Draft Minutes of the 96th Meeting of the

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

Held on July 17, 2018 by Teleconference.

	Voting Members	**Technical Advisors (TA)**
Present:	Prof. Arnold Schilder (Chairman)	Sara Ashton (Ms. French)
	Megan Zietsman (Deputy Chair)	Viviene Bauer (Mr. Monroy)
	Abhijit Bandyopadhyay	Nicolette Bester (Mr. Vanker)
	Fiona Campbell	Wolf Böhm (Prof. Marten)
	Chun Wee Chiew	Melissa Bonsal (Ms. Zietsman)
	Robert Dohrer	Andrew Gambier (Mr. Chiew)
	Karin French	Ahava Goldman (Mr. Dohrer)
	Marek Grabowski	Hiram Hasty (Mr. Landes)
	Len Jui	Josephine Jackson (Mr. Grabowski)
	Prof. Kai-Uwe Marten	Susan Jones (Mr. Jui)
	Lyn Provost	Sachiko Kai (Ms. Tracq-Sengeissen)
	Fernando Ruiz Monroy	Jamie Shannon (Mr. Sharko)
	Ron Salole	Eric Turner (Mr. Salole)
	Rich Sharko	Sylvia Van Dyk (Ms. Provost)
	Isabelle Tracq-Sengeissen	Sanjay Vasudeva (Mr. Bandyopadhyay)
	Imran Vanker	
Apology:	Ge Zhang	Shu Duan (Mr. Zhang)
	Chuck Landes	Denise Weber (Ms. Campbell)

Non-Voting Observers

Present:	Jim Dalkin (IAASB Consultative Advisory Group (CAG) Chair), Yosh'inao Matsumoto (Japanese Financial Services Authority)
Apology:	Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observers

Present: Karen Stothers

IAASB Technical Staff

Present: Dan Montgomery (Interim Technical Director), Beverley Bahlmann, Natalie Klonaridis, Jasper van den Hout, Phil Minnaar, Armand Kotze.

IAASB agenda materials referred to in these minutes can be accessed at http://www.iaasb.org/meetings/iaasb-conference-call-july-17-2018. These minutes are a summary of the decisions made at the July 17, 2018 IAASB teleconference, in light of the issues and recommendations in the agenda material put forth by the Task Forces (TF), 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

Prof. Schilder welcomed all participants to the teleconference.

2. ISA 315 (Revised)[1]

Ms. Campbell noted that the focus of the teleconference was to consider the proposed conforming and consequential changes to ISA 540 (Revised)[2] and paragraph A42 of ISA 200,[3] as set out in **Agenda Item 1-A** on the basis of the proposed revisions to ISA 315 (Revised) approved by the IAASB in June 2018 (ED–315).

CONFORMING AND CONSEQUENTIAL AMENDMENTS

The IAASB was broadly supportive of the proposals, however, certain changes were agreed to, including:

- To align paragraph A24 of ISA 540 (Revised) with the requirement in paragraph 13(b) of ISA 540 (Revised).
- Notwithstanding that it is a repeat of paragraph A42 of ISA 200, the Board agreed that paragraph A65 of ISA 540 (Revised) should be retained. However, the Board expressed concern that the proposed wording may be confusing, and suggested to rather link this to the 'risk of material misstatement' rather than a focus on the separate assessment of inherent risk and control risk. A similar change was also made to paragraph A42 of ISA 200.
- To address Board concern that the proposed wording of paragraph A66 of ISA 540 (Revised) may suggest that the ISA 540 (Revised) inherent risk factors need to be considered in addition to the inherent risk factors presented in ISA 315 (Revised). The wording was changed to clarify that inherent

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

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

3 ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

risk is identified and assessed in terms of ISA 315 (Revised); however, for accounting estimates, the auditor also considers the degree to which the accounting estimate is subject to, or affected by, the inherent risk factors as described in paragraph 16 of ISA 540 (Revised).

- The removal of the wording '*close to the upper end of*' in the first sentence of paragraph A85 of ISA 540 (Revised), as this sentence was intended to address all areas of higher inherent risk. In addition, it was also noted that this concept was already implicitly captured through the inclusion of significant risks in the same sentence.

The Board further agreed that the explanatory memorandum and exposure draft, in relation to the conforming amendments to ISA 540 (Revised) and paragraph A42 of ISA 200, are finalized by the ISA 315 Task Force, the IAASB's leadership and the leadership of the ISA 540 Task Force.

IAASB CAG CHAIR REMARKS

Mr. Dalkin noted his support for the proposals.

PIOB REMARKS

Ms. Stothers supported the discussions and commented that it served the public interest.

APPROVAL

After agreeing all necessary changes, the IAASB approved the proposed conforming amendments to ISA 540 (Revised) and paragraph A42 of ISA 200 for exposure with 16 affirmative votes out of the 16 IAASB members present on the teleconference. The Board agreed that this exposure draft would be published as a supplement to ED–315, and therefore it would also remain open for comment until November 2nd, 2018.

3. Closing

Prof. Schilder thanked the IAASB members, technical advisors and Staff.

4. Next meeting

The next IAASB physical meeting will be held in New York on September 17–21, 2018.