

Meeting: IESBA Meeting
Meeting Location: New York, USA
Meeting Date: September 16-19, 2019

Agenda Item 7

IAASB-IESBA Coordination

Objectives

1. To receive an update on recent IAASB-IESBA coordination activities.
2. For purposes of further coordination with IAASB representatives, to share views on, or reactions to, preliminary proposals of the IAASB's ISQM 2 and ISA 220 Task Forces regarding the following two matters in response to comments received on the ISQM 2¹ and ISA 220 (Revised)² Exposure Drafts (EDs):
 - (a) Appointment of a member of an audit engagement team to the role of an engagement quality reviewer (EQR) immediately after having served as the audit engagement partner; and
 - (b) Expanding the scope of the definition of "engagement team" in IAASB standards to include component auditors in a group audit context.

Format of Session and Action Requested

3. During the session, Ms. Soulier, IESBA member liaison to IAASB, will brief the Board on recent activities on coordination work streams since the previous Board meeting.

Proposed ISQM 2

4. **Agenda Item 7B** is an extract of the issues paper prepared by the ISQM 2 Task Force for the September 2019 IAASB meeting. The extract includes a summary of the ED responses relating to the matter of objectivity of the EQR, including the ED proposal for guidance on a cooling-off period for an individual moving into the EQR role after having served as the engagement partner on the audit engagement. The extract also presents the IAASB Task Force's analysis of the ED responses and its preliminary options for the way forward depending on how the Code might address the matter.
5. Because of time constraints, the IESBA representatives involved in the coordination on ISQM 2 have not had an opportunity to discuss these preliminary options. During the session, Ms. Soulier will brief the Board on the initial feedback she and staff have provided to the ISQM 2 Task Force.

¹ Proposed International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews*

² Proposed International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*

Matter for Consideration

1. IESBA members are asked for:
 - (a) Views on, or reactions to, the IAASB Task Force's preliminary options and the initial feedback provided by Ms. Soulier and staff to the Task Force; and
 - (b) Whether there are other options that should be considered.

Proposed ISA 220 (Revised)

6. **Agenda Item 7C** is an extract of the issues paper prepared by the ISA 220 Task Force for the September 2019 IAASB meeting. The extract includes a summary of the ED responses relating to the IAASB's proposed revised definition of "engagement team." The extract also presents the IAASB Task Force's analysis of the ED responses and its consideration of options for the way forward.
7. Also because of time constraints, the IESBA representatives involved in the coordination on ISA 220 have not had an opportunity to discuss the options identified by the IAASB Task Force. During the session, Ms. Soulier will brief the Board on the initial feedback she and staff provided to the ISA 220 Task Force on this matter.

Matter for Consideration

2. IESBA members are asked for:
 - (a) Views on, or reactions to, the IAASB Task Force's options for the way forward; and
 - (b) Whether there are other options that should be considered.

Material Presented

- | | |
|----------------|---|
| Agenda Item 7A | IAASB-IESBA Coordination Update – Presentation Slides |
| Agenda Item 7B | Extract of IAASB ISQM 2 Issues Paper Relating to Objectivity of Engagement Quality Reviewer |
| Agenda Item 7C | Extract of IAASB ISA 220 Issues Paper Relating to Definition of Engagement Team |