

**Draft Minutes of the 49<sup>th</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD  
Held via Teleconference on January 25, 2012**

**Voting Members**

Present: Arnold Schilder (Chairman)  
Dan Montgomery (Deputy Chair)  
Arch Archambault  
Jean Blascos  
Valdir Coscodai  
Cédric Gélard  
Jon Grant  
Gert Jönsson  
Merran Kelsall  
William Kinney  
Annette Köhler  
Caithlin McCabe  
Brendan Murtagh  
Marc Pickeur  
Tomokazu Sekiguchi  
Bruce Winter  
Abdullah Yusuf<sup>1</sup>

**Technical Advisors**

Sue Almond (Mr. Murtagh)  
Brantley Blanchard (Ms. McCabe)  
Wolf Boehm (Ms. Köhler)  
Hiram Hasty (Mr. Kinney)  
Susan Jones (Mr. Blascos)  
Sachiko Kai (Mr. Sekiguchi)  
Jon Rowden (Mr. Winter)  
Isabelle Tracq-Sengeissen (Mr. Gélard)  
Denise Weber (Mr. Montgomery)  
Rick Wood (Mr. Archambault)

Apologies: Jianshen Chen

Ricardo DeLellis (Mr. Coscodai)  
Marek Grabowski (Mr. Grant)  
Jonas Hällström (Mr. Jönsson)  
Richard Mifsud (Ms. Kelsall)  
Pervez Muslim (Mr. Yusuf)  
Jacques Vandernoot (Mr. Pickeur)  
Ge Zhang (Mr. Chen)

**Non-Voting Observers**

Apologies: Linda de Beer (IAASB CAG Chair), Norio Igarashi and Juan Maria Arteagoitia

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

Present: Rob Ward

**IAASB Technical Staff**

Present: Beverley Bahlmann, Kathleen Healy, Brett James, Diane Jules, Joanne Moores and Ken Siong

Apology: James Gunn (Technical Director)

<sup>1</sup> Attended part of the meeting due to difficulties with the teleconference connection

## 1. Opening Remarks

Prof. Schilder welcomed the participants to the meeting, noting that the necessary quorum of Board members had been met. He welcomed the new Board members Ms. Köhler and Messrs. Murtagh, Pickeur and Winter as well as the new technical advisors, Mss. Almond and Weber, and Messrs. Blanchard and Boehm.

Apologies were noted from Ms. de Beer and Messrs. Arteagoitia, Chen, DeLellis, Grabowski, Gunn, Hällström, Igarashi, Mifsud, Muslim, Vandernoot and Zhang.

Prof. Schilder highlighted that this was the fourth time the IAASB was meeting by teleconference and that there would be no voting on the call. He reminded Board members that the objective of the meeting was to enable the Task Force to obtain further views on the content of the illustrative limited assurance report under the proposed ISAE 3410.<sup>2</sup>

## 2. Limited Assurance Report

Ms. McCabe introduced the topic, noting that the Task Force was seeking further Board direction on the illustrative limited assurance report to further progress the proposed ISAE in anticipation of seeking its approval by the Board as a final standard at the March 2012 IAASB meeting. She reminded the Board that revisions to the limited assurance illustrative report had been presented at the December 2011 IAASB meeting, and that strong views had been expressed by Board members on the proposed changes. In particular, while some Board members had supported the changes, others had reservations as to whether the changes sufficiently addressed the concerns raised by respondents on the exposure draft (ED) of proposed ISAE 3410. Ms. McCabe outlined the merits and drawbacks noted by both IAASB members and respondents to the ED of using a free form versus a standardized approach. However, she emphasized that using a report with only standardized procedures would not be in line with current practice or what regulators had requested, and would also not be consistent with earlier feedback on the Auditor Reporting project.

### OPTIONS FOR THE LIMITED ASSURANCE ILLUSTRATIVE REPORT

Ms. McCabe explained the Task Force's consideration of three options for the illustrative limited assurance report, namely a purely standardized approach, which would not allow for the tailoring of procedures with the exception of the deletion of those procedures which would be irrelevant in the engagement circumstances; a "customized approach," which is largely consistent with the standardized report but would allow for description of those procedures where the practitioner believes it would be necessary for a proper understanding of the assurance obtained; and a third approach that would allow the practitioner complete freedom in the description of the procedures in the limited assurance report.

She noted that, given the concerns raised by both respondents to the ED and the IAASB at the December 2011 meeting, the Task Force did not believe the third option would be appropriate because of the confusion around the level of assurance the report would convey. In addition, there was the risk under this option that the procedures may not be properly described, which could result in misinterpretation of the work performed or the assurance obtained. As a result, only the other two options were further explored by the Task Force.

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<sup>2</sup> Proposed International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*

Ms. McCabe explained the Task Force's view that two illustrative limited assurance reports should be included in the final ISAE 3410, one for the standardized approach and the other for the customized approach. The Task Force felt that this would represent an appropriate compromise to address some of the concerns expressed while at the same time enabling the proposed standard to meet market need. She emphasized that these were "illustrative" reports and that the Task Force was of the firm view that the reports, as presented, would continue to meet the requirements of ISAE 3000.<sup>3</sup> She further noted that the requirements and application material of proposed ISAE 3410 would be amended as appropriate once the limited assurance report had been finalized.

#### FORM OF ILLUSTRATIVE LIMITED ASSURANCE REPORT IN THE FINAL ISAE 3410

A few Board members expressed support for the free form approach to the illustrative limited assurance report. Several other Board members, however, were more supportive of the Task Force's proposal. In this regard, some Board members noted that there was significant overlap in the area of standardized procedures in the Task Force's two proposed reports, and that the only difference between them was the customized procedures that could be added. A suggestion was made by a Board member, and subsequently supported by several others, that only one customized illustrative limited assurance report be included in the final ISAE 3410. The IAASB asked the Task Force to further explore this option.

#### DESCRIPTION OF PROCEDURES IN THE ILLUSTRATIVE LIMITED PROCEDURES REPORT

Some IAASB members expressed concern about the proposed description of procedures as it was felt that these could be confused with procedures in a reasonable assurance engagement. The IAASB asked the Task Force to amend the wording of the customized procedures to make clear to users of the assurance report that the engagement is a limited assurance one.

#### PARAGRAPH TO DISTINGUISH A LIMITED ASSURANCE ENGAGEMENT FROM A REASONABLE ASSURANCE ENGAGEMENT IN THE ILLUSTRATIVE REPORT

Some IAASB members commented that it was unclear what the difference in nature, timing and extent of procedures was between a limited assurance engagement and a reasonable assurance engagement. A few other IAASB members also expressed the view that the assurance obtained in a limited assurance engagement is considerably lower than that in a reasonable assurance engagement. However, such a distinction was unclear in the relevant paragraph. A few Board members further commented on the need for the report to indicate that the assurance obtained is "substantially" lower in a limited assurance engagement. The IAASB asked the Task Force to consider the matter further in the light of these comments.

#### OTHER COMMENTS

The following additional comments were noted for the Task Force's further consideration:

- A Board member questioned the positioning of the independence and quality control paragraphs, and expressed the view that they formed part of the "Our Responsibilities" section. Another Board member disagreed on the ground that these relate to the firm's responsibilities and not the practitioner's.

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<sup>3</sup> ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, paragraph 49

- A Board member questioned the positioning of the sentence “this engagement was conducted by a multidisciplinary team including assurance practitioners, engineers and environmental scientists” on the ground that this was not part of the practitioner’s responsibilities.
- A Board member emphasized the need for compliance with the requirements of ISAE 3000.

WAY FORWARD

Ms. McCabe thanked the Board for its constructive comments. She added that the useful suggestions and direction received would assist the Task Force in finalizing the illustrative limited assurance report to be included in the final proposed ISAE 3410 to be presented at the March 2012 IAASB meeting.

**3. Next Meeting**

The next meeting of the IAASB is scheduled for the week of March 12-16, 2012 in New York, USA.

**4. Closing Remarks**

Prof. Schilder thanked the participants for their contributions. He then closed the meeting.