

### Minutes of the 127<sup>th</sup> Meeting of the INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

Held on September 13–17, 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 (Apology September 16)  
Isabelle Tracq-Sengeissen  
Eric Turner  
Imran Vanker<sup>2</sup> (Apologies September 17)

#### Technical Advisors (TA)

Helene Agélli (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)  
Rene Herman (Prof. Simnett) (September 13–14 and 16)  
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)

#### 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

<sup>1</sup> Due to the COVID-19 pandemic, the IAASB decided to hold the September 2021 IAASB meeting via a number of video conference sessions during the week of September 13, 2021. The discussions held during these video conferences are captured within these minutes.

<sup>2</sup> Mr. Vanker was supported by Mr. Kumu Matambo during the September 2021 IAASB meeting.

## IAASB Technical Staff

Present: James Gunn (Managing Director, Professional Standards) (September 13 and 15), Willie Botha (Technical Director), Beverley Bahlmann, Amy Fairchild, Brett James, Natalie Klonaridis, Armand Kotze, Phil Minnaar (Apology September 13), Kalina Shukarova Savovska, Hanken Jane Talatala, Jasper van den Hout, Dan Montgomery (Senior Advisor – Technical Projects), Angela Donolly (Apology September 16).

IAASB agenda materials referred to in these minutes can be accessed on the IAASB's Website for the sessions held [September 13–17](#). These minutes are a summary of the decisions made at the September 2021 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 (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

Mr. Seidenstein welcomed all participants to the September 2021 IAASB virtual meeting. He then also welcomed the public observers who were observing the meeting via the IAASB's YouTube channel.

Mr. Seidenstein noted to the Board that Mr. Brett James, who has been with the IAASB for 11 years will be moving into a new role as the Chief of Operations for the Standard Setting Boards. He thanked Mr. James for his contributions to the IAASB and wished him well in his new role. Mr. Seidenstein then updated the Board on the outreach performed during the third quarter of 2021, highlighting the extent of the IAASB's interactions with its key stakeholders for various projects.

The minutes of the June 2021 IAASB quarterly meeting and mid-quarter video conferences for July 21-22, 2021, including amendments to the June 2021 draft minutes and the July 21, 2021, teleconference draft minutes, were approved as presented at the Friday meeting session. Mr. Seidenstein noted that the Planning Committee is looking into making the process for the minutes more effective and efficient.

### 2. Group Audits – Proposed ISA 600 (Revised)<sup>3</sup>

Mr. Jui updated the Board on the work of the ISA 600 Task Force since the June 2021 IAASB meeting as presented in **Agenda Item 2, Agenda Item 2-A, Agenda Item 2-B, Agenda Item 2-C, Agenda Item 2-D** and **Agenda Item 2-E**. The following sets out the more significant comments from the Board.

#### INTRODUCTION AND DEFINITIONS

The Board broadly supported the ISA 600 Task Force's proposals as presented in **Agenda Item 2-C** but had several suggestions on how to enhance the introduction and the definitions. The Board asked the ISA 600 Task Force to consider:

- Clarifying the auditor's responsibilities when an audit has been performed on a component for statutory, regulatory or other reasons. It was noted that paragraph A8AA should address both in-

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<sup>3</sup> Proposed International Standards on Auditing (ISA) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

process and completed audits of financial statements of a component for statutory, regulatory or other reasons. Paragraph A8AA also should clarify that the group auditor may be able to use audit work performed for the audit of the component financial statements, provided that such work is appropriate for purposes of the group audit.

- Clarifying the definition of component auditor. It was noted that it may be unclear whether an auditor who performs work for a statutory audit or an audit of an entity that is accounted for by the equity method is a component auditor when the group auditor uses the financial statements of that component for purposes of the group audit.
- Deleting certain application material paragraphs in the Introduction.
- Clarifying, in the application material regarding professional skepticism, that the group auditor should always remain alert for inconsistent information from component auditors and not only when there are a large number of components across multiple jurisdictions.

#### LEADERSHIP RESPONSIBILITIES FOR MANAGING AND ACHIEVING QUALITY ON A GROUP AUDIT, AND ACCEPTANCE AND CONTINUANCE

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance the sections on the leadership responsibilities for managing and achieving quality on a group audit, and acceptance and continuance. The Board asked the ISA 600 Task Force to consider:

- Clarifying how the group auditor may be able to overcome restrictions on access to information or people when the group has a non-controlling interest in an entity that is accounted for by the equity method. The Board noted that it is unclear how audit evidence can be obtained from an entity that is accounted for by the equity method. The Board also provided several suggestions on how to enhance the drafting and suggested developing implementation guidance on this matter.
- Enhancing the linkage between the section on restrictions on access to information and people and the application material in the documentation section that explains how the group auditor may be able to overcome restrictions on access to component auditor audit documentation.

#### OVERALL GROUP AUDIT STRATEGY AND GROUP AUDIT PLAN

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance the section on the overall group audit strategy and group audit plan. The Board asked the ISA 600 Task Force to consider:

- Deleting or clarifying paragraph 18. Paragraph 18 requires the group engagement partner to evaluate whether the group auditor will be able to be sufficiently and appropriately involved in the work of the component auditor. It was noted that it is unclear what the group auditor should do in addition to what is required by paragraph 12.
- Explaining in paragraph 21(b) that, in addition to information about the results of the monitoring and remediation process or external inspections, the group engagement partner may also obtain information from other sources (e.g., transparency reports or news reports).

- Reverting back to the wording presented to the Board in June 2021 for paragraph 22(a), as the wording presented in **Agenda Item 2-C** implies a more strenuous requirement than what is required by ISA 220 (Revised).<sup>4</sup>
- Whether paragraph 23 is inconsistent with the requirement in paragraph 45A for the group auditor to determine whether, and the extent to which, to review additional component auditor audit documentation.
- Clarifying who should address paragraph 23B. It was noted that the requirement is written as a statement of fact.
- Enhancing paragraph A44A related to using the work of auditor's experts. It was noted that the wording presented suggests that the group engagement partner is responsible for the evaluation of the competence and capabilities of an auditor's expert engaged by a component auditor in accordance with ISA 620,<sup>5</sup> paragraph 9, rather than the component auditor. It was noted that the component auditor's evaluation may be subject to review of the group auditor depending on the nature and extent of involvement of the auditor's expert, and the assessed risks of material misstatement.
- Including a link to paragraph 31 of ISA 220 (Revised).

#### UNDERSTANDING THE GROUP AND ITS ENVIRONMENT, THE APPLICABLE FINANCIAL REPORTING FRAMEWORK AND THE GROUP'S SYSTEM OF INTERNAL CONTROL

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance the section on the understanding of the group. The Board asked the ISA 600 Task Force to consider:

- Adding back the references to 'on a timely basis' in paragraphs 26 and 26A.
- Enhancing paragraph 26(a) by:
  - Clarifying that the requirement is conditional on the involvement of component auditors. It was noted that component auditors are not always required to perform risk assessment procedures for purposes of the group audit.
  - Clarifying that the matters that are relevant to the component auditor's design and performance of risk assessment procedures for purposes of the group audit, are based on the group auditor's judgment as many matters may be relevant to the component auditor.
- Clarifying in the application material that the component auditor may also be involved when the group auditor is required to "take responsibility" for certain risk assessment procedures.

#### MATERIALITY

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but it was noted that setting component performance materiality at an amount lower than group performance materiality may cause practical challenges, in particular, when an equity method investment is significantly larger than the group.

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<sup>4</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

<sup>5</sup> ISA 620, *Using the Work of an Auditor's Expert*

#### RESPONDING TO THE ASSESSED RISKS OF MATERIAL MISSTATEMENT

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance the section on responding to the assessed risks of material misstatement. The Board asked the ISA 600 Task Force to consider:

- Adding "if applicable" to the latter part of paragraph 34(b) as there may not be indicators of possible management bias in the consolidation process.
- Enhancing paragraph A95A related to using the work of auditor's experts. It was noted that the wording presented suggests that the group engagement partner is responsible for the evaluation of the adequacy of the work of an auditor's expert engaged by a component auditor in accordance with ISA 620, paragraph 12, rather than the component auditor. It was noted that the component auditor's evaluation may be subject to review of the group auditor depending on the nature and extent of involvement of the auditor's expert, and the assessed risks of material misstatement.

#### COMMUNICATION ABOUT MATTERS RELEVANT TO THE GROUP AUDITOR'S CONCLUSION

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance paragraph 45A and the related application material. Generally, the Board agreed with the ISA 600 Task Force's intent with paragraph 45A, and the linkage to the requirements in ISA 220 (Revised), but that additional clarity in the wording would be helpful. It was suggested to clarify the incremental nature of the requirement and to link paragraph 45A to the evaluation of communications with component auditors as required by paragraph 45(b).

The Board had mixed views on the inclusion of the word "whether" in paragraph 45A. A view was expressed that 'whether' should be deleted as it may cause the group auditor not to review any component auditor audit documentation. Others disagreed, noting that other requirements in ISA 600 (Revised) and ISA 220 (Revised) drive the nature, timing and extent of the group auditor's direction and supervision of component auditors and the review of their work. Board members also noted that the application material, in particular paragraphs A112B and A113, provide appropriate guidance for the group auditor in making the determination required by paragraph 45A. It was also noted that deleting the word 'whether' may cause translation issues.

#### DOCUMENTATION

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-C** but had several suggestions on how to enhance the documentation section. The Board asked the ISA 600 Task Force to consider:

- Deleting the first sentence of paragraph A127A as the main point of the paragraph is to emphasize that, depending on the facts and circumstances, the group auditor may decide to summarize, replicate or retain copies of certain component auditor audit documentation in the group auditor's audit file to supplement the description of a particular matter in communications from the component auditor. It was also noted that the first sentence of paragraph A127A seemed to contradict the second sentence.
- Clarifying in paragraph A130, that it is a matter of professional judgment of what actions the group auditor may use to overcome restrictions on access to component auditor audit documentation.

#### EFFECTIVE DATE

The Board agreed with the ISA 600 Task Force's proposals, as set out in **Agenda Item 2**, that proposed ISA 600 (Revised) should be effective for audits of group financial statements for periods beginning on or after December 15, 2023. The Board also agreed that early adoption should be permitted and encouraged.

#### CONFORMING AND CONSEQUENTIAL AMENDMENTS

The Board supported the conforming and consequential amendments arising from proposed ISA 600 (Revised) as included in **Agenda Item 2-D**.

#### SUMMARY OF RESPONDENTS' COMMENTS

Having received and discussed respondents' feedback to all questions in the Explanatory Memorandum to ED-600, the Board did not note any issues raised by respondents, in addition to those summarized by the Task Force, that should be considered in finalizing proposed ISA 600 (Revised).

#### TURNAROUND

During the September 2021 meeting the ISA 600 Task Force presented in **Agenda Item 2-F** updated sections related to:

- Audits of financial statements of a component for statutory, regulatory or other reasons;
- Restrictions on access to information or people in an entity that is accounted for by the equity method; and
- The group auditor's review of additional component auditor audit documentation.

The Board broadly supported the ISA 600 Task Force's changes as included in **Agenda Item 2-F** but asked the ISA 600 Task Force to consider:

- Changing the lead-in wording to paragraph 45A, as the determination in paragraph 45A is not solely based on the evaluation in paragraph 45(a). A member continued to express a view that 'whether' should be deleted because of a concern over the conditionality of the requirement.
- Aligning paragraph A52x more closely to paragraph 31 of ISA 220 (Revised).

#### CAG CHAIR REMARKS

Mr. Dalkin noted that the IAASB CAG Representatives supported the changes made to proposed ISA 600 (Revised), in particular related to the involvement of component auditors, the risk-based approach and communications between the group auditor and component auditors. He also thanked the ISA 600 Task Force for being responsive to the IAASB CAG's comments.

#### PIOB OBSERVER REMARKS

Ms. Stothers complimented the ISA 600 Task Force on its progress and thanked the ISA 600 Task Force for the significant outreach undertaken. In that regard, she highlighted the importance of liaising with Monitoring Group members before the December 2021 meeting. Furthermore, Ms. Stothers noted that the discussions on paragraph 45A have been very thorough and that it is in the public interest to allow early adoption of proposed ISA 600 (Revised).

## WAY FORWARD

Based on the Board's comments, the ISA 600 Task Force will update the draft of proposed ISA 600 (Revised) and will present a final draft of the proposed standard for approval at the December 2021 IAASB meeting.

### 3. Conforming Amendments to the IAASB's Other Standards

Mr. James explained the purpose of the conforming and consequential amendments due to the new and revised quality management standards<sup>6</sup> project as set out in **Agenda Item 3-A**. He noted that the project was created to align the IAASB's other standards<sup>7</sup> with ISQM 1 and ISQM 2 where conflicts were created when the new and revised quality management standards were approved. Mr. James then noted that for due process purposes, a final version of the conforming and consequential amendments will be provided via email to the CAG Representatives for their comment.

#### CONFORMING AND CONSEQUENTIAL AMENDMENTS

Mr. James explained that, in general, respondents were supportive of the IAASB's project to align the IAASB's other standards with the new and revised quality management standards. He highlighted the significant changes made in response to comment letters. He thanked the staff of the Australian Auditing and Assurance Standards Board and the Canadian Auditing and Assurance Standards Board for assisting with reviews of the text of the proposed final amendments.

The Board asked Staff to consider some minor and editorial changes to the proposed conforming and consequential amendments. One member expressed concern regarding the impact of the change to the definition of engagement team on engagements other than audits as he previously noted at the approval of ISQM 1.

#### EFFECTIVE DATE

Mr. James explained that, overall, respondents agreed with the proposed effective date of application as the same effective date of the quality management standards and after the approval of the due process by the PIOB.

The IAASB agreed that the proposed amendments would be effective on the dates proposed in **Agenda Item 3**.

#### CAG CHAIR REMARKS

Mr. Dalkin concurred that the IAASB CAG Representatives would prefer to focus on the IAASB's more strategic projects and that soliciting written comments on the conforming and consequential amendments would be sufficient for the CAG.

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<sup>6</sup> International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*. Collectively referred to as the new and revised QM standards.

<sup>7</sup> The IAASB's Other Standards comprise the International Standards on Review Engagements (ISREs), the International Standards on Assurance Engagements (ISAEs), and the International Standards on Related Services (ISRSs).

## WAY FORWARD

Mr. James noted that Staff will amend the conforming and consequential amendments in light of the Board's comments. The final conforming and consequential amendments will be presented to the IAASB for approval at the October 2021 meeting.

### 4. Work Plan 2022-2023

Messrs. Seidenstein, Botha, van den Hout and Ms. Bahlmann updated the Board on the analysis of respondents' comments related to the IAASB's Survey Consultation on the IAASB's Work Plan for 2022–2023 and the development of the draft Work Plan for 2022–2023 (the Work Plan) as presented in **Agenda Items 4 and 4-A**.

#### ANALYSIS OF STAKEHOLDER INPUT

The Board noted the analysis of the stakeholder input as set out in Sections I, II, III and IV of **Agenda Item 4** and broadly supported the related recommendations.

#### DRAFT WORK PLAN 2022–2023

The Board broadly supported the completion of projects underway at the start of 2022, as reflected in the draft Work Plan (see Table A in **Agenda Item 4-A**). With respect to new projects to commence during the Work Plan Period, the Board strongly encouraged the Planning Committee to further consider:

- Clarifying how possible new projects, as included in Table B of **Agenda Item 4-B**, would be prioritized once capacity opens up. It was noted that it was not clear that new projects may start before projects underway are finalized.
- Amplifying the work effort on assurance on non-financial information. In that regard the Board:
  - Noted that the developments are quickly evolving, and there is an increasing global focus in this area. The Board highlighted, for example, the developments in the European Union and the activities of the IFRS Foundation around establishing a new International Sustainability Standards Board.
  - Suggested that the developments needed to be more actively monitored, and that, if necessary, action be taken in a timely manner. In that regard, it was strongly encouraged that the IAASB should signal in its Work Plan that resources are available to take appropriate action at the appropriate time.
  - Noted that the IAASB's existing standards and guidance may be overlooked in this area, notably, ISAE 3000 (Revised)<sup>8</sup> and the guidance on Extended External Reporting, as the title of the standard and guidance don't refer to climate change, sustainability or environmental, social and governance (ESG) reporting. Therefore, it was suggested that stakeholders be reminded of the IAASB's existing standards and guidance.
  - Noted that the scope of any project on non-financial information should be clear and that more information gathering is needed to identify the challenges and possible future actions.

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<sup>8</sup> ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*



- Noted that the breakdown between ‘audit’ and ‘assurance’ standards may be challenging in the future given the developments in financial reporting frameworks alongside expected developments in sustainability (and related) reporting standards.
- Clarifying how the technology aspects of audit evidence would be undertaken to the extent that there are areas not addressed by the current audit evidence project itself. In that regard the Board:
  - Questioned whether the comments made in relation to ISA 520<sup>9</sup> and ISA 530<sup>10</sup> indicate a need for a more holistic revision of the ISAs or of the ISA 500-series in light of the technological advancements.
  - Suggested to combine the projects related to ISA 520, ISA 530 and the omnibus project to update the ISAs for the impact of technology (as included in Table B of **Agenda Item 4-B**) into one overarching project on technology. It was also questioned whether the scope of the IAASB’s current project on Audit Evidence should be amended.
  - Cautioned that revising standards only for advancements in technology more broadly such as including references to specific technologies may make the IAASB’s International Standards outdated when technologies further evolve.
- Whether a project on joint audits is needed. It was noted that national auditing standard setters (NSS) in jurisdictions in which joint audits are mandated have already developed guidance for such audits. It was also noted that presently there has not been a strong indication of a prominent global need for the IAASB to develop a standard or guidance on joint audits.
- Clarifying how the post-implementation review of the new and revised Auditor Reporting standards feeds into the Work Plan.
- Including a project on cyber security. It was noted that the auditor’s responsibilities related to cyber security are unclear, including what the impact of a breach of cyber security has on the audit.

The Board also asked the Planning Committee to be transparent about any changes to the detailed quarterly forward agenda and asked that any changes made to timelines be clearly explained. Mr. Botha noted that this was done when changes are made.

#### CAG CHAIR COMMENTS

Mr. Dalkin noted that the IAASB CAG Representatives highlighted that the IAASB should closely monitor the developments related to ESG reporting.

#### PIOB OBSERVER COMMENTS

Ms. Stothers noted that the IAASB should monitor the developments related to non-financial information, including ESG and sustainability reporting given the developments in this area. She also questioned whether the IAASB has the capacity to start a project on non-financial information assurance, if needed, or whether the IAASB should wait until capacity opens up.

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<sup>9</sup> ISA 520, *Analytical Procedures*

<sup>10</sup> ISA 530, *Audit Sampling*

## WAY FORWARD

The Planning Committee will update the draft Work Plan for 2022–2023 based on the comments received from the Board and the IAASB CAG and will present a revised Work Plan for approval at the December 2021 IAASB meeting.

### 5. Auditor Reporting – Post-Implementation Review (PIR)

Mr. Montgomery, chair of the Auditor Reporting Implementation Working Group (ARIWG), provided an overview of the final recommendations arising from the PIR, as set out in **Agenda Item 5**. The Board acknowledged that sufficient information-gathering, research, and analysis had been undertaken by the ARIWG to conclude the PIR and to support achieving its objectives.

The following sets out the more substantive comments from the Board on the ARIWG's recommendations, and for the way forward proposed by the ARIWG for purposes of completing its mandate.

#### KEY AUDIT MATTERS (KAM)

The Board broadly supported the ARIWG's recommendation to develop non-authoritative support material, through updating the Auditor Reporting Frequently Asked Questions (FAQs), for describing KAM in an informative yet succinct manner, avoiding boilerplate, and for describing the outcome of the audit procedures or key observations with respect to KAM. There was also broad support for exploring the communication of KAM for public interest entities (PIEs) as part of the IAASB's PIE workstream, with some Board members noting that this could be best addressed by individual jurisdictions.

When developing the FAQs, the Board suggested that the ARIWG further consider:

- How to incorporate examples of wording and good practices to provide practical guidance to support auditors in describing KAM, but cautioned against providing standardized examples that could be used as templates;
- The relevant experiences with KAM of those jurisdictions who more recently implemented the enhanced auditor's report;
- The effect of the COVID-19 pandemic on the identification of KAM;
- Providing clarity that KAM that are well written, consistent over time and are specific to the entity should not be perceived as being boilerplate; and
- Leveraging the experiences and guidance developed by national standard setters and other stakeholders.

#### GOING CONCERN

The Board strongly supported the ARIWG's recommendation to provide support and input to the Going Concern Working Group as it explores further actions related to going concern matters in the auditor's report.

#### OTHER INFORMATION SECTION OF THE AUDITOR'S REPORT

The Board broadly supported the ARIWG's recommendations with respect to ISA 720 (Revised),<sup>11</sup> which

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<sup>11</sup> ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

included:

- The development of additional non-authoritative guidance (through updating the FAQs);
- Leveraging where possible what has been done at national level; and
- Considering possible targeted revisions to ISA 720 (Revised) as part of the IAASB's future work plan decisions.

Notwithstanding the broad support, the Board had mixed views on the priority of the activities as a result of the ARIWG's recommendation, and:

- Cautioned that the development of additional non-authoritative guidance and leveraging the work of other, as noted above, may not be sufficient on its own to address all the issues raised by stakeholders;
- Acknowledged that a further decision whether targeted revisions to ISA 720 (Revised) should be undertaken would form part of future work plan decisions in accordance with the IAASB Framework for Activities, but noted that this topic should be one of the priority candidate topics for a future IAASB project; and
- Noted the increased importance of non-financial information, and the assurance thereof, commenting that there may be a need for the IAASB to revisit this area holistically within its standards.

#### OTHER ELEMENTS OF THE AUDITOR'S REPORT

The majority of the Board did not support the recommendation to develop non-authoritative material for circumstances in which an individual other than the engagement partner signs the auditor's report. The Board:

- Commented that it would not be possible for the IAASB to develop guidance that would be broadly applicable to the variety of situations that may arise and that national law or regulation or requirements established by national standard setters are the proper means for establishing specific requirements as to who should sign the auditor's report in given jurisdictions; and
- Noted that, based on the information gathered, this practice is reasonably common only for certain jurisdictions and for some sectors (e.g., the public sector) and therefore developing further guidance regarding this matter should not be considered a priority for the IAASB.

#### INFORMATION BEYOND WHAT IS REQUIRED TO IMPROVE TRANSPARENCY

The Board broadly supported the ARIWG's recommendation to continue to monitor global developments and engage with stakeholders to fully understand the demand for communication of certain additional information in the auditor's report, including about materiality and the scope of the audit. In doing so, the Board suggested engaging with those jurisdictions who are currently undertaking public consultations to gather perspectives from stakeholders about the need and options for additional disclosures in the auditor's report, including exploring the usefulness, benefits and drawbacks of such additional disclosures.

## ALIGNING ASSURANCE REPORTS FOR OTHER ENGAGEMENTS<sup>12</sup>

With respect to assurance reports for other engagements prepared in accordance with ISREs and ISAEs, the Board supported the ARIWG recommendation for exploring the demand for the alignment with the form, structure and presentation of these reports with the auditor's report when these standards are next proposed for revisions. However, the Board also noted that the reports for reviews were intentionally designed to be different from the auditor's report in order to distinguish them from audits and that for the other assurance reports there is a need to retain flexibility so they can be tailored for a specific purpose.

While the Board acknowledged that revisions to ISRE 2410<sup>13</sup> should be made as part of future work plan decisions in accordance with the IAASB Framework for Activities, there were views that this topic also should be a priority candidate topic for a future IAASB project.

## WAY FORWARD

The Board broadly supported the way forward proposed by the ARIWG for purposes of completing its mandate. Specific actions in this regard include providing support and input relating to auditor reporting to the Going Concern, Fraud and PIE Working Groups as they progress their work and updating the existing FAQs.

## CAG CHAIR REMARKS

Mr. Dalkin noted the IAASB CAG Representatives' support for the PIR and encouraged the Board to consider any future changes to the Auditor Reporting Standards to be based on targeted improvements instead of lengthy projects.

## PIOB OBSERVER REMARKS

Ms. Stothers commended the ARIWG for the work undertaken in relation to the PIR and commented that this project is of significance for the IAASB going forward. Ms. Stothers noted that the PIOB would be interested in the future work plan discussions of the Board in terms of addressing and prioritizing the PIR recommendations and how they would be accomplished.

## 6. IAASB CAG Chair's Closing Remarks

Mr. Dalkin noted his thanks to the various Task Forces and Working Groups for considering the IAASB CAG's input and noted that the discussions was productive.

## 7. Closing

Mr. Seidenstein noted that the September 2021 meeting will be Ms. Angela Donnelly's last IAASB meeting as IAASB Staff Fellow. Mr. Seidenstein thanked Ms. Donnelly for her considerable contributions to the IAASB during her time on staff and wished her all the best for the future. Mr. Seidenstein then thanked the IAASB members, TAs and IAASB Staff for the efforts leading up to, and during, the Board meeting. He then closed the public session.

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<sup>12</sup> The assurance reports for other engagements include review engagements prepared in accordance with ISREs and other assurance engagements prepared in accordance with ISAEs.

<sup>13</sup> ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

## **8. Next Meeting**

There is one planned mid-quarter Board videoconference for the fourth quarter of 2021 that will take place over two days. This videoconference will be held on October 19–20, 2021. The next IAASB meeting will be held via hybrid meeting where participants can join the meeting in-person or via several video conferences between December 6–14, 2021.

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