

INITIAL DRAFT Minutes of the 145th Meeting of the INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

[CLEAN]

Held on July 24, 2024, via videoconference using Zoom

Voting Members

Present: Tom Seidenstein (Chair)
Sue Almond
Sami Alshorafa
Hernan Casinelli
Julie Corden
Vishal Doshi
William Edge
Kai Morten Hagen
Sachiko Kai
Edo Kienhuis
Prof. Warren Maroun
Neil Morris
Chrystelle Richard
Greg Schollum
Wendy Stevens
Eric Turner

Technical Advisors (TA)

Helene Agélii (Mr. Hagen)
Wolf Böhm (Mr. Koethner)
Johanna Field (Mr. Turner)
Amy Groves (Ms. Corden)
Rene Herman (Mr. Edge)
Susan Jones (Mr. Morris)
Sripriya Kumar (Mr. Doshi)
Yvette Lange (Prof. Maroun)
Thokozani Nkosi (Ms. Jackson)
Misha Pieters (Mr. Schollum)
Claire Revenig (Ms. Almond)
Jamie Shannon (Mr. Kienhuis)
Brian Wilson (Ms. Stevens)
Kazuko Yoshimura (Ms. Kai)
Fernando Zanet (Mr. Casinelli)

Public Interest Oversight Board (PIOB) Observer

Present: Mr. Philippe Christelle

IAASB Technical Staff

Present: Willie Botha (Program and Technical Director), Nathalie Baumgaertner Dutang, Taylor Carter-Jones, Ida Diu, Ana Espinal-Rae, Angelo Giardina, Claire Grayston, Megan Leicht, Fadi Mansour, Isabelle Raiche, Kalina Shukarova Savovska, Hankenson Jane Talatala, Jasper van den Hout and Dan Montgomery (Senior Advisor – Technical Projects)

Apologies Josephine Jackson (Vice-Chair), Robert Koethner

Sustainability Assurance (Agenda Item 1)

Decisions

1. The Board expressed overall support for the revisions that the Sustainability Assurance Task Force (SATF) made to specific paragraphs of ED-5000¹ as presented in [Agenda Item 1-B](#). The Board provided the SATF with directional input on certain matters, as further explained in the “Directions” section below.

Definitions of Sustainability Information, Sustainability Matters, and Relevant Ethical Requirements

2. The Board supported the revisions made by SATF to align proposed ISSA 5000 with the related core definitions in the proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) of the International Ethics Standard Board for Accountants (IESBA). However, the Board requested the SATF to reconsider certain aspects of the definitions of “sustainability matters” and “relevant ethical requirements” (see paragraphs 8 and 9 below).

Relevant Ethical Requirements and Quality Management Standards

3. The Board supported the revisions made by the SATF and the deletion of the option for a firm determination of “at least as demanding” for both quality management and relevant ethical requirements.

Group Sustainability Assurance Engagements

4. The Board supported the revisions made to the definitions of “component” and “component practitioner” to include essential application material so that the core definitions are aligned with IESBA.

Using the Work of Another Practitioner

5. The Board supported the revisions to add essential application material to the definition of “another practitioner” to highlight that the work of another practitioner is performed in the context of a separate engagement and that individuals from another practitioner are not members of the engagement team as they are not performing procedures on the sustainability assurance engagement.
6. The Board was generally supportive of the SATF’s proposed revision to the requirement in paragraph 51(a) and related application material to refer more generally to compliance with relevant ethical requirements that apply to using the work of another practitioner.

Communication with the Auditor of the Financial Statements

7. The Board supported the revisions proposed by the SATF to the application material regarding communication of instances of non-compliance with laws and regulations with the financial statement auditor.

¹ Exposure Draft (ED)-5000: Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements, and Proposed Conforming and Consequential Amendments to Other IAASB Standards*

Directions

Definitions

8. The Board noted that the use of the term “factors” in the definition of “sustainability matters” may be confusing as it is used in a different context elsewhere in the standard, and requested the SATF to consider using the word “matters” instead. The Board acknowledged that this is a coordination matter and would need to be further discussed with IESBA.
9. The Board asked the SATF to consider deleting the word “ordinarily” from the definition of “relevant ethical requirements” to align with the requirement in paragraph 33.

Relevant Ethical Requirements and Quality Management Standards

10. The Board asked the SATF to reinstate the lead-in wording in paragraph 33 from the June draft.
11. The Board requested the SATF to clarify the last sentence of the application material with respect to an “appropriate authority” as the reference to jurisdictional requirements and whether or not an appropriate authority has undertaken an assessment was unclear.

Group Sustainability Assurance Engagements

12. The Board expressed overall support for the new application material in paragraph A13A describing the circumstances under which a practitioner could be sufficiently and appropriately involved in the work of another firm at a value chain component. However, the Board suggested that the SATF clarify the wording to better reflect the intent and the ability of the practitioner to be sufficiently and appropriately involved in the work of another firm and consider moving the example to the end of the paragraph.

Using the Work of Another Practitioner

13. The Board noted that further guidance to differentiate the work of another practitioner, component practitioner and practitioner’s expert would be helpful for consistent application of the requirements in practice. The Board suggested that such guidance, including a diagram, may be best placed in the implementation guidance.
14. The Board supported the changes to the application material in paragraphs A87, A89 and A90 to address the concerns raised about using the work of another practitioner in a group component and the inability of the practitioner to be sufficiently and appropriately involved in that work. However, the Board asked the SATF to further clarify the wording in paragraph A89.
15. The Board noted that the new application material paragraphs A16 and A16A were confusing and may be difficult to apply in practice. The Board therefore requested the SATF to consider either revising the wording or deleting these paragraphs. It was noted that paragraph A16A was important for coordination with IESBA, but that more practical guidance may be better to help distinguish between assurance and non-assurance work.

Using the Work of a Practitioner’s Expert

16. The Board supported the overall objectives of the application material proposed to be inserted after paragraph A111B as a bridge to the relevant ethical requirements applicable to the practitioner when using the work of a practitioner’s external expert. However, the Board requested the SATF to continue coordinating with the IESBA experts workstream on the wording of the application material.

Effective Date

17. The Board requested the SATF to continue coordinating with IESBA to align the effective dates of ISSA 5000 with the proposed amendments to the IESBA Code² relating to sustainability assurance and reporting.

Other Substantial Matters

PIOB Observer Remarks

18. Mr. Christelle congratulated the IAASB on the progress made to align core concepts in proposed ISSA 5000 with IESBA's proposed amendments to the IESBA Code.

Next Steps

19. The SATF will address the Board's comments and will continue coordinating with IESBA to align key definitions and concepts between proposed ISSA 5000 and IESBA's proposed amendments to the IESBA Code.
20. The SATF will present to the Board during its September 2024 meeting a full revised draft of proposed ISSA 5000 with the objective of the IAASB approving proposed ISSA 5000 as a final standard.

² International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)