

**Minutes of the 141<sup>st</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held on September 18–21, 2023 in New York, United States of America<sup>1</sup>**

**Voting Members**

Present:<sup>2</sup> Tom Seidenstein (Chair)  
Josephine Jackson (Vice-Chair)  
Sue Almond  
Chun Wee Chiew  
Julie Corden  
William Edge  
Kai Morten Hagen  
Sachiko Kai  
Edo Kienhuis  
Diane Larsen  
Prof. Warren Maroun  
Prof. Kai-Uwe Marten  
Neil Morris  
Fernando Ruiz Monroy  
Greg Schollum  
Wendy Stevens  
Isabelle Tracq-Sengeissen  
Eric Turner

**Technical Advisors (TA)**

Helene Agélii (Mr. Hagen)  
Vivienne Bauer (Mr. Monroy)  
Wolf Böhm (Prof. Marten)  
Antoine Boitard (Ms. Tracq-Sengeissen)  
Antonis Diolas (Mr. Chiew)  
Johanna Field (Mr. Turner)  
Diane Hardesty (Ms. Larsen)  
Rene Herman (Mr. Edge)  
Susan Jones (Mr. Morris)  
Yvette Lange (Prof. Maroun)<sup>V</sup>  
Thokozani Nkosi (Ms. Jackson)  
Misha Pieters (Mr. Schollum)  
Claire Revenig (Ms. Almond)  
Tania Sergott (Ms. Corden)  
Jamie Shannon (Mr. Kienhuis)  
Brian Wilson (Ms. Stevens)  
Kazuko Yoshimura (Ms. Kai)

**Non-Voting Observers**

Present: Jim Dalkin<sup>3</sup> (IAASB Consultative Advisory Group (CAG) Chair) and Yoshinao Matsumoto (Japanese Financial Services Agency)

Apology: Andreia Delia Mehedintu (European Commission)

**Public Interest Oversight Board (PIOB) Observer**

Present: Ms. Janine van Diggelen

<sup>1</sup> The September 2023 IAASB meeting was held in-person in New York, USA. Dial-in was made available for all sessions.

<sup>2</sup> Participants were present in person, except for those marked with "V," who joined via videoconference using Zoom.

<sup>3</sup> Mr. Dalkin did not attend the sessions on September 19, 2023, to discuss the targeted issues on ISA for LCE (**Agenda Item 2**), and the Strategy and Work Plan (**Agenda Item 5**).

### IAASB Technical Staff

Present: James Gunn (Managing Director, Professional Standards), Willie Botha (Program and Technical Director), Ida Diu, Angelo Giardina, Claire Grayston, Armand Kotze, Fadi Mansour,<sup>v</sup> Isabelle Raiche, Kalina Shukarova Savovska, Hankenson Jane Talatala, Jasper van den Hout and Dan Montgomery (Senior Advisor – Technical Projects).

Apology: Jan Thijs Drupsteen

### Welcome and Introduction

- The IAASB Chair welcomed members, technical advisors (TAs), official observers and public observers via YouTube to the September 2023 IAASB meeting.
- The Chair specifically welcomed new TAs, who were attending their first in-person IAASB meeting:
  - Ms. Claire Revenig, who replaced Ms. Sara Ashton as Ms. Sue Almond's TA.
  - Mr. Antoine Boitard, who replaced Mr. Fabien Cerutti as Ms. Isabelle Tracq-Sengeissen's TA.
  - Ms. Misha Pieters, who replaced Ms. Sylvia van Dyk as Mr. Greg Schollum's TA.
- The IAASB Chair updated the Board on the outreach performed since the June 2023 meeting, highlighting the extent of the IAASB's interactions with its key stakeholders across various projects ([Agenda Item 1](#) includes a summary of outreach activities).

### Meeting Topics

- [Approval of Minutes \(Agenda Item 1\)](#)
- [Audits of Less Complex Entities \(Agenda Item 2\)](#)
- [Fraud \(Agenda Item 3\)](#)
- [Audit Evidence \(Agenda Item 4\)](#)
- [Strategy and Work Plan 2024-2027 \(Agenda Item 5\)](#)

### Approval of Minutes (Agenda Item 1)

#### Decision

1. The Board approved the minutes of the June 2023 IAASB quarterly meeting and the July 26, 2023, mid-quarter Board call unanimously.

### Audits of Less Complex Entities (Agenda Item 2)

#### Decisions

#### *The ISA for LCE<sup>4</sup> and Conforming Amendments*

2. After presenting an updated version of the ISA for LCE and the conforming amendments, the Board approved the ISA for LCE with 17 affirmatives votes out of 18 Board members in attendance. One Board member abstained.

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<sup>4</sup> The International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (the ISA for LCE)

3. The Board agreed with the LCE Task Force's conclusion that the changes made to the ISA for LCE since the exposure draft did not require re-exposure as presented in [Agenda Item 2](#) and unanimously voted against re-exposure, with 18 votes out of the 18 Board members in attendance.

#### *Adoption and Implementation Matters*

4. The Board agreed with the LCE Task Force's suggestion for having an effective date of 24 months after PIOB certification of the standard, which is expected in December 2023. The standard will become effective for audits of financial statements of less complex entities (LCEs) beginning on or after December 15, 2025. The Board agreed that the ISA for LCE will require time for jurisdictional or regional adoption and for national standard setters to appropriately translate and develop implementation materials.
5. After the LCE Task Force had suggested an initial period of stability of five years once the ISA for LCE becomes effective (December 15, 2025), the Board agreed that a shorter period would be more appropriate in terms of balancing different demands and expectations. The IAASB decided to having an initial period of stability of at least three years once the proposed standard becomes effective (i.e., the first revision to the ISA for LCE would not become effective before December 15, 2028). The Board agreed that it is important to provide the IAASB's stakeholders an initial period of stability as that will give them time to adopt and implement the standard before introducing revisions to the standard.

#### **Directions**

##### *Updates to the Proposed ISA for LCE*

6. The sections below describe the changes made in finalizing the ISA for LCE in response to substantive comments from the Board.

##### *Preface and Authority*

7. Paragraph P.14 was restructured to clarify the purpose of the boxes with the header "Considerations When There Are Members of the Engagement Team Other Than the Engagement Partner" and to remove repetition.

##### *Part 1, Fundamental Concepts, General Principles and Overarching Requirements*

8. The Essential Explanatory Material (EEM) under paragraph 1.1.1 was removed as the decision whether early adoption is permitted is documented in the Basis for Conclusions. This EEM will also be outdated once the effective date has passed.
9. The example of a condition that may impede the appropriate exercise of professional skepticism was removed from the EEM under paragraph 1.4.5 as it was deemed confusing.

##### *Part 5, Planning*

10. The requirement to document the significant decisions reached (paragraph 5.5.2) was removed as there is no similar requirement in the International Standards on Auditing (ISAs). Retaining such requirement would also make the ISA for LCE more stringent than the ISAs.

11. Paragraph 5.5.3 was aligned with ISA 315 (Revised 2019)<sup>5</sup> and ISA 240<sup>6</sup> by clarifying that the engagement team shall document matters discussed and significant decisions reached.

*Part 6, Risk Identification and Assessment*

12. Paragraph 6.7.1 was enhanced by aligning the structure with ISA 315 (Revised 2019). By using “identify and assess risks of material misstatement,” it is also consistent with the wording used in paragraphs 6.2.3 and 6.5.1.

*Part 7, Responding to Assessed Risks of Material Misstatement*

13. Under paragraph 7.3.1, EEM was added to clarify that auditors do not need to respond to risks of material misstatement that are assessed at an acceptably low level. This EEM is based on paragraph A4 of ISA 330.<sup>7</sup>
14. The Board noted that paragraph 7.4.17 may be confusing to apply by auditors and therefore it was aligned more closely to ISA 540 (Revised).<sup>8</sup>
15. Paragraph 7.4.28 was enhanced by removing the reference to using another auditor to perform certain procedures. The Board noted that this contradicts the Authority which prohibits the use of component auditors and states that the ISA for LCE does not include requirements and EEM on Type 1 and 2 reports. Instead, EEM was added to provide examples of procedures that auditors may perform to obtain sufficient appropriate audit evidence when the entity is using the services of a service organization.

*Part 8, Concluding*

16. Footnote 27 was elevated and moved to paragraph 8.6.1 as it included a requirement.

*Part 9, Forming an Opinion and Reporting*

17. In paragraph 9.4.1, the Board noted an inconsistency with paragraph 51 of ISA 700 (Revised).<sup>9</sup> It was noted that the intent of paragraph 51 of ISA 700 (Revised) is to make sure that, if an auditor is required to follow a national standard (including the layout and wording of the auditor’s report), then the auditor can claim compliance with the ISA for LCE only if the requirements of both standards have been complied with, and the report includes the elements required by the ISA for LCE. In response, changes were made to paragraph 9.4.1. Paragraph 9.4.1(a) now aligns with paragraph 50 of ISA 700 (Revised) and paragraph 9.4.1(b) aligns with paragraph 51 of ISA 700 (Revised).

*Other Considerations*

18. The Board recommended to include further guidance in the Authority Supplemental Guide on the qualitative characteristics as set out in the Authority. Also, the Board encouraged the LCE Task Force to provide guidance in the Authority Supplemental Guide regarding matters for which no requirements

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<sup>5</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>6</sup> ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

<sup>7</sup> ISA 330, *The Auditor’s Responses to Assessed Risks*

<sup>8</sup> ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

<sup>9</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

are included in the ISA for LCE (e.g., when the auditor intends to use the work of internal auditors or when the auditor intends to use a report provided by a service auditor of a service organization).

## Other Substantial Matters

### *Due Process Considerations*

19. The IAASB Program and Technical Director confirmed that the LCE Task Force had followed the due process effectively and with proper regard for the public interest in relation to the development of the ISA for LCE. The IAASB agreed that there were no issues raised by respondents to the two Exposure Drafts for the ISA for LCE<sup>10</sup> that should have been discussed in addition to those summarized by the LCE Task Force. The IAASB Program and Technical Director advised the IAASB that it had adhered to its stated due process in finalizing the standard.

### *Reasons for Abstaining*

20. Ms. Jackson thanked the LCE Task Force and Staff and noted her appreciation for their work regarding the development of the ISA for LCE. She also noted there is a clear public interest need to address complexity and understandability of the standards as they are applied to LCEs.
21. Ms. Jackson explained that the requirements in the ISAs are by their very nature supported by application material for an important reason which is to encourage the consistent exercise of appropriate professional judgment in the application of the principles-based requirements. Without application material, Ms. Jackson noted that there is a risk that differences in professional judgment will result in inconsistent application of the requirements. Along with lack of knowledge of the ISAs, Ms. Jackson questioned how the ISA for LCE can be applied consistently, be scalable, proportionate and applicable to a wide range of LCEs. Therefore, she also questioned whether the ISA for LCE will provide a sufficient basis for reasonable assurance.

### *IAASB CAG Chair Remarks*

22. Mr. Dalkin reiterated the CAG's support for the ISA for LCE.
23. Mr. Dalkin noted that the CAG representatives discussed the importance of maintaining the ISA for LCE up to date, but that the CAG did not discuss the length of the initial period of stability.

### *PIOB Observer Remarks*

24. Ms. van Diggelen noted the period of stability for maintenance of the ISA for LCE is an area of attention for the PIOB given that there are mixed views amongst stakeholders. Ms. van Diggelen recommended that the LCE Task Force consider all unintended consequences when determining the length of the period of stability. She also encouraged the LCE Task Force to reach out to regulators and national standard setters to ensure their views are taken into account on this topic.
25. Ms. van Diggelen noted that in the July 2023 meeting, Mr. Hafeman suggested to include guidance on the use of component auditors directly in the ISA for LCE to ensure stakeholders are aware of such guidance. Ms. van Diggelen questioned whether guidance had been added in the ISA for LCE.

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<sup>10</sup> [Exposure Draft, Proposed International Standard on Auditing of Financial Statements of Less Complex Entities \(ISA for LCE\)](#) and [Exposure Draft, Proposed Part 10, Audits of Group Financial Statements of the Proposed ISA for Audits of Financial Statements of Less Complex Entities](#)

Mr. Seidenstein explained that the additional guidance had already been included as part of the papers that the LCE Task Force presented to the Board in the July 2023 meeting.

26. Ms. van Diggelen recommended that the IAASB includes in the Basis for Conclusions all arguments raised, including those in favor of re-exposure as well as the reasons for not re-exposing the ISA for LCE, and continues to engage with stakeholders, including in jurisdictions, especially those that have not been in favor of adopting the ISA for LCE, in view of its implementation.

#### *Next Steps*

27. The Board will formally release the ISA for LCE after confirmation is received from the PIOB that due process was followed. The ISA for LCE will be effective for audits of financial statements for periods beginning on or after December 15, 2025.

### **Fraud (Agenda Item 3)**

#### **Decisions**

28. The Fraud Task Force was asked to reconsider including examples in the application material related to inherent limitations of an audit in paragraph 10. However, the Board was of the view that the proposed standard achieves the right balance dealing with inherent limitations particularly given concerns raised by stakeholders that too much emphasis on inherent limitations may result in a misunderstanding of the auditor's obligations (see Section V, paragraph 19(a)(i) of the Fraud Project Proposal).
29. With respect to the Implications for the Auditor's Report section:
  - The Board agreed not to remove paragraph 66(c). It was suggested that this requirement dealing with identified deficiencies in controls related to the prevention and detection of fraud should be removed because they are unlikely to rise to the level of a key audit matter (KAM) related to fraud. However, on balance, the Board was of the view that those types of deficiencies in controls could be KAMs and that the requirement should not be deleted.
  - The Board agreed not to remove paragraph A179. It was noted that the paragraph undermines the KAM filtering mechanism in paragraphs 66 and 67. However, on balance, the Board was of the view that the term "ordinarily" does provide enough flexibility for auditors to determine that there are no KAMs related to fraud to report and that the application material should be retained.

#### **Directions**

30. The Board provided directional input to the Fraud Task Force for the matters outlined below.

#### *Overall*

- Continue to focus on reducing duplication in the proposed standard by ensuring that the requirements and application material that expand on requirements and application material in other standards focus on fraud specific matters.
- With respect to third-party fraud, clarify whether there is a different expectation of the work effort associated with identifying, assessing and responding to risks of material misstatement related to third-party fraud and fraud perpetrated by parties within the entity (e.g., management and employees).

- Review the standard and ensure that:
  - Terminology is used consistently (e.g., fraud, suspected fraud, alleged fraud).
  - Examples dealing with non-compliance with laws and regulations (NOCLAR) are limited to instances of NOCLAR that are fraudulent in nature.
  - References to fraud or suspected fraud are referring specifically to risks of material misstatement due to fraud where appropriate.

#### *Introduction*

- Consider adding application material which describes the public interest objectives of the standard.
- Consider whether the proposed standard needs to specify whether identified or suspected NOCLAR that are fraud or suspected fraud also require the auditor to apply the requirements in ISA 250 (Revised).<sup>11</sup>

#### *Professional Skepticism*

- Reconsider the appropriateness of losing all the references to the auditor's past experience of honesty and integrity of management and those charged with governance (TCWG).
- Reconsider whether the amendments proposed to paragraph 19, including the removal of the lead-in sentence ("Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine"), has inadvertently expanded the scope of the audit.
- Consider deleting paragraph 21 (i.e., signpost of additional audit procedures when fraud or suspected fraud is identified by the auditor). There were mixed views about whether the paragraph is consistent with the Complexity, Understandability, Scalability and Proportionality (CUSP) Drafting Principles and Guidelines.

#### *Risk Assessment Procedures and Related Activities*

- Consider whether the requirement in paragraph 29C related to evaluating fraud risk factors is appropriately placed before other risk assessment procedures (i.e., including obtaining an understanding of the five components of the entity's system of internal control).

#### *Obtaining an Understanding of the Entity and Its Environment, the Applicable Financial Reporting Framework and the Entity's System of Internal Control*

- Consider whether the requirements in paragraphs 35 and 36 that deal with obtaining an understanding of controls that prevent or detect fraud should instead refer to controls that prevent or detect material misstatements due to fraud.

#### *Identifying and Assessing Risks of Material Misstatement*

- Consider whether the application material in paragraph A110 follows coherently the application material that precedes it. Specifically, it was noted that paragraph A110 does not appropriately connect the auditor's consideration of the nature of revenue to identified fraud risk factors and that

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<sup>11</sup> ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

this paragraph may cause auditors to inappropriately rebut the presumption of a risk of material misstatement due to fraud in revenue recognition.

#### *Responses to the Assessed Risks of Material Misstatement Due to Fraud – Accounting Estimates*

- Consider whether the requirement that deals with the review of accounting estimates (paragraph 51) should require that auditors only review significant accounting estimates. It was noted that requiring this for all accounting estimates is too broad and that the requirement is inconsistent with paragraph A141.

#### *Fraud or Suspected ~~F~~raud*

- Consider whether the ordering of the requirements in paragraphs 54 to 59 remains appropriate. For example, it was noted that requiring the auditor to report to an appropriate authority outside the entity in accordance with paragraph 54(c) could be regarded as premature given the requirement precedes other requirements that are intended to help the auditor determine whether the fraud or suspected fraud has caused the financial statements to be misstated.

#### *Evaluation of the Sufficiency and Appropriateness of Audit Evidence*

- Consider the appropriateness of the application material in paragraph A162 which is not tied to a requirement.

#### *Documentation*

- Clarify what documentation requirement is related to the requirement in paragraph 19 dealing with the authenticity of records and documents.

### **Other Substantial Matters**

#### *PIOB Observer Remarks*

31. Ms. van Diggelen, while contributing to the discussion about the proposed deletion of the lead-in sentence in paragraph 19, was of the view that the current proposed requirement deletion of the lead-in sentence will enhance-enhance the auditor's exercise of professional skepticism and auditor behavior, which is one of the objectives of revising ISA 240. She also indicated the importance of applying the fraud lens and further clarifying requirements with a view to further drive professional skepticism and enhanced auditor behavior, whilst not unintentionally weakening the ISA 240 requirements. –Additionally, she noted that she is looking forward to seeing the feedback from stakeholders during the exposure period about whether the KAM mechanism for reporting matters related to fraud in the auditor's report appropriately satisfies stakeholders' needs.

#### *IAASB CAG Chair Remarks*

32. Mr. Dalkin noted that the Board is making good progress on the revisions of the proposed standard and that he is looking forward to seeing the feedback from stakeholders during the exposure period.

#### *Next Steps*



33. In December 2023, the Fraud Task Force will be seeking approval by the Board of the exposure draft of proposed ISA 240 (Revised).<sup>12</sup>

## Audit Evidence (Agenda Item 4)

### Decisions

34. The Board agreed with the Audit Evidence Task Force's (AETF) summary of respondents' feedback to the Exposure Draft (ED-500): [Proposed ISA 500 \(Revised\), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs](#) presented in [Agenda Item 4](#), noting that there are no other significant issues raised by respondents, in addition to those summarized, that should also be discussed.
35. The Board supported the AETF's proposals to:
- Explore a conditional requirement, with supporting application material, when the auditor uses automated tools and techniques (ATT). In doing so, the Board supported to keep the application material principle-based and specific to those matters relevant to the appropriateness of the inputs and outputs when the auditor uses ATT, including whether the inputs are relevant and reliable.
  - Provide a description for ATT, rather than defining the term.
  - Include application material to the definition of audit evidence to enhance understanding of how the principles to the "input-output model" apply and to illustrate how the nature, timing, and extent of the auditor's procedures to use information as audit evidence can vary from simple to more extensive procedures.
  - Bifurcate the objective in paragraph 6(b) of ED-500 into two subparagraphs, given it includes two separate evaluations, each with a different purpose.
  - Refocus paragraph 13(a) of ED-500 in the context of ED-500, instead of linking to the requirement in paragraph 26 of ISA 330 whether sufficient appropriate audit evidence has been obtained.
  - Remove paragraph 13(b) of ED-500 given its duplication with paragraph 26 of ISA 330.
36. The Board decided not to pursue a definition for persuasiveness of audit evidence, given that the description in the application material sufficiently describes this term in the context of its interrelationship with sufficiency and appropriateness of audit evidence. In addition, there were Board members who cautioned that defining "persuasiveness" may inadvertently imply a threshold for 'enough evidence' which would not be appropriate, since this is a matter of the auditor's professional judgment in the circumstances of the particular engagement.

### Directions

37. The Board provided directional input and suggestions for the substantial matters outlined below to be considered by the AETF when addressing the feedback from respondents to ED-500.

#### Technology

- When considering the appropriateness of the inputs to an ATT, include a cross-reference to the requirement in paragraph 9 of ED-500 to evaluate the relevance and reliability of information intended

<sup>12</sup> Proposed ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

to be used as audit evidence as they are interrelated.

- Remain mindful not to duplicate requirements and application material addressed elsewhere in the standard.
- Emphasize the importance of information produced by the entity when using ATT (e.g., the integrity of such information when provided in digital form to be used as input to an ATT).
- Consider how educational material developed by jurisdictional / national standard setters and the IAASB Technology Consultation Group can be leveraged when developing further guidance and examples relevant to the inputs and outputs of an ATT.
- Engage with stakeholders to obtain further insights and communicate about the proposals to address technology related matters in ED-500 and more broadly across the ISAs.

#### *Definition of Audit Evidence and Objectives*

- Consider whether the proposed addition to the objective “including evaluating the relevance and reliability of information intended to be used as audit evidence” may be confusing, given it may be interpreted that the evaluation of relevance and reliability is a separate step when applying audit procedures to obtain sufficient appropriate audit evidence.
- Consider whether it remains necessary to retain the objective to “evaluate the audit evidence obtained.”

#### *Evaluating Relevance and Reliability of Information Intended to be Used as Audit Evidence*

- Reflect further on the proposed threshold “significant” for the auditor’s consideration of the attributes of relevance and reliability in paragraph 9 of ED-500 including whether it supports the appropriate level of auditor’s judgment when evaluating information intended to be used as audit evidence.
- Consider whether it is necessary to bifurcate the requirement in paragraph 12 of ED-500 as it may overcomplicate the auditor’s procedures when there are doubts about relevance and reliability of information.
- Retain the robustness of ED-500 regarding the auditor’s work effort to “evaluate” the relevance and reliability of information intended to be used as audit evidence.

#### *Conditional Requirement for Accuracy and Completeness*

- Continue exploring the proposals for Option 1<sup>13</sup> or how to retain the requirement in paragraph 10 of ED-500 but enhance the application material to clarify the conditionality of the requirement for accuracy and completeness.
- Caution not to distinguish between internal and external sources of information, given that accuracy and completeness may be relevant attributes regardless of source.

#### *“Stand-Back” Requirement*

- Consider enhancing the wording in the requirement of paragraph 26 of ISA 330, based on the wording used in paragraph 13(b) of ED-500.

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<sup>13</sup> Option 1 included providing essential material to paragraph 9 of ED-500 explaining that accuracy and completeness are ordinarily significant attributes for information from sources internal to the entity.

- Consider whether the linkages in the standard remain appropriate with respect to the requirement in paragraph 14 of ED-500 as a consequence of the proposals to remove paragraph 13(b) of ED-500.

## Other Substantial Matters

### IAASB CAG Chair Remarks

38. Mr. Dalkin thanked the Board noting that in September 2023, CAG Representatives broadly supported maintaining the principle-based nature of ED-500.

### PIOB Observer Remarks

39. Ms. van Diggelen noted her appreciation for the quality of the Board's discussion on audit evidence, as well as that the key matters deliberated reflect the same core public interest issues addressed by the PIOB on this topic. She emphasized that the most important element of those public interest issues is the need for further enhancing, strengthening, and modernizing ED-500, to:

- Strengthen the auditor's role and work effort when assessing and evaluating the relevance and reliability of (digital) information intended to be used as audit evidence in view of possible fraudulent or unreliable sources of information.
- ~~More robustly assess the attributes of reliability, such as authenticity of digital information especially as they may relate to fraudulent and unreliable information.~~
- ~~Facilitate~~Encourage the auditor to seek external sources of information to corroborate or contradict internally generated information by the entity.
- Address audit evidence-related matters arising from use of new technologies, including risks of overreliance on new technology or ATT, in both ED-500 and the ISAs more broadly.
- Enhance the auditor's exercise of professional skepticism when evaluating whether sufficient appropriate audit evidence has been obtained to support the auditor's opinion.

40. Ms. van Diggelen also noted that, while undertaking the project, it is relevant to clarify the minimum requirement resulting from internal control testing and its impact on audit evidence necessary for substantive testing. She encouraged the Board to consider the balance of requirements and application material in the revised standard with a focus on driving improved auditor behavior, clarity and enforceability. Ms. van Diggelen also suggested that the Board could explore developing a flowchart to the standard to explain the hierarchy and interrelationship between relevance and reliability of information and how they are impacted by different sources of information.

### Next Steps

41. The AETF will continue to discuss the key themes from the feedback to ED-500 and intends to develop further proposals and updated drafting for proposed ISA 500 (Revised)<sup>14</sup> for discussion at the December 2023 IAASB meeting, taking into account the IAASB's Strategy and Work Plan for 2024–2027<sup>15</sup> deliberations and related future work plan decisions.

<sup>14</sup> Proposed ISA 500 (Revised), *Audit Evidence*

<sup>15</sup> See the [Consultation Paper](#) on the IAASB Strategy and Work Plan for 2024–2027.

## Strategy and Work Plan 2024-2027 (Agenda Item 5)

### Decisions

42. The Board agreed with the Planning Committee's summary of respondents' feedback to the Consultation Paper: [The IAASB's Proposed Strategy and Work Plan for 2024–2027](#) presented in [Agenda Items 5 and 5A](#), noting that there are no other significant issues raised by respondents, in addition to those summarized, that should also be discussed.

### Directions

43. The Board expressed support for most of the changes made to the Strategy section with additional suggestions to clarify certain points and refine messaging. The Board also provided the Planning Committee with direction in regard to the programming decisions for the Work Plan section.

### Strategy

44. Board members suggested updates to a number of areas in the Strategy section, including:
- With respect to the goal, keys to success, and stakeholder value proposition:
    - Delete the list of the suite of standards included immediately after the goal.
    - Clarify why “high-quality engagements” in the goal was changed to “quality engagements.” Another Board member expressed preference for reinstating “high.”
    - Update the last sentence of “Our coordination with other standard setters” to indicate that the focus also is on “enhancing” our coordination with the International Ethics Standards Board for Accountants (IESBA).
    - Change the last sentence of “our work plan” paragraph under stakeholder value proposition to read “while balancing timeliness, stability, quality and robustness.”
  - With respect to the strategic drivers:
    - Under “Increased and more diverse demand for our standards,” use stronger language to indicate the demand on standard setters to adopt a more strategic, broadly considered approach in addressing technology while being cautious of managing expectations.
    - Under “Changing demands to our ways of working,” be more direct about the impact of the implementation of the Monitoring Group Reforms at the Board and Staff levels, including in relation to resources, skills and experience.
  - With respect to the strategic objectives and actions, clarify under the strategic actions for strategic objective 1, the nature and purpose of narrow scope amendments of standards.

### Work Plan – Audits and Reviews

45. Board members discussed the possible programming decisions in finalizing the Audits and Reviews section of the Work Plan and were largely supportive of the Integrated Approach under Option (II) (i.e., to explore an expanded and integrated approach to audit evidence and risk response, including focus on technology) (see **Agenda Item 5**, paragraph 55). Board members also provided comments and suggestions for the Planning Committee's further consideration in pursuing such approach, including:

The need for detailed information-gathering and research, before undertaking revisions to the relevant standards, ~~to understand, for example, the practical challenges stakeholders are encountering when integrating technology into their methodologies, including~~

- ~~Information gathering and research should also~~ a focus on identifying and understanding the interdependencies between ED-500 (the 'reference framework' aspects) and ISA 330 and other identified standards in the ISA 500-series (the 'performance' aspects).
- Regarding technology, to understand the balance in terms of authoritative material in the standards, which should be principles-based, and the additional need for non-authoritative guidance to address matters and topics that go beyond what is appropriate to include in the standards and to address more immediate stakeholder requests for the integration of technology.

46. ~~When also considering the feedback received on ED-500, The the~~ Board had mixed views on the impact of the 'reference framework' and 'performance' ~~any~~ interdependencies referred to above. There were Board members who considered that work on ED-500 and ISA 330 (and potentially ISA 520<sup>16</sup> or other ISA 500-series standards) should be progressed together in parallel, while other members viewed these as separate projects.
47. Board members noted the Planning Committee's proposal in relation to the remaining Audits and Reviews topics, including to undertake projects on ISA 320<sup>17</sup> and ISRE 2410,<sup>18</sup> as well as post-implementation reviews for ISA 540 (Revised) and ISA 315 (Revised 2019) as capacity and resources permit, and that potential projects on ISA 620<sup>19</sup> and ISA 720 (Revised)<sup>20</sup> will go into reserve.

#### *Work Plan – Sustainability and Other Assurance*

48. Board members supported the Planning Committee's proposal to include a 'placeholder' for developing further ISSAs in accordance with the Board's commitment to establishing, over time, a bespoke suite of standards on sustainability assurance. One Board member highlighted that the low level of responses suggesting topics for further standard setting should be considered in the context that the feedback from respondents was received in April 2023, when ED-5000<sup>21</sup> was still under development.
49. Board members noted that respondents also indicated the need to allow for a reasonable period of adoption and implementation of proposed ISSA 5000,<sup>22</sup> before further standard setting is considered, but that there would be a need for action to supplement and support the implementation of proposed ISSA 5000.

<sup>16</sup> ISA 520, *Analytical Procedures*

<sup>17</sup> ISA 320, *Materiality in Planning and Performing an Audit*

<sup>18</sup> International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

<sup>19</sup> ISA 620, *Using the Work of an Auditor's Expert*

<sup>20</sup> ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

<sup>21</sup> Exposure Draft of Proposed International Standard on Sustainability Assurance Engagements (ISSA)<sup>TM</sup> 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000)

<sup>22</sup> Proposed ISSA<sup>TM</sup> 5000, *General Requirements for Sustainability Assurance Engagements*

50. Board members broadly supported that no project will be undertaken on ISAE 3000 (Revised)<sup>23</sup> during the upcoming work plan period and that a potential project on assurance on XBRL will go into reserve.

## Other Substantial Matters

### *PIOB Observer Remarks*

51. Ms. van Diggelen thanked the Board for the thorough discussion and stressed that an important element to consider in finalizing the Strategy and Work Plan for 2024–2027 is the close coordination with the IESBA.
52. Ms. van Diggelen noted the importance of keeping the process and criteria for prioritization of projects, transparent and available for the public.
53. Ms. van Diggelen encouraged the Board to consider an overarching project on internal controls as this is foundational to applying the application of many standards and driving high quality engagements that meet public expectations. Ms. van Diggelen also welcomed further consideration of how and when, narrow scope projects can be used to enhance timely standard-setting action because timeliness is a very important public interest aspect.

### *Next Steps*

54. The Planning Committee will address the Board's comments and suggestions and will provide the Board with an updated draft of the Strategy and Work Plan for 2024–2027 for approval during the next Board meeting in December 2023.

### **Closing**

Mr. Seidenstein thanked the IAASB members, TAs and IAASB Staff for the efforts leading up to, and during, the September 18–21, 2023 Board meeting.

Mr. Seidenstein then closed the public session.

### **Next Meeting**

The next meeting of the IAASB will be its quarterly meeting in New York, from December 11–14, 2023. Details of the meeting will be communicated in due course. Mr. Seidenstein also noted that the IAASB's June 2024 meeting will be held in Madrid, Spain and will be hosted by the PIOB.

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<sup>23</sup> International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*