

**Draft Minutes of the Public Session of the 1st Joint Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD and
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS
Held on September 20, 2017 in New York, USA**

	Voting Members	Technical Advisors
Present:	<u>IAASB</u>	<u>IAASB</u>
	Prof. Arnold Schilder (Chairman)	Sara Ashton (Ms. French)
	Megan Zietsman (Deputy Chair)	Nicolette Bester (Mr. Vanker)
	Abhijit Bandyopadhyay	Wolf Böhm (Prof. Köhler)
	Fiona Campbell	Dora Burzenski (Ms. Zietsman)
	Robert Dohrer	Chun Wee Chiew (Mr. Murtagh)
	Karin French	Shu Duan (Mr. Zhang)
	Marek Grabowski	Sylvia van Dyk (Ms. Provost)
	Len Jui	Hiram Hasty (Mr. Landes)
	Annette Köhler	Josephine Jackson (Mr. Grabowski)
	Charles Landes (via teleconference)	Susan Jones (Mr. Jui)
	Brendan Murtagh	Sachiko Kai (Ms. Sumida)
	Marc Pickeur	Jamie Shannon (Mr. Sharko)
	Lyn Provost	Eric Turner (Mr. Salole)
	Ron Salole	Jacques Vandernoot (Mr. Pickeur)
	Rich Sharko	Sanjay Vasudeva (Mr. Bandyopadhyay)
	Sayaka Sumida	Denise Weber (Ms. Campbell)
	Imran Vanker	
	Ge Zhang	
	<u>IESBA</u>	<u>IESBA</u>
Stavros Thomadakis (Chairman)	Saadiya Adam (Mr. Mihular)	
Richard Fleck (Deputy Chair)	James Barbour (Mr. Ashley)	
Helene Agélii	Denise Canavan (Ms. Haustermans)	
Michael Ashley	David Clark (Ms. Soulier)	
Brian Caswell	Colleen Dunning (Ms. Lee)	
Hironori Fukukawa	Ellen Gorla (Mr. Caswell)	
Kim Gibson	Gina Maldonado-Rodek (Ms. Gibson)	
Gary Hannaford	Nigyar Mamedova (Mr. Juenemann)	
Liesbet Haustermans	Andrew Pinkney (Ms. Mulvaney)	
Robert Juenemann	Jens Poll (Mr. Hannaford)	

Chishala Kateka
Caroline Lee
Stefano Marchese
Ian McPhee
Reyaz Mihular
Patricia Mulvaney
Sylvie Soulier

Tone Maren Sakshaug (Ms. Agélii)
Eva Tsahuridu (Mr. McPhee)
Toshihiro Yasada (Mr. Fukukawa)

Apologies:

IAASB

Ahava Goldman (Mr. Dohrer)

IESBA

Michael Dorfman (Ms. Kateka)

Elbano De Nuccio (Mr. Marchese)

Non-Voting Observers

Present: Jim Dalkin (IAASB Consultative Advisory Group (CAG) Chairman), Kristian Kocktvedgaard (IESBA CAG Chair), Takuya Emoto and Yosh'inao Matsumoto (Japanese Financial Services Authority), Anne-Marie Vitale (International Accounting Education Standards Board (IAESB) Deputy Chair)

Public Interest Oversight Board (PIOB) Observers

Present: Karen Stothers (IAASB PIOB Observer), Aileen Pierce (IESBA PIOB Observer)

Standard-setting Boards' (SSB) Staff

Present: James Gunn (Managing Director, Professional Standards)

IAASB

Matt Waldron (Technical Director), Beverley Bahlmann, Brett James, Natalie Klonaridis, Csilla Molnar, Schuyler Simms, Phil Minnaar (Via Teleconference)

IESBA

Ken Siong (Technical Director), Diane Jules, Geoffrey Kwan and John Morrow

1. Welcome

Prof. Schilder and Dr. Thomadakis welcomed all participants to the inaugural joint public session of the IAASB and IESBA, including members, technical advisors, Staff and non-voting observers, as well as the IAESB Deputy Chair.

2. Areas Requiring Coordination

Mr. Waldron introduced the topic, and highlighted that the SSBs' staff have been developing an inventory of topics requiring or potentially requiring coordination between the SSBs. He outlined the approach they have taken to categorizing the topics as explained in Agenda Item J-1, [Areas Requiring Coordination: Staff Overview and Observations](#). Meeting participants noted the presentation, but did not provide any comments.

3. Proposed Approach to Coordination

Mr. Siong introduced the topic, explaining that Agenda Item J-2, [IAASB-IESBA Coordination, General Principles Criteria and Other Key Considerations](#) summarizes a proposed approach for the SSBs to coordinate their efforts in progressing areas of mutual interest. This approach has been supported by the IAASB Steering Committee and IESBA Planning Committee.

IAASB and IESBA members broadly supported the principles, criteria and other key considerations set out in the paper. Among other matters, the following general comments were made:

- Stakeholders expect the SSBs' standards to be consistent and therefore coordination efforts should aim to achieve consistency. Although the SSBs may seek to avoid inconsistencies across their standards, differences of opinion may arise and resolving such differences is important, notwithstanding each SSB's independence and own remit.
- For coordination to be effective, all SSB members need to demonstrate an individual commitment to coordination, in particular the Task Force Chairs. The Boards noted the important role of the SSBs' staff in administering the coordination efforts.
- Early identification and timely communication of matters that may require coordination is essential, including at the project proposal stage as well as during the development of the SSBs' strategies and work plans.
- Projects requiring coordination will need more time to complete, increasing the need for additional staff resources, and this should be factored into each SSB's workplan.

In addition to various editorial refinements, the following suggestions for further enhancement to the document were made:

- In the Background section in the first paragraph, to articulate in a more positive way why it is important for the two SSBs to coordinate their efforts, i.e., to promote as far as possible outcomes where the SSBs' standards are not inconsistent with each other, as opposed to seeking avoidance of a negative outcome.
- Consideration should be given to including an "overarching purpose statement" to better communicate the goal of coordination to stakeholders.
- From a communication perspective, it would also be helpful to articulate the benefits of coordination between the SSBs.
- The general principles of coordination are more operating principles in nature and could be better characterized as such. In addition, they could be streamlined into a more logical and simpler construct.
- The list of criteria for determining the approach to and intensity of coordination should include the public interest impact of the particular topic.
- The document could better clarify how matters of coordination may be identified, in particular who is responsible for identifying and communicating such matters.

The Boards asked that the Steering Committee and Planning Committee take into account the feedback from the discussion in finalizing the document.

4. Objectivity of the Engagement Quality Control (EQC) Reviewer

Mmes. French and Soulier introduced the topic, noting that the objective of the session was to obtain feedback on the proposed way forward with respect to how the SSBs might coordinate their efforts in addressing the objectivity of the EQC reviewer as part of the IAASB's project on quality management at the firm level. They noted that a key issue to consider was whether a specified "cooling-off period" should be established for situations in which a former engagement partner steps into an EQC reviewer role. It was noted that the proposals being brought forward were developed by the IAASB's Quality Control Task Force (QCTF) with input from IAASB and IESBA Liaison members, as well as the SSBs' staff.

IAASB and IESBA members broadly supported the proposed approach for moving forward, including the proposal to establish a joint working group, to be chaired by the Chair of the QCTF and with two representatives from each SSB.¹ It was agreed that the purpose of the joint working group will be to develop recommendations on how the issues may be addressed.

IAASB and IESBA members agreed to hold a joint teleconference in February 2018 to consider the joint working group's recommendations.

5. IAASB and IESBA Future Strategies and Work Plans (SWPs)

Mr. Gunn explained the proposals in Agenda Item J-3, [*Aligning the Periods of the IAASB and IESBA Future Strategies and Work Plans*](#), emphasizing that the objective of this initiative was to establish a process for engaging, consulting, and exploring topics with stakeholders with a goal of aligning the SWP periods of the SSBs.

IAASB and IESBA members agreed that there would be benefit to the SSBs' seeking alignment between their SWPs. Among other matters, the following comments were raised:

- In relation to the proposal for the SSBs to re-evaluate their SWP periods at their midpoint, further clarity is needed regarding what such assessment would entail. In addition, this would need to be clearly communicated to stakeholders.
- Technology is an area of particular mutual interest between the two SSBs and there should be further engagement on this topic, including through the IAASB's Innovation Working Group.

After further discussion, IAASB and IESBA members agreed to consider approaching alignment of the SSBs' SWPs along the dimensions of time, substance and due process.

6. Way Forward

The Boards asked that SSB staff, in consultation with the Steering Committee and Planning Committee:

- Determine how best to publicly communicate the key outcomes of the meeting, including the benefits of coordination in the public interest, and the agreed parameters for SSB coordination; and
- Explore how the SSBs might coordinate their work in relation to major trends and developments in technology and innovation, and the related implications for their standards.

¹ It was agreed that the joint working group would comprise: Karin French, QCTF Chair and IAASB Member; Imran Vanker, IAASB member and member of the QCTF; Michael Ashley, IESBA Member; and Sylvie Soulier, SSB Liaison and IESBA Member.

SSB staff will further refine the inventory of matters of mutual interest with the objective of establishing a coordination plan in relation to these topics. Furthermore, SSB staff will provide regular updates to the Steering Committee and Planning Committee on the status of coordination efforts.

7. CAG Chairmen's Remarks

Messrs. Dalkin and Koktvedgaard complimented the SSBs on a successful first meeting. Mr. Dalkin emphasized the importance of the SSBs' standards achieving a consistent outcome and suggested that the principle addressing "possibility of differences in the final outcomes" be further clarified in this regard. Mr. Koktvedgaard echoed cautionary remarks about "over-coordination" and suggested that the level of coordination should match the level of complexity of the issues or projects. Mr. Koktvedgaard suggested the use of other publications, such as frequently asked questions, to assist with addressing matters of coordination. In addition, he noted the CAG's support for aligning the SWPs. Mr. Dalkin noted some of the practical difficulties that arise from having a joint board that addresses both auditing and ethical matters, and therefore indicated the value of an oversight committee that monitors upcoming matters of mutual interest.

8. PIOB Observers' Remarks

Mmes. Pierce and Stothers indicated that the PIOB was pleased that the SSBs had taken the initiative to hold this joint session, and that it was very supportive of plans for future joint meetings and teleconferences. Ms. Pierce encouraged further collaboration with the IAESB. Ms. Stothers welcomed the establishment of the joint working group relating to the objectivity of the EQC reviewer, adding that it was in the public interest for this initiative to move forward. Ms. Stothers noted the impending proposals of the Monitoring Group regarding the possible restructuring of the SSBs and therefore suggested caution in aligning the SSBs' SWPs. Ms. Stothers complimented Prof. Schilder and Dr. Thomadakis on their effective joint chairing of the session, noting that all SSB members had the opportunity to speak and that the exchanges of views were honest, direct and respectful. She added that the discussions were robust and there was adequate consideration of the public interest in the topics discussed.

Ms. Pierce also congratulated the SSBs on a well-organized and constructive joint session and noted that she too was pleased to see the level of participation of all meeting participants in the various discussions.

9. Next Meetings

The next IAASB and IESBA joint session is scheduled for February 2018 via teleconference. The next in-person joint session is scheduled for September 2018 in New York, USA. The dates will be confirmed in due course.

10. Closing

Prof. Schilder and Dr. Thomadakis thanked IAASB and IESBA meeting participants for their contributions to the meeting, and the IAESB Deputy Chair for observing the meeting. They also thanked IFAC for hosting the meeting and for its administrative support. They then closed the joint session.