

# IAASB Meeting Highlights and Decisions

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

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

## Group Audits

After making amendments in response to the IAASB's comments received during the meeting, the IAASB approved the Exposure Draft (ED) of proposed ISA 600 (Revised)<sup>1</sup> and related conforming and consequential amendments for public exposure with 18 affirmative votes out of the 18 IAASB members present. The ED will be issued in mid-April with a comment period of 120 days.

In finalizing the ED, the IAASB continued to discuss whether it is sufficiently clear how the standard described the involvement of component auditors. On balance, the IAASB was satisfied that the draft sets out acceptable proposals on all significant areas for this project and that it is appropriate to proceed to seek stakeholder views whether the proposals could be effectively implemented.

The IAASB also discussed possible matters to be addressed in the explanatory memorandum that will accompany the ED.

## Quality Management Projects

### *Quality Management at the Firm Level*

The IAASB discussed a full draft of proposed ISQM 1.<sup>2</sup> The IAASB particularly focused on the identification and assessment of quality risks, external communications, findings and deficiencies, the inspection of completed engagements, service providers, and the annual evaluation of the system of quality management. The IAASB also discussed the meaning of the effective date of proposed ISQM 1.

---

<sup>1</sup> Proposed International Standard on Auditing (ISA) 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>2</sup> 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 IAASB broadly supported the proposals and encouraged the ISQM 1 Task Force to further simplify the identification and assessment of quality risks, clarify the definition of deficiencies, and enhance the standard to encourage communication externally. With respect to the evaluation of the system of quality management, the IAASB also suggested adopting a less binary conclusion about the system of quality management to encourage a positive approach to evaluating the system.

The ISQM 1 Task Force will present certain sections of proposed ISQM 1 to the IAASB via videoconference on April 8, 2020.

### *Engagement Quality Reviews*

The Board discussed a draft of proposed ISQM 2.<sup>3</sup> The IAASB supported the ISQM 2 Task Force's proposed revisions on the scope of engagements subject to an engagement quality (EQ) review. The IAASB also reaffirmed its broad support for a mandatory cooling-off period to address objectivity for individuals moving into the role of EQ reviewer after serving as the engagement partner.

The ISQM 2 Task Force will consider the comments received and will present revised proposals via videoconference on April 1, 2020.

### *Quality Management at the Engagement Level*

The IAASB discussed a draft of proposed ISA 220 (Revised).<sup>4</sup> The IAASB discussed the guidance on the engagement team and how the requirements between those that are the sole responsibility of the engagement partner and those which the engagement partner is permitted to assign to another engagement team member are distinguished. The IAASB also discussed an illustrative example that was prepared by the Task Force to show that the proposed requirements are appropriate for larger, more complex engagements.

The ISA 220 Task Force will consider the comments received and will present revised proposals via videoconference on April 1, 2020.

### **Fraud and Going Concern**

The IAASB supported the targeted activities to gather information to support future work by the IAASB in relation to the auditor's considerations about fraud and going concern. It was highlighted that these activities were an important part of the IAASB's future work because of the public interest nature of these two topics

### **Next Meeting**

Video conferences have been scheduled for [April 1](#), [April 8](#), and [April 14](#), 2020 as an extension of the March 2020 meeting. A quarterly videoconference is also planned for [May 7](#). The next IAASB meeting is scheduled to commence June 15, 2020.

---

<sup>3</sup> Proposed ISQM 2, *Engagement Quality Reviews*

<sup>4</sup> Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*