

IAASB Meeting Highlights and Decisions

April 2020

Contact: Willie Botha, IAASB Technical Director (WillieBotha@iaasb.org)

This summary of decisions of the International Auditing and Assurance Standards Board (IAASB) has been prepared for information purposes only. Except for approval of documents for public exposure and issuance of final Standards, decisions reported are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IAASB.

Due to the global COVID-19 outbreak, the IAASB decided to host the March 2020 IAASB meeting virtually by videoconference. The meeting agenda was split in a number of videoconference sessions during the week of March 16–20, 2020 (refer to these meeting highlights [here](#)) and three more videoconferences on April 1, 8 and 14, 2020. **These meeting highlights cover the April 1, 8 and 14, 2020 sessions.**

For more detailed information about IAASB projects, please refer to the project summaries under [Current Projects](#).

Audits of Less Complex Entities

The Board discussed the LCE Working Group's further work to explore an appropriate way forward in relation to Audits of Less Complex Entities (LCEs). The Board was still supportive of progressing two separate workstreams, one focused on exploring a separate standard specifically and how it can address issues relating to audits of LCE's, and another workstream to explore how to address issues relating to the ISAs more broadly.

Notwithstanding that there is an urgent need to have an international solution for audits of LCEs, the Board encouraged the LCE Working Group to focus on how a separate standard could be developed so that the Board could better understand the implications of, and the different ways for undertaking this work. The LCE Working Group will bring recommendations for the way forward relating to the separate standard workstream to the June 2020 IAASB meeting for discussion.

Quality Management Projects

Quality Management at the Firm Level

The Board discussed revisions to a number of areas of proposed ISQM 1,¹ including how the standard addresses public interest, the firm's risk assessment process, the definitions of deficiencies and findings and key aspects of monitoring and remediation, information and communication, service providers, relevant ethical requirements and the evaluation of the system of quality management.

¹ Proposed International Standard on Quality Management (ISQM) 1 (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*

The Board in general supported the proposals. The Board encouraged the ISQM 1 Task Force to continue developing the definitions of deficiencies and quality risks, and also requested the Task Force to clarify certain requirements related to the firm's risk assessment process. In supporting the proposals to address external communications, the Board suggested that the requirement focus on the firm's determination of when it is appropriate to communicate with external parties.

The ISQM 1 Task Force will present issues in June 2020 and present a full draft of the final standard for approval at the September 2020 IAASB meeting.

Engagement Quality Reviews

The ISQM 2² Task Force considered the comments received during the March 2020 meeting and presented a revised draft to the IAASB via videoconference on April 1, 2020. The Board supported the ISQM 2 Task Force's proposed revisions on the scope of engagements subject to an engagement quality (EQ) review. The ISQM 2 Task Force Chair also updated the Board about the discussions with the International Ethics Standards Board for Accountants (IESBA) Task Force Chair and staff regarding IESBA's exposure draft on the EQ reviewer's objectivity.

The ISQM 2 Task Force will present a full draft of the final standard for approval at the September 2020 IAASB meeting.

Quality Management at the Engagement Level

The Board discussed clarifications to distinguish requirements that are the sole responsibility of the engagement partner and those the engagement partner is permitted to assign to another engagement team member and the meaning of "resources made available by the firm" in the case of engagement team members who are external to the firm, among other matters.

The ISA 220³ Task Force will present issues in June 2020 and present a full draft of the final standard for approval at the September 2020 IAASB meeting.

Next Meeting

Due to the ongoing COVID-19 outbreak the IAASB scheduled teleconferences in April and May have been cancelled. The June 2020 IAASB meeting will be held via videoconferences. Please refer to the [June 2020 meetings webpage](#) on a regular basis for updates in this regard.

² Proposed ISQM 2, *Engagement Quality Reviews*

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