

**Minutes of the 121<sup>st</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held on February 10-11, 2021 via Video Conferences<sup>1</sup>**

**Voting Members**

Present: Tom Seidenstein (Chair)  
Len Jui (Deputy Chair)  
Sue Almond  
Chun Wee Chiew  
Julie Corden  
Kai Morten Hagen  
Josephine Jackson  
Sachiko Kai  
Edo Kienhuis  
Diane Larsen  
Prof. Kai-Uwe Marten  
Lyn Provost  
Fernando Ruiz Monroy  
Prof. Roger Simnett  
Wendy Stevens  
Isabelle Tracq-Sengeissen  
Eric Turner

**Technical Advisors (TA)**

Helene Agélii (Mr. Hagen)  
Sara Ashton (Ms. Almond)  
Vivienne Bauer (Mr. Monroy)  
Wolf Böhm (Prof. Marten)  
Fabien Cerutti (Ms. Tracq-Sengeissen)  
Antonis Diolas (Mr. Chiew)  
Johanna Field (Mr. Turner)  
Hiram Hasty (Ms. Stevens)  
Rene Herman (Prof. Simnett)  
Susan Jones (Mr. Jui)  
Thokozani Nkosi (Ms. Jackson)  
Tania Sergott (Ms. Corden)  
Jamie Shannon (Mr. Kienhuis)  
Sylvia Van Dyk (Mrs. Provost)  
Denise Weber (Ms. Larsen)  
Kohei Yoshimura (Ms. Kai)

Apology: Imran Vanker

**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) Observer**

Present: Ms. Karen Stothers

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<sup>1</sup> The IAASB held two video conference sessions on February 10-11. The matters discussed during these video conferences are captured within these minutes.

## IAASB Technical Staff

Present: Willie Botha (Technical Director), Beverley Bahlmann, Yvonne Chan, Brett James, Natalie Klonaridis, Armand Kotze, Phil Minnaar, Kalina Shukarova Savovska, Hanken Jane Talatala, Jasper van den Hout, Angela Donnelly (IAASB Staff Fellow), Dan Montgomery (Senior Advisor – Technical Projects and Auditor Reporting Implementation Working Group Chair)

IAASB agenda materials referred to in these minutes can be accessed on the IAASB's Website for the sessions held on [February 10–11](#). These minutes are a summary of the decisions made at the February 2021<sup>1</sup> IAASB video conferences, considering 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

Mr. Seidenstein welcomed all participants to the February 10–11, 2021 IAASB videoconferences. Mr. Seidenstein also welcomed the public observers who were observing the meeting via the IAASB's YouTube channel.

### 2. Developing the Framework for Activities

Mr. Seidenstein and Mr. Botha introduced the topic, explaining the process to finalize the Framework for Activities (the 'Framework') that has been developed to provide structure and transparency to the Board's processes and procedures.

The Board broadly supported the work that had been done to finalize the Framework as presented in **Agenda Item 1-A**, with some Board members highlighting the need to make clear that it was a 'living' document that could be amended if the need arose. The Board also emphasized that the processes and procedures of the Framework should not slow down the Board's activities.

#### INFORMATION GATHERING AND RESEARCH ACTIVITIES

With regard to the criteria to move from Category A to Category B, the Board:

- Suggested that an 'impact analysis' (or matrix) be further considered (for example high impact / very difficult vs low impact / not difficult) to help with the determination of topics moving from Category A to Category B, as it was not as straightforward as only applying the criteria. It was noted that there would be 'degrees' about how the criteria are applied, and an impact analysis may be helpful in this regard.
- Noted that further explanation was needed as to how the criteria were to be applied, i.e., that they should all be considered together and not have one that overrides the others.
- Questioned the 'feasibility' of using the ability to undertake work as a criteria for whether a project was progressed or not. It was noted that the Board would need to remain flexible if urgent topics

came up and that this should not be an overriding criteria for whether something is progressed or not. It was highlighted that this aspect applies more broadly than being a specific criteria.

The Board also suggested:

- Further considering whether high-level criteria should be included in Category A.
- Including that the work of other global standard-setting bodies would be considered to help identify possible topics for IAASB consideration.
- Adding small and medium practices (SMPs) as a key stakeholder from which information is gathered.
- Considering being more transparent about how often Category A topics are reviewed. It was noted that this would likely need to be more than an 'annual review.' It was also suggested that it be made clearer how topics were removed from the various categories.
- Adding more about specific outreach activities undertaken during the information gathering and research activities.
- Further considering whether the description of all of the activities that could be undertaken was needed as some of them overlapped with how Categories A, B and C were described.
- Further clarifying what was meant by "scanning the environment," in particular how it related to the Board's ongoing topics of technology and professional skepticism.

#### REVISING AND DEVELOPING STANDARDS

There were no further comments on this section.

#### NARROW SCOPE MAINTENANCE OF STANDARDS

Board members noted support for the introduction of 'narrow scope amendments' into the IAASB's 'toolkit.' It was also agreed that interpretations, at this point, should not be introduced as it was better to address any issues arising in the standards themselves rather than through an interpretation that would not have the same authority.

There were some concerns expressed about the timelines for a narrow scope amendment (i.e., that they would be shorter), and a few Board members suggested that this should be clarified in the Framework. The Board also cautioned about being clear what was a narrow-scope amendment, highlighting that there should be a particular focus on a matter that limited the ability for scope creep.

#### ACTIVITIES TO SUPPORT IMPLEMENTATION OF THE IAASB'S STANDARDS

Board members were supportive of clarifying the process for the development of, and clearance for, non-authoritative guidance. However, concerns were expressed about the number of channels that could be selected from, noting that it may be too complicated. The Board suggested that the alternatives be simplified (with less detail required) so that it was simpler to use.

The Board also:

- Cautioned about non-transparency of any changes made when the process is a 'negative review' by the Board.
- Noted that the Basis for Conclusions is a due process step and may not necessarily belong in this process.

- Asked that the process around post-implementation reviews needed to be clarified.

#### IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted support for the Framework, encouraging that more consideration be given to the development of non-authoritative materials rather than standard setting (if appropriate).

#### PIOB OBSERVER'S REMARKS

Ms. Stothers supported the finalization of the Framework, commending the transparency that would result from the processes and procedures in the Framework. She also noted that the Framework would be helpful to the Board in prioritizing its activities appropriately.

#### WAY FORWARD

Subject to the comments and suggestions noted above being addressed and cleared by the IAASB Chair and Technical Director, the Board unanimously agreed<sup>2</sup> that the Framework could be finalized and published.

### 3. Developing the Work Plan for 2022–2023

The Board supported the approach to developing a high-level survey on the Work Plan for 2022–2023 as set out in **Agenda Item 2**, including the proposed timetable and consultation period.

It was highlighted that the process should be appropriately explained in the consultation, and the planning Committee was encouraged to consider what other feedback may be needed with regard to the IAASB's future projects. The Board was also encouraged to specifically explore the needs for IAASB efforts on disruptive technology and assurance for non-financial information.

#### IAASB CAG CHAIR'S REMARKS

Mr. Dalkin supported the approach to the public consultation and encouraged the Board to make sure that responses were received from the public sector.

#### PIOB OBSERVER'S REMARKS

Ms. Stothers supported the approach to the public consultation, including ranking the possible projects.

#### WAY FORWARD

Staff and the Planning Committee will develop the draft survey which will be distributed to the Board for comments in April before being published publicly at the end of April.

### 4. Auditor Reporting Post-Implementation Review (PIR)

Mr. Montgomery provided an overview of the feedback received to date on the stakeholder survey and other information-gathering activities related to the Auditor Reporting PIR as set out in **Agenda Item 3**.

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<sup>2</sup> 17 Board members were present on the call.

## SUMMARY OF FEEDBACK RECEIVED

The Board acknowledged the feedback gathered through the information-gathering activities of the Auditor Reporting PIR, noting the substantial number of responses received to the stakeholder survey from a broad range of stakeholders, including from all geographical regions and stakeholder groups.

The Board broadly supported the matters highlighted that warrant further analysis and consideration by the Auditor Reporting Implementation Working Group (ARIWG) as it progresses its work to develop PIR recommendations. The Board agreed that, based on the feedback received, the overall objective set out by the IAASB when developing the new and revised Auditor Reporting standards<sup>3</sup> had been achieved, as the feedback indicated that the auditor's report has become more informative and relevant by providing greater transparency into the audit work performed.

With respect to the feedback received and matters highlighted by respondents, the Board noted the following:

- Careful consideration is needed going forward as to what further information (if any) should be included in the auditor's report, as the right balance needs to be maintained with respect to the expectations of all stakeholders, as well as the associated costs and benefits of including that information.
- International convergence of the auditor reporting regimes would be in the public interest and enhance consistency, as presently entities report different matters for the same audit in various capital markets.
- With respect to key audit matters (KAM), caution is needed with respect to mandating descriptions of the outcome of audit procedures or key observations, as this could be perceived as providing separate opinions on certain matters within the financial statements. In addition, it was noted that KAM that are well written, consistent over time and specific to the entity would not be perceived as being boilerplate.
- Further exploration and analysis of the feedback received would be helpful to more specifically understand the root cause of the issues raised by respondents with respect to the 'Material Uncertainty Related to Going Concern' section of the auditor's report. The ARIWG was encouraged to continue closely coordinating with the Going Concern Working Group.
- With respect to the 'Other Information' section of the auditor's report, the ARIWG was encouraged to further understand the root causes of the issues raised by respondents and analyze the differences in practice.

## WAY FORWARD

The Board broadly supported the proposed way forward outlined by the ARIWG to develop the recommendations coming out of the input from the PIR and the issuance of the Feedback Statement.

The Board also encouraged the ARIWG to:

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<sup>3</sup> The new and revised Auditor Reporting Standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and conforming amendments to other ISAs.

- Highlight the available non-authoritative guidance issued by the Board with respect to Auditor Reporting while developing and issuing the Feedback Statement.
- Reach out to National Standard Setters with respect to work undertaken in their jurisdictions with regard to post-implementation reviews of the revised Auditor Reporting Standards.

#### IAASB CAG CHAIR REMARKS

Mr. Dalkin thanked the Board and was pleased to hear that the time invested by the Board in revising the Auditor Reporting Standards has proved to be beneficial and in the public interest. Mr. Dalkin encouraged the Board to consider similar post-implementation reviews for other recently issued IAASB standards.

#### PIOB OBSERVER'S REMARKS

Ms. Stothers supported the efforts that had been undertaken in the PIR. Ms. Stothers acknowledged the stakeholders' differing points of view in the PIR and encouraged further understanding, and consideration where necessary, of all the issues before any actions are proposed. She also emphasized the importance of this work in the public interest and welcomed the linkages noted with the Going Concern project.

#### **5. Closing**

Mr. Seidenstein thanked the IAASB Members, TAs, and Staff and closed the meeting.

#### **6. Next Meeting**

The next IAASB meeting is the IAASB's quarterly meeting, which will be held via video conference between March 15–19, 2021.