

# IAASB Meeting Highlights and Decisions

December 2020

Contact: Willie Botha, IAASB Technical Director ([WillieBotha@iaasb.org](mailto: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 ongoing effects of the COVID-19 pandemic, the IAASB hosted the December 2020 IAASB meeting virtually by videoconference, over the period December 7–11, 2020.

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

## Audits of Less Complex Entities (LCEs)

The Board discussed and approved a project proposal for the development of a separate standard for audits of financial statements of LCEs and discussed targeted matters related to the initial working draft of the standard.

In addition to the broad support for excluding listed entities from the scope of the audit standard for LCEs and for the flow and structure of the standard, the Board provided further inputs on various considerations related to the applicability of the standard and other key aspects relevant to further progressing the development of the standard. The Board recognized the significant outreach undertaken to date by the LCE Working Group, including with the LCE Reference Group, and encouraged this interaction to continue as the development of the audit standard for LCEs progresses to ensure that the proposals developed are usable and meet stakeholder expectations.

The LCE Task Force will continue its development work and present a revised draft of the proposed audit standard for LCEs to the IAASB for discussion at the March 2021 IAASB meeting.

## Audit Evidence

The Board discussed and approved a project proposal to revise ISA 500,<sup>1</sup> including conforming and consequential amendments to other standards. In addition, the Board provided direction on the initial views of the Audit Evidence Task Force on key issues to progress the revision of the standard, including: the purpose and scope of the standard, the concept and evaluation of sufficient appropriate audit evidence, the distinction between sources of information in ISA 500 and the use of information for different types of audit procedures.

The Audit Evidence Task Force will present issues related to this project at the March 2021 IAASB meeting.

---

<sup>1</sup> International Standard on Auditing (ISA) 500, *Audit Evidence*

## Group Audits

The Board discussed respondents' comments on the Exposure Draft of proposed ISA 600 (Revised) (ED-600)<sup>2</sup> related to the scope and applicability of the proposed standard, the definition of component, the definition of engagement team, and the risk-based approach including the involvement of component auditors, as well as the ISA 600 Task Force's initial views and recommendations on the way forward.

In addition, the Board received a high-level overview of respondents' comments related to other areas in ED-600.

The ISA 600 Task Force will present issues related to this project at the March 2021 IAASB meeting.

## Extended External Reporting (EER) Assurance

The Board discussed the revisions made to the proposed EER Assurance Non-authoritative Guidance.

The EER Task Force will present a final draft of the proposed EER Guidance for IAASB approval at the March 2021 IAASB meeting.

## Fraud

The IAASB received an update on the information gathering activities in relation to fraud in an audit of financial statements. In particular, it was highlighted that outreach was being undertaken with investor groups to further understand their views.

The Board also discussed various specific matters related to the auditor's efforts with regard to fraud within the ISAs and provided views on possible ways that the issues and challenges could be addressed.

The Fraud Working Group will continue to gather information to further inform the Board's efforts in relation to fraud in an audit of financial statements, including consideration of the responses to the [IAASB Discussion Paper](#) that is out on consultation until February 1, 2021.

## Next Meeting

Video conferences have been scheduled for [January 26](#) and, [February 10–11](#), 2021. The next IAASB meeting is scheduled for March 15–19, 2021 and will be held virtually via videoconference. Details of this meeting will be released on the [IAASB Meetings webpage](#) in due course.

---

<sup>2</sup> Proposed ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*