

**Minutes of the 114<sup>th</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held during June 2020 via Video Conference<sup>1</sup>**

	<b>Voting Members</b>	<b>Technical Advisors (TA)</b>
Present:	Tom Seidenstein (Chair)	Helene Agélii (Mr. Hagen)
	Fiona Campbell (Deputy Chair)	Sara Ashton (Ms. Almond)
	Sue Almond	Vivienne Bauer (Mr. Monroy)
	Chun Wee Chiew	Wolf Böhm (Prof. Marten)
	Julie Corden	Melissa Bonsall (Ms. Corden)
	Robert Dohrer	Fabien Cerutti (Ms. Tracq-Sengeissen)
	Kai Morten Hagen	Antonis Diolas (Mr. Chiew)
	Josephine Jackson <sup>2</sup>	Johanna Field (Mr. Turner)
	Len Jui	Hiram Hasty (Mr. Dohrer)
	Sachiko Kai	Rene Herman (Mr. Simnett)
	Prof. Kai-Uwe Marten	Susan Jones (Mr. Jui)
	Lyn Provost	Jamie Shannon (Mr. Sharko)
	Fernando Ruiz Monroy	Sylvia Van Dyk (Ms. Provost)
	Rich Sharko	Denise Weber (Ms. Campbell)
	Roger Simnett	Kohei Yoshimura (Ms. Kai)
	Isabelle Tracq-Sengeissen	
	Eric Turner	
	Imran Vanker (Except June 17) <sup>2</sup>	

Apology: *None*

**Non-Voting Observers**

Present: Jim Dalkin (IAASB Consultative Advisory Group (IAASB CAG) Chair), Yosh'inao Matsumoto (Japanese Financial Services Authority)

Apology: Juan Maria Arteagoitia (European Commission)

<sup>1</sup> Due to the continued COVID-19 pandemic, the IAASB took the decision to hold the June 2020 IAASB meeting via a number of video conference sessions during the week of June 15–19, 2020. The discussions these video conference sessions are captured within these minutes.

<sup>2</sup> It is noted that Ms. Jackson was not supported by a TA during the June 2020 IAASB video conferences and Mr. Vanker was supported by Mr. Yussuf Choonara.

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

Present: Ms. Karen Stothers

### **IAASB Technical Staff**

Present: James Gunn (Managing Director, Professional Standards), Willie Botha (Technical Director), Beverley Bahlmann, Yvonne Chan, Brett James, Natalie Klonaridis, Armand Kotze, Phil Minnaar, Hanken Jane Talatala, Joy Thurgood, Jasper van den Hout, Angela Donnelly (IAASB Staff Fellow), Dan Montgomery (Senior Advisor – Technical Projects)

IAASB agenda materials referred to in these minutes can be accessed on the IAASB's Website for the sessions held [June 15–19](#). These minutes are a summary of the decisions made at the June 2020<sup>1</sup> IAASB meeting, in light of the issues and recommendations in the agenda material put forth by the Task Forces, Working Groups, Drafting Teams and Staff supporting the individual projects. These recommendations are made taking into account feedback from respondents to the IAASB's public consultations, in particular Exposure Drafts (EDs) of the IAASB's proposals, consideration of previous discussions of the Board and its CAG, and feedback from stakeholders through outreach activities.

## **1. Welcome and Approval**

Mr. Seidenstein welcomed all participants to the June 2020 IAASB virtual meeting. Mr. Seidenstein also welcomed the public observers who were observing the meeting via the IAASB's YouTube channel. Mr. Seidenstein further updated the Board on the outreach performed during the second quarter of 2020, highlighting the extent of the IAASB's interactions with its key stakeholders during the initial stages of the COVID-19 pandemic.

## **2. IAASB's Response to the COVID-19 Pandemic**

The IAASB Chair and Technical Director highlighted the measures undertaken to assist, adapt and collaborate with the IAASB's key stakeholders in the current evolving environment.

Board members were generally supportive of the efforts to date and were pleased with the flexible way that the IAASB had quickly responded to the more immediate needs of its stakeholders. In particular, the Staff Audit Practice Alerts were commended as they had been developed in a generally timely manner to address very contemporary issues. However, it was noted that some of the Staff Audit Practice Alerts could have been shorter and simpler language could have been used. The Board agreed to clearly indicate on the website which other publications would be developed.

Board members, on balance, supported the current periods for consultations and effective dates of standards as presented in **Agenda Item 2-A**. It was noted that the Board should remain flexible and change timelines and effective dates if future circumstances warranted such a change.

With respect to the increased collaborative efforts with key stakeholders, Board members emphasized the importance of continuing to obtain feedback from stakeholders, such as national standard setters and firms, as they are dealing with challenges and issues as they arise in the current evolving environment.

#### WAY FORWARD

Senior Staff will continue to monitor the environment and will, if needed, develop additional Staff Audit Practice Alerts. In addition, it was agreed that Senior Staff will continue to monitor the timelines for the Board's projects and initiatives and that further changes will be made, depending on the evolving circumstances.

### 3. Technology

Mr. Dohrer updated the Board on the status of the Technology Work Group's (TWG) progress on the Workstream Plan. Mr. Dohrer also asked the Board for direction on whether certain considerations and comparisons may be included in future publications on the Technology Workstream Plan with respect to the impact on audit quality when using automated tools and techniques.

The IAASB broadly supported the approach proposed by the TWG and the inclusion of explanatory text at the beginning of each TWG publication as it relates to the use of automated tools and techniques. The IAASB asked the TWG to:

- Reconsider terms such as "better quality audit evidence" and to instead focus on the aspects in which the use of automated tools and techniques may enhance the audit.
- Remove the examples from the drafted "disclaimer box" so that the text remains generic.

#### WAY FORWARD

The TWG will develop support materials following the approach supported by the Board.

### 4. Audits of Less Complex Entities (LCEs)

Prof. Simnett, Chair of the LCE Working Group, presented the LCE Working Group's recommendations for developing a separate standard for LCEs on the basis of the overarching principles included in **Agenda Item 4**.

The Board broadly supported that the LCE Working Group commence development of the separate standard for audits of LCEs and prepare a project proposal for discussion at the December 2020 IAASB meeting. Notwithstanding the general support for moving forward, this was subject to further consideration about some of the overarching principles for the development of the separate standard (as set out below).

When asked for a view on whether the LCE Working Group should move forward to develop a draft of the separate standard for Board discussion, the majority of the Board supported this progression. Two Board members expressed the view that the IAASB should not progress with the development of a separate standard on the basis of the matters set out in **Agenda Item 4** (for different reasons).

The following sets out the more substantive comments from the Board on the matters for discussion.

#### OVERARCHING PRINCIPLES FOR DEVELOPING THE SEPARATE STANDARD FOR AUDITS OF LCEs

The Board generally agreed with the overarching principles for developing the separate standard for audits of LCEs, subject to the exceptions noted below. The Board encouraged the LCE Working Group to further consider:

- How the separate standard for audits of LCEs could be developed as a standalone, self-contained standard, with inclusion of the necessary definitions to facilitate an understanding of key terms and

concepts. In addition, in relation to a standalone standard, the LCE Working Group was encouraged not to develop a standard for use by auditors who understand and use the International Standards on Auditing (ISAs) only, as this would limit the use of the standalone standard over time;

- Clarifying the interactions between the separate standard for audits of LCEs and the ISAs, including the linkages back to the ISAs. Some Board members expressed a preference for the separate standard not to revert back to ISAs (either requirements or relevant application material);
- How proportionality between the requirements in the ISAs and what was required by the separate standard for audits of LCEs had been considered; and
- The need for materials to help apply the separate standard when it has been developed, either within the standard or outside as support materials.

In respect of the overarching principles for developing the separate standard for audits of LCEs, the Board asked the LCE Working Group to further consider:

- Aligning the objectives in the separate standard for audits of LCEs with the ISAs;
- How the auditor's responsibilities relating to fraud in an audit of financial statements can be emphasized as appropriate in the separate standard for audits of LCEs;
- Clarifying what is meant by 'clear and consistent documentation requirements' that are relevant and appropriate to an audit of an LCE; and
- Clarifying how the separate standard for LCEs would be updated as amendments to the ISAs are made.

#### DESCRIPTION OF LCEs

In respect of the description of LCEs, the Board encouraged the LCE Working Group to develop a more prescriptive description of an LCE, so that it is clear which audits are in the scope of the new standard on audits of LCEs. The LCE Working Group was also encouraged to coordinate closely with the International Ethics Board for Accountants (IESBA) on the definition of Listed Entity and Public Interest Entity as the IESBA progressed its project in this area, and to further consider how the outcomes of this project may impact the description of an LCE.

#### PIOB OBSERVER REMARKS

Ms. Stothers highlighted the challenges for the Board to be responsive to the public interest on this initiative in a timely manner.

#### IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the IAASB Audits of LCEs project was discussed at the March 2020 IAASB CAG meeting. He noted that IAASB CAG Representatives' supported an approach where the principles for developing the separate standard be outlined at the outset. Mr. Dalkin emphasized the importance of considering the auditor's responsibilities relating to fraud in the development of the separate standard for audits of LCEs. Mr. Dalkin also emphasized that while contemplating the applicability of the separate standard for audits of LCEs, the broad range of public sector entities also need to be taken into consideration.

## WAY FORWARD

The LCE Working Group will commence development of the separate standard for audits of LCEs on the basis of the overarching principles, amended as appropriate to address Board comments, and prepare a project proposal for the IAASB's discussions at the December 2020 IAASB meeting.

### 5. Quality Management at the Firm Level – ISQM 1<sup>3</sup>

Ms. Corden presented the ISQM 1 Task Force's proposals on certain sections of proposed ISQM 1, as reflected in **Agenda Item 5-A**.

#### THE FIRM'S RISK ASSESSMENT PROCESS, INCLUDING THE DEFINITION OF QUALITY RISK

The Board broadly supported the changes to the firm's risk assessment process (FRAP) and the revised definition of "quality risk." The Board provided further specific comments regarding the firm's risk assessment process, including the following:

- Clarifying paragraph A11C of **Agenda Item 5-A** to indicate that determining the degree to which a risk may adversely affect the achievement of a quality objective forms part of determining whether a risk is a quality risk.
- Clarifying the example in paragraph A24F of **Agenda Item 5-A** regarding how firms may apply the FRAP.
- Enhancing the examples of conditions, events, circumstances, actions or inactions, and quality risks that may arise from these, in paragraph A24N of **Agenda Item 5-A**.
- Clarifying that quality objectives established by the firm, in addition to those specified in proposed ISQM 1, may be modified by the firm due to changes in the nature and circumstances of the firm or its engagements.

#### MONITORING AND REMEDIATION, INCLUDING THE DEFINITIONS OF DEFICIENCY AND FINDINGS

The Board broadly supported the changes to the definitions of "deficiency" and "findings" and the related application material, as well as the changes to the monitoring and remediation section. The Board provided further specific comments, including recommendations to:

- Revise paragraph A161B of **Agenda Item 5-A** related to the firm's monitoring activities over the monitoring and remediation process to:
  - Clarify that the firm should monitor the design of the monitoring and remediation process; and
  - Refine the scalability examples.
- Add application material to indicate that the firm needs to gather the findings from the activities undertaken in accordance with paragraphs 44-45 of **Agenda Item 5-A**, in order to evaluate the findings and identify the deficiencies.

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<sup>3</sup> Proposed International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

## EVALUATION OF THE SYSTEM OF QUALITY MANAGEMENT (SOQM)

The Board broadly supported the changes to the requirements and application material for the evaluation of the SOQM. Further recommendations included:

- Considering whether it is appropriate to refer to other individuals in the requirements in paragraphs 53 and 65C of **Agenda Item 5-A**, given that the term “individuals” includes those external to the firm.
- Clarifying the intent of paragraph A209A of **Agenda Item 5-A**, including the respective responsibilities of the firm and the individual(s) assigned ultimate responsibility and accountability for the SOQM.

## RELEVANT ETHICAL REQUIREMENTS

In general, the Board indicated a preference for option 1 presented in paragraph 32 of **Agenda Item 5-A**, with respect to the quality objective addressing relevant ethical requirements. The Board encouraged the ISQM 1 Task Force to clarify with IESBA the applicability of the relevant ethical requirements to individuals from the network or a service provider.

## HUMAN RESOURCES, INCLUDING THE FIRM'S RESPONSIBILITIES WITH RESPECT TO COMPONENT AUDITORS, AND SERVICE PROVIDERS

The Board supported the principles proposed by the ISQM 1 Task Force with respect to human resources, including the changes to the requirement in paragraph 38 of **Agenda Item 5-A**. Further recommendations included:

- Simplifying the application material in paragraphs A120–A120E of **Agenda Item 5-A**, relating to engagement team members, and relocating certain paragraphs to the network requirements and network services section.
- Clarifying that non-network firms used as component auditors may not necessarily be “engaged by the firm,” as implied in the definition of service provider.
- Considering the appropriate use of the term “personnel”, “individuals” and “engagement teams” throughout the standard, and also considering whether the terms should be defined. Reconsidering whether it is appropriate to use the term “individual” in the context of assigning responsibilities related to the SOQM (e.g., ultimate responsibility and accountability for the SOQM), since “individuals” can be persons external to the firm.

## EXTERNAL COMMUNICATIONS

On balance, the Board expressed support for the proposals addressing external communications, including the proposal to explicitly communicate with those charged with governance of listed entities for which the firm performs audit engagements (see **Agenda Item 5-D**). Further recommendations included:

- Exploring the appropriate location of the requirement to communicate with those charged with governance of listed entities for which the firm performs audit engagements, i.e., it may be better suited in ISA 260 (Revised)<sup>4</sup> as a conforming amendment.
- Removing the application material referring to ISA 260 (Revised).

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<sup>4</sup> ISA 260 (Revised), *Communication with Those Charged with Governance*

- Separating the requirement to communicate with those charged with governance from the broader requirement that addresses when it is appropriate to communicate with external parties.
- Adding the public sector as an example of when it may be appropriate to communicate with those charged with governance, in the application material.

#### PIOB OBSERVER REMARKS

Ms. Stothers indicated that all of the issues had been covered and successfully concluded. Ms. Stothers noted that the IAASB held a robust discussion regarding external communication and suggested that the ISQM 1 Task Force should consider discussing the matter further with the Board before the approval of the standard in September 2020. Ms. Stothers also asked about the interactions with Monitoring Group Members related to the quality risk definition.

#### WAY FORWARD

The ISQM 1 Task Force will present ISQM 1 for approval at the September 2020 IAASB videoconference. The ISQM 1 Task Force will also continue its coordination activities with the ISQM 2,<sup>5</sup> ISA 220 and ISA 600 Task Forces and IESBA.

#### **6. Quality Management at the Engagement Level – ISA 220 (Revised)<sup>6</sup>**

Ms. Provost presented the ISA 220 Task Force’s proposals on certain paragraphs in proposed ISA 220 (Revised), as reflected in **Agenda Item 5-C**. She noted that the changes were necessary to align the treatment of engagement resources with the clarifications made in proposed ISQM 1 (see **item 5** of these Minutes).

#### ENGAGEMENT RESOURCES

The Board broadly supported the proposed changes to paragraph 25 and 27 of proposed ISA 220 (Revised) and asked the ISA 220 Task Force to consider whether the following terms could be explained or removed:

- “Firm’s policies or procedures” in paragraph 25;
- “Different actions” in paragraph A60A; and
- “Component management” in paragraph A73A.

#### IAASB CAG CHAIR’S REMARKS

Mr. Dalkin noted that the ISA 220 Task Force had addressed the matters raised by the IAASB CAG representatives at the March 2020 IAASB CAG Meeting.

#### WAY FORWARD

The ISA 220 Task Force will present ISA 220 (Revised) for approval at the September 2020 IAASB videoconference. The ISA 220 Task Force will also continue its coordination activities with the ISQM 1, ISQM 2 and ISA 600 Task Forces and IESBA representatives.

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<sup>5</sup> ISQM 2, *Engagement Quality Review*

<sup>6</sup> Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

## 7. Audit Evidence

Mr. Dohrer updated the Board on the Audit Evidence Working Group's (AEWG) further information gathering and research activities as set out in **Agenda Item 7**.

### TARGETED OUTREACH ACTIVITIES

The Board supported the AEWG's conclusion that the issues creating the most difficulties in practice are closely related to the concept and evaluation of sufficient appropriate audit evidence. The Board also broadly agreed that the list of audit evidence related issues, as presented in **Appendix 4 of Agenda Item 7**, is appropriate. However, the Board noted that:

- Further clarification may be needed to determine whether technology related issues fall within the scope of the AEWG or the Technology Working Group (TWG). In addition, the Board noted that close coordination between these two working groups is essential.
- In relation to the use of electronic platforms in obtaining external confirmations (Item 17 of **Appendix 4 of Agenda Item 7**), the AEWG could build on the 2009 IAASB Staff Alert [\*Emerging Practice Issues Regarding the Use of External Confirmations in an Audit of Financial Statements\*](#) as it relates to automated confirmation platforms in use today. Mr. Dohrer responded by noting however that ISA 505 nor the IAASB Staff Alert address whether a third party opening a special portal that could be used by the auditor to query the information of the entity is considered an "external confirmation."
- The issues paper referred to the development of a 'framework' for evaluating whether sufficient appropriate audit evidence has been obtained. As this term is not used in **Appendix 4 of Agenda Item 7**, the Board asked for further clarification in relation to its meaning.
- The listing of audit evidence issues, as presented in **Appendix 4 of Agenda Item 7**, did not explicitly include the consideration of fraud as it relates to an audit of financial statements. A Board member asked the AEWG to consider whether the listing of issues should include the consideration of fraud more prominently.
- The fifth issue, included in the listing of issues most commonly highlighted as creating the most difficulties in practice, was considered by a Board member to be prescriptive while the other issues were deemed to be more principle-based. In progressing the issues, a Board member cautioned against prescriptive requirements and asked that principle-based standards are preserved.
- Although audit documentation was explicitly excluded from the scope of the targeted outreach activities, several Board members encouraged the AEWG to address audit documentation requirements given concerns about the nature and extent of audit documentation in the context of ISA 500.<sup>7</sup>
- Some of the issues included in **Appendix 4 of Agenda Item 7** overlap with aspects that are or have been considered in other IAASB projects and that consideration should be given to such aspects in progressing the issues in **Appendix 4 of Agenda Item 7**. For example, some of the issues relate to aspects of ISA 315 (Revised 2019),<sup>8</sup> ISA 540 (Revised),<sup>9</sup> proposed ISA 220 (Revised) and the work performed by the Extended External Reporting Working Group in relation to the Public Consultation

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<sup>7</sup> ISA 500, *Audit Evidence*

<sup>8</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>9</sup> ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

on the *Proposed Non-Authoritative Guidance – Extended External Reporting*.

ACADEMIC RESEARCH

Based on the AEWG's analysis of academic research as listed in **Appendix 6 of Agenda Item 7**, the Board supported the AEWG's conclusion that the listing of audit evidence issues as presented in **Appendix 4 of Agenda Item 7** remains appropriate.

MONITORING THE ACTIVITIES OF NATIONAL STANDARD SETTERS

Based on the AEWG's review of work performed by other national standard setters, including its analysis of audit evidence issues addressed by the Audit Evidence project of the American Institute of Certified Public Accountants (AICPA), the Board supported the AEWG's conclusion that the list of audit evidence issues, as presented in **Appendix 4 of Agenda Item 7**, remains appropriate. In addition, the Board encouraged the AEWG to liaise with other standard setters, such as the AICPA and the Public Company Accounting Oversight Board in progressing the revision to the standard to address the identified issues.

OTHER SOURCES OF INFORMATION

The Board agreed that there are no other information sources which should be considered in the context of progressing the IAASB's work to address the audit evidence issues as presented in **Appendix 4 of Agenda Item 7**.

RECOMMENDED ACTIONS

The Board supported the AEWG's recommendation to develop a project proposal to focus on the revision of ISA 500, with conforming and consequential amendments to other standards, for discussion and approval at the December 2020 IAASB meeting. The Board also emphasized that prioritization of the issues and scoping of the project are important given the number of issues that the AEWG plans to address. The Board recommended that the project proposal:

- Clearly articulates the scope of the project;
- Limits the issues to be addressed to the matters itemized as 'Action A' items in **Appendix 4 of Agenda Item 7**; and
- Emphasizes the importance of ongoing coordination with other IAASB task forces or working groups, in particular the TWG.

In addition, the Board also recommended to publish a brief project update to inform stakeholders about the activities taken place to date.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the IAASB CAG supported the development of a project proposal and encouraged the AEWG to leverage the work of the AICPA to the extent possible.

PIOB OBSERVER REMARKS

Ms. Stothers supported the development of a project proposal in light of the Board's robust discussions. In addition, given its link with professional skepticism, Ms. Stothers highlighted the priority and public interest of the project.

## WAY FORWARD

The AEWG will present a project proposal for approval at the December 2020 IAASB meeting. During the interim, the AEWG will also prepare and publish a brief project update in consultation with the Board.

### **8. Quality Management – Coordination, Effective Date, and Implementation Support**

Mr. James introduced the topic and highlighted the coordination that has taken place between the quality management projects,<sup>10</sup> the ISA 600 project, and IESBA representatives.

#### EFFECTIVE DATE

Mr. James explained the outreach that had been conducted on the proposed effective date and the discussions between the quality management and ISA 600 Task Force chairs.

The Board supported the proposed wording of the effective date paragraphs and an effective date of December 15, 2022. In coming to this view, the Board agreed with the Task Force Chairs' rationale for the effective date, noting that it struck an appropriate balance between implementing the standards as soon as possible and not proceeding too quickly, such that the public interest benefits of the improvements to the quality management standards are not fully realized. The Board agreed that early adoption of the quality management standard be permitted but not encouraged.

#### IMPLEMENTATION SUPPORT MATERIAL

Mr. James explained the plans for implementation support of the quality management standards. He noted that the materials will be similar to those prepared for ISA 315 (Revised 2019) and will be released in the initial period after finalization of the standards.

#### PIOB OBSERVER REMARKS

Ms. Stothers noted that it was unfortunate that the effective date was later than was proposed in the exposure drafts. She noted that if the COVID-19 pandemic worsened and there was pressure to further delay the effective date, the Board would need to be mindful of the long development period for this standard and not allow any further delays.

#### IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted that the IAASB CAG has discussed the effective date in depth at its March 2020 meeting and that the proposals were responsive to the comments made by the IAASB CAG's Representatives.

### **9. Engagement Quality Reviews – ISQM 2**

On behalf of Mr. Vanker, Mr. Botha updated the Board on IESBA's Engagement Quality Reviewer (EQR) Task Force's proposed revision to the IESBA Code.<sup>11</sup>

#### PROPOSED REVISION TO THE IESBA CODE ADDRESSING THE OBJECTIVITY OF EQRs

The Board agreed that the proposed revisions to the IESBA Code addressing the objectivity of "appropriate

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<sup>10</sup> The quality management projects consist of the IAASB's projects on ISQM 1, ISQM 2 and ISA 220 (Revised)

<sup>11</sup> IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

reviewers" align with the provisions relating to the objectivity of EQRs in proposed ISQM 2.

With respect to broadening the scope of the guidance in the IESBA's exposure draft<sup>12</sup> to appropriate reviewers, matters raised by Board members for further consideration included:

- Whether engagement team members who review work of less experienced team members would be considered appropriate reviewers under the IESBA Code.
- Whether individuals performing inspections of engagements as part of a firm's monitoring activities would also be considered appropriate reviewers, and whether the eligibility requirements of such individuals are appropriately and sufficiently addressed in proposed ISQM 1.

A Board member asked whether the long association provision in the IESBA Code has been considered in relation to the required cooling-off period in proposed ISQM 2. Mr. Botha noted that the distinction of the threats addressed by the long association provision in the IESBA Code and the mandatory cooling-off period in proposed ISQM 2 have been clarified in prior coordination with IESBA representatives (i.e., the long association provision in the IESBA Code addresses threats to independence arising from the long association with the client, while the mandatory cooling-off period in proposed ISQM 2 addresses threats to objectivity created by an individual being appointed as an EQR after previously serving as the engagement partner).

In closing, Mr. Vanker acknowledged the coordination efforts by IESBA's EQR Task Force.

#### IAASB CAG CHAIR'S REMARKS

Mr. Dalkin did not raise any concern with respect to the alignment of the proposed revisions to the IESBA Code with proposed ISQM 2. Mr. Dalkin also noted that the IAASB CAG perspectives were reflected in the Board discussions.

#### PIOB OBSERVER REMARKS

Ms. Stothers highlighted that the long association provisions in the IESBA Code should have been considered in relation to the required cooling-off period in proposed ISQM 2.

#### WAY FORWARD

The ISQM 2 Task Force will prepare a revised draft of proposed ISQM 2 for discussion and approval at the September 2020 IAASB meeting. The ISQM 2 Task Force will continue its coordination activities with the ISQM 1, ISA 220 and ISA 600 Task Forces and relevant IESBA Task Forces.

### **10. IAASB CAG Chair's Closing Remarks**

Mr. Dalkin thanked the task forces and working groups for considering and addressing the IAASB CAG Representatives' perspectives and comments in the relevant discussions.

### **11. PIOB Observer Closing Remarks**

Ms. Stothers congratulated the IAASB for their quick response to the current circumstances, noting that the format of the meeting worked well. She further noted that the meetings were well structured and the

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<sup>12</sup> IESBA's Exposure Draft (ED), [Proposed Revision to the Code Addressing the Objectivity of Engagement Quality Reviewers](#)

discussions robust, with balanced input from all Board members.

## **12. Closing**

The minutes of the March 2020 IAASB meeting were approved as presented.

Mr. Seidenstein thanked the IAASB for their participation and robust discussions. He also thanked the IAASB members, TAs and IAASB Staff for the efforts leading up to, and during, the Board meeting. He closed the public sessions of the meeting.

There was no executive session at the June 2020 IAASB meeting.

## **13. Next Meeting**

It was noted that there are two planned Board teleconferences for the third quarter of 2020. These teleconferences will be held on July 22 and August 11, 2020. The next IAASB meeting will be held via several video conferences between September 14–23, 2020.