of professional judgment to recommendations arising from the performance of AUP engagements.
- The practitioner's independence in an AUP engagement. It was suggested to describe independence from a 'conflict of interest' perspective and to explain the importance of objectivity in case independence is not required.
- The report of factual findings, including the restriction of use of the report of factual findings. It was suggested to clarify that the basic model of factual findings will not be changed, and to elaborate more what the AUP Task Force intends to do on the restriction of use of the report of factual findings.
- The documentation required in an AUP engagement. The AUP Task Force was encouraged to clarify how the documentation in an AUP engagement can be enhanced.
- How the project will address the expectation gap between users of the report of factual findings and practitioners. It was suggested to include instances where the use of an AUP engagement would not be appropriate, similar to how this is addressed in [ISAERE 3000 \(Revised\)](#).¹⁰
- The link between ISQC 1 and ISRS 4400.

Furthermore the Board noted support for the use of staff from a national standard setter (NSS) to progress the project.

IAASB CAG CHAIR REMARKS

Mr. Dalkin noted that the IAASB CAG was very supportive of this project given its importance for SMPs and the public sector. The CAG also highlighted areas where the AUP Task Force should focus in the revision

⁹ International Standards on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

¹⁰ International Standards On Assurance Engagements (ISAERE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

of ISRS 4400, including the practitioner's independence and the restriction of use of the report of factual findings.

PIOB REMARKS

Ms. Stothers was of the view that it is in the public interest to revise ISRS 4400, especially given the importance to SMPs. She supported staffing the project with staff from a NSS and emphasized the importance of further consideration of clear documentation requirements.

WAY FORWARD

The AUP Task Force will address the suggested clarifications on the project proposal for submission to the Steering Committee and will commence its deliberations to address the issues identified, with the view to come back to the Board for discussions on the proposals for revision in 2018.

6. International Accounting Standards Board (IASB) Liaison

Mr. Grabowski provided a summary of the IASB Liaison Working Group's (ILWG) activities since the last IAASB discussion on the topic. Mr. Grabowski explained that the ILWG has discussed the following topics and provided written feedback to the IASB on:

- International Financial Reporting Standards (IFRS) Practice Statement – Making Materiality Judgements;
- Definition of Material (pre-ballot draft of an Exposure Draft); and
- Specific paragraphs of the exposure drafts on IFRS 8¹¹ and the Discussion Paper on *Principles of Disclosure*.

Mr. Grabowski also explained that the ILWG is working on providing comments to the IASB on the Discussion Paper, *Disclosure Initiatives—Principles of Disclosure* due at the beginning of October 2017.

The IAASB expressed general support for the ILWG's activities.

WAY FORWARD

The ILWG will continue to liaise with the IASB on matters of mutual interest and provide comments on their pronouncements as appropriate.

7. Quality Control at the Firm Level (Documentation) – ISQC 1

Ms. French provided an overview of the proposals in relation to documentation in ISQC 1 (**Agenda Item 3–B**). The IAASB supported the proposals and agreed that the standard should not include a requirement for the firm to document ~~various processes for~~ matters related to the firm's processes in relation to its system of quality management (e.g., the process for establishing the quality objectives and identifying and assessing quality risks). In addition to various suggestions to improve the clarity and linkage of the requirements, the Board recommended:

- Highlighting that documentation also provides an understanding of the basis for the firm's decisions in relation to its system of quality management, particularly in circumstances when the firm is looking back to a decision previously made;

¹¹ IFRS 8, *Operating Segments*

- Further emphasizing the scalability of the requirements and explaining how the documentation may vary within the firm for different types of engagements; and
- Considering further how external inspections are addressed in the requirements and application material.

The Board also noted that documentation provides the basis for the firm's reasonable assurance in relation to the overall objective of ISQC 1. Accordingly, the Board suggested that:

- ISQC 1 should clarify whether the firm is required to evaluate the design, implementation or operating effectiveness of the system of quality management; and
- The sufficiency and appropriateness of the documentation should be based on whether it supports the firm's reasonable assurance and enables monitoring. In addressing this, the Board encouraged the QCTF to consider how the sufficiency and appropriateness of documentation is addressed in ISA 230,¹² although expressed mixed views about using the terms 'sufficient and appropriate' in this context.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the CAG was particularly interested in the topic of networks. He further noted the importance of the requirements being developed in a way that would not facilitate a checklist-based approach or standardized documentation.

WAY FORWARD

The QCTF will consider the Board's recommendations and present a first draft of the Exposure Draft to the Board in December 2017.

8. Data Analytics

The Board received a presentation of the more detailed observations of respondents' views in relation to the [Request for Input: Exploring the Growing Use of Technology in the Audit with a Focus on Data Analytics](#). These views included the following general themes:

- Strong support for the Data Analytics Working Group (DAWG);
- Keeping the ISAs principles-based, but reflecting the digital era in application guidance; and
- The importance of applying professional skepticism while undertaking procedures using automated tools and techniques.

PIOB REMARKS

Ms. Stothers noted that the topic of data analytics should be a standing agenda item for the Board given the rate of change in technology.

WAY FORWARD

The DAWG will continue to liaise with other relevant Task Forces and Working Groups on issues related to the use of data analytics, including developing case studies and examples of the application of automated

¹² ISA 230, *Audit Documentation*

tools and techniques, for use by the relevant Task Forces and Working Groups. In addition, the DAWG plans to:

- Schedule roundtables with a variety of firms to more fully understand the current application of data analytics, best practices and challenges.
- Develop a publication, or record a video, to share the feedback received in relation to the request for input and the way forward with stakeholders;
- Establish continued interaction with the U.S. PCAOB on their project on data analytics;
- Monitor the activities of the American Institute of Certified Public Accountants' audit evidence project
- Continue dialogue with the Data Analytics Project Advisory Panel;
- Liaise with the Innovation Working Group to further consider artificial intelligence, robots, block chain technology and other technology.

9. ISA 540 (Revised)

The Board received an [preliminary](#) overview of the comment letters in relation to the Exposure Draft of proposed ISA 540 (Revised). The Board discussed respondents' concerns about the complexity of the proposed revised standard and potential difficulties in understanding and applying it in practice. The Board also discussed [respondents' overall comments regarding](#) the scalability of the proposed revised standard, how risk factors could be taken into account, and how best to structure the response to the assessed risks of material misstatement.

The Board requested the ISA 540 Task Force to:

- Look at ways to restructure the proposed standard to improve its clarity and readability. Suggestions made included:
 - Focusing on data, assumptions and method instead of the risk factors (complexity, judgment and estimation uncertainty) in the response to the assessed risk of material misstatement;
 - Making the testing strategies more prominent;
 - Reducing the application material by redrafting it in simpler language, removing duplicate material and moving educational application material into an International Auditing Practice Note (IAPN) or an appendix; and
 - Better explaining the link between the risk factors and assertions;
- Follow up on the field testing results [referred to in some of the comment letters](#);
- Consider whether there are other ways to make the proposed standard scalable, other than the threshold of low/not low inherent risk, for example through the spectrum of risk;
- Consider how best to obtain the views of key stakeholders about the changes that will be made through the coming months;
- Continue to liaise with:
 - The ISA 315 Task Force on the risk factors and other matters related to the identification and assessment of the risk of material misstatement; and
 - The Professional Skepticism Working Group.

The Board also noted the importance of issuing a high-quality standard while being mindful of the public interest in finalizing the ISA in a timely fashion.

The Board also received a presentation from Mr. Baumann and Ms. Vanich of the U.S. PCAOB's staff on the U.S. PCAOB's accounting estimate standard that was exposed shortly after proposed ISA 540 (Revised). Board members asked the Task Force to liaise with the PCAOB on aligning the standard and to take the structure of the PCAOB's accounting estimate standard into account.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the CAG discussed the timing for finalizing the standard and that the CAG was of the view that high-quality standards should never be compromised. The CAG also highlighted the importance of aligning the IAASB's and U.S. PCAOB's proposals on auditing accounting estimates.

PIOB REMARKS

Ms. Stothers complimented the Task Force on the preliminary analysis and noted the interest of the PIOB in how the ISA 540 Task Force will move this project forward given the diverse responses received. She added that consideration be given to the timeline while highlighting the importance of producing high quality standards.

WAY FORWARD

The IAASB is holding a special meeting in October 2017 to progress proposed ISA 540 (Revised).

10. Emerging Forms of External Reporting (EER)

Mr. Grabowski provided an update on the work of the EER Working Group, including how the project will be resourced and funded. The Board received a presentation from Mr. Mario Abela from the World Business Council for Sustainable Development (WBCSD) about the WBCSD's program on advancing the measurement, valuation and reporting of non-financial aspects of business impacts and performance. Mr. Abela also presented on the WBCSD's project addressing external assurance of sustainability reporting.

The Board asked questions and expressed views about the timing of the WBCSD's project, the use of non-financial information, the WBCSD's work related to reporting on EER, and the demand for assurance on EER information.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that different countries may be at different stages of setting regulatory requirements for EER, and questioned the relationship of the EER work with related regulations, such as those regarding conflict minerals.

WAY FORWARD

In October 2017, the Integrated Reporting Working Group will present the IAASB with a project proposal in relation to EER and a feedback statement that will provide an overview of the feedback received in relation to Discussion Paper, [Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements](#).

11. CAG Chair Remarks

Mr. Dalkin indicated that the meeting was productive and the discussions useful, and further noted the extent of work to be undertaken across all of the projects, in particular ISA 540.

12. PIOB Observer Remarks

Ms. Stothers observed that the Board had openly shared their views in relation to the various projects, which had been well-received by the various Task Forces and Working Groups, and highlighted the consistency of the views across Board members, i.e., between practitioners and non-practitioners, with the exception of some of the proposed revisions in ISA 315 (Revised). She further noted that the discussions were at an appropriate level of granularity and addressed the issues that had been raised in the various projects. Ms. Stothers also specifically indicated her support for establishing a joint working group with the International Ethics Standards Board for Accountants in relation to addressing the objectivity of the EQC reviewer and the continued focus on public interest entities in relation to the scope of EQC reviews.

13. Closing

Prof. Schilder invited Ms. Tracq-Segeissen to update the Board on the adoption of the ISAs, and contribution in relation to the IAASB's standards, from the French speaking African countries. He then thanked the IAASB members, technical advisors and IAASB staff and closed the meeting.

14. Next Meeting

The next IAASB Teleconferences scheduled for November 7th has been cancelled. The next IAASB physical meeting will be held in New York on October 24–26, 2017.