



IAASB-IESBA Coordination

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IAASB and IESBA CAG Joint Session

Madrid, Spain

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IAASB

International Auditing
and Assurance
Standards Board

IESBA

International
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Background

- SSBs see opportunity for a more systematic approach to SSB coordination
 - Strategically important given audit-ethics issues are becoming increasingly connected
 - SSBs have had successful coordination in the past, but still room for improvement
 - CAG, PIOB and other stakeholders encourage further consideration of opportunities for SSB coordination



Recap of Developments To-date

- Managing Director debriefs SSBs on recent coordination experiences, and on possible ways forward
- Joint IAASB Steering Committee and IESBA Planning Committee meeting
- Acknowledgment that coordination should also include IAESB as appropriate
- Appointment of SSB coordination liaison members
 - Megan Zietsman, IAASB Deputy Chair
 - Sylvie Soulier, IESBA Member
- Joint IAASB and IESBA session planned for next week

Upcoming Inaugural Joint IAASB-IESBA Session

- IAASB and IESBA to consider
 - SSBs' Staff's assessment of possible areas in which coordination may be needed
 - General principles, criteria and other key considerations for IAASB and IESBA coordination in relation to standard-setting
 - Proposals relating to objectivity of engagement quality control reviewer
 - Recommendations concerning whether and how to align future IAASB and IESBA Strategy and Work Plan cycles

Matters of Mutual Interest – SSBs' Staff Assessment

- IESBA's Safeguards and Long Association (LA) projects might affect IAASB's standards
- IAASB QC projects might affect Safeguards and LA provisions
- IESBA's Part C project might affect IAASB's standards
- IAASB's AUP project might have implications for IESBA Code
- Future projects/ initiatives might require coordination for information gathering, outreach or project scoping
 - Implications of trends and developments in technology and innovation (e.g., data analytics, artificial intelligence, cloud computing, etc.,)
 - IESBA's fees fact-finding initiative

Meaning of Coordination and General Principles

- Coordination is a **process of organizing** SSBs' resources and activities so that they **work effectively together** in **achieving** desired standard-setting **outcomes** in the **public interest**
 - Premised on mutual respect between SSBs
 - Involves transparent communications and proactive collaboration
 - Where differences of views arise, mutual commitment to resolving them in good faith, respecting their mutual professionalism
 - Allows for the possibility of differences in the final outcomes (such as different definitions of the same term) where justifiable, for example, because of the different remits of the SSBs
 - Requires adequate time and resources, flexibility important
- Coordination should be viewed from strategic lens
 - Not all projects need coordination, risk of unproductive over-coordination

Coordination Criteria and Other Considerations

- Close coordination expected when there is
 - Perceived degree of overlap and serious potential implications of an SSB's actions on another SSB's standards
 - Need for an awareness and understanding of implications of potential changes by one SSB on another SSB's standards (e.g., for changes in terminology)
- Approach to coordination should require careful judgment and should recognize independence of the SSBs, resource constraints and considerations of practicality
- Coordination efforts primarily managed by SSB Technical Directors, with Chair and Managing Director oversight

Examples of How Coordination Might Occur

- Dialogue (formal and informal/ ad hoc meetings or calls) about relevant matters at SSB Staff, Task Force, Working Group or SSB Chair level
- Project proposals that describe, among other matters, the cross-over issues and, where possible, potential implications for the other SSB
- Appointment of a member from one SSB Task Force/Working Group to act as a correspondent member on the other SSB Task Force/Working Group
- Joint sessions of SSBs and their CAGs with PIOB or particular stakeholders
- Concurrent issuance of EDs, consultation papers or other publications (or in close proximity to each other)

SSB Liaison Member

- Beneficial to appoint one SSB member or representatives to act as Board member liaison to other SSB with responsibilities for
 - Presenting periodic updates on SSB activities to other SSB
 - Presenting SSB views on particular topics or issues to other SSB
 - Reporting back the feedback received from other SSB
 - Acting as a sounding board to SSB staff on cross-over topics or issues for which no coordination process has yet been established

Matter for CAGs Consideration

- Representatives are asked to share perspectives or reflections on matters pertaining to IAASB and IESBA coordination

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