

**Minutes of the 99th Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)
Held on October 16, 2018 by Teleconference**

Voting Members

Present: Prof. Arnold Schilder (Chairman)
Megan Zietsman (Deputy Chair)
Fiona Campbell
Chun Wee Chiew
Robert Dohrer
Karin French
Len Jui
Fernando Ruiz Monroy
Lyn Provost
Ron Salole
Rich Sharko
Isabelle Tracq-Sengeissen
Imran Vanker

Technical Advisors (TA)

Sara Ashton (Ms. French)
Vivienne Bauer (Mr. Monroy)
Nicolette Bester (Mr. Vanker)
Wolf Böhm (Prof. Marten)
Melissa Bonsall (Ms. Zietsman)
Andrew Gambier (Mr. Chiew)
Ahava Goldman (Mr. Dohrer)
Hiram Hasty (Mr. Landes)
Josephine Jackson (Mr. Grabowski)
Susan Jones (Mr. Jui)
Sachiko Kai (Ms. Tracq-Sengeissen)
Jamie Shannon (Mr. Sharko)
Eric Turner (Mr. Salole)
Sylvia Van Dyk (Ms. Provost)
Denise Weber (Ms. Campbell)

Apology: Abhijit Bandyopadhyay
Marek Grabowski
Chuck Landes
Prof. Kai-Uwe Marten

Sanjay Vasudeva (Mr. Bandyopadhyay)

Non-Voting Observers

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

Apology: Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observer

Present: Karen Stothers

IAASB Technical Staff

Present: James Gunn, Dan Montgomery (Interim Technical Director), Beverley Bahlmann, Brett James, Natalie Klonaridis, Armand Kotze, Joy Thurgood, Jasper van den Hout.

IAASB agenda materials referred to in these minutes can be accessed at [October 16, 2018 IAASB Conference Call](#). These minutes are a summary of the decisions made at the October 16, 2018 IAASB teleconference, in light of the issues and recommendations in the agenda material put forth by the Task Force and Staff supporting the project. These recommendations are made through consideration of previous discussions of the Board and its CAG and feedback from stakeholders through outreach activities.

Engagement Quality Reviews (ISQM 2)¹

The Board discussed the ISQM 2 Task Force's (the Task Force) proposed revisions to the requirements and related application material to be included in the extract of proposed ISQM 1² regarding the engagements subject to engagement quality review in accordance with proposed ISQM 2 (**Agenda Item 1**).

OVERALL COMMENTS

The IAASB generally supported the Task Force's proposed revisions. The IAASB further asked the Task Force to:

- Clarify the lead-in wording in paragraph 43(e).
- Consider deleting paragraph A99, relating to how the firm's culture enhances the effectiveness of the engagement quality review, as the content is already addressed elsewhere in proposed ISQM 1 and proposed ISA 220 (Revised).³
- Consider whether paragraph A102, relating to other forms of engagement reviews to respond to assessed quality risks, may be better placed elsewhere in proposed ISQM 2 (e.g., where other forms of engagement reviews are discussed).
- Clarify that there is overlap between the categories of engagements identified in paragraph 43(e).

It was also suggested that the lead-in to paragraph 43(e) should refer to other types of reviews in addition to engagement quality reviews. However, the Task Force Chair noted that paragraph 43(e) addresses engagement quality reviews only, and that other types of engagement reviews are addressed elsewhere in proposed ISQM 1.

Board Members also made several suggestions to clarify the examples in paragraph A101 of audit or other engagements for which the firm may determine that an engagement quality review is an appropriate response to a quality risk, and undertook to provide offline editorial comments.

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

² Proposed International Standard on Quality Management (Previously International Standard on Quality Control (ISQC)) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

³ Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

The IAASB Chair and IAASB staff cautioned that discipline and balance would be needed in addressing the comments regarding additional examples so the standard does not become overly complex and rules-based.

ENTITIES THAT ARE OF SIGNIFICANT PUBLIC INTEREST

Board Members asked the Task Force to align the structure of paragraph A100 to be consistent with references to 'significant public interest' in ISA 260 (Revised)⁴ and ISA 700 (Revised),⁵ and suggested other factors that could be included for consideration by the firm in determining whether an entity is of significant public interest.

PUBLIC SECTOR CONSIDERATIONS

Mr. Vanker noted that there was outreach with members of the International Organization of Supreme Audit Institutions in relation to the public sector considerations and that they were supportive of the direction. Board Members also expressed support for the application material in paragraphs A103 and A103A relating to considerations specific to public sector audit organizations.

IAASB CAG CHAIR'S REMARKS

Mr. Dalkin noted his support for the proposals, in particular in relation to the public sector considerations. He suggested that further review for clarity of drafting be undertaken.

PIOB OBSERVER REMARKS

Ms. Stothers supported the direction of the proposals.

WAY FORWARD

The ISQM 2 Task Force will present proposed ISQM 2 and the extract of proposed ISQM 1 for the Board's approval for exposure at the December 2018 IAASB meeting.

⁴ ISA 260 (Revised), *Communication with Those Charged with Governance*

⁵ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*