

IAASB Meeting Highlights and Decisions

March 2022

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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 March 2022 IAASB meeting in a hybrid format, whereby some participants joined the meeting in person in New York, USA, and others virtually by videoconference, over the period of March 14–18,¹ followed by fully virtual sessions that took place on March 23, 2022.

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

Going Concern

The Board discussed and approved a project proposal for the revision of ISA 570 (Revised)² and the conforming and consequential amendments to other relevant ISAs. The project will primarily be focused on standard-setting actions that are intended to address targeted revisions of ISA 570 (Revised), rather than a comprehensive revision of the standard. Specifically, the project will seek to enhance or clarify:

- The auditor's responsibilities and work related to management's assessment of an entity's ability to continue as a going concern in the audit of financial statements; and
- Transparency about the auditor's responsibilities and work related to going concern.

The Going Concern Task Force intends to discuss and bring to the Board for their input at the June 2022 IAASB meeting certain proposed actions included in the scope of the project proposal.

Listed Entity and Public Interest Entity (PIE)

The Board discussed and approved a project proposal to undertake a narrow scope maintenance of standards project on listed entity and PIE. This project sets out the IAASB's actions to respond to recent revisions to the IESBA Code³ as a result of their project on the Definitions of Listed Entity and PIE. The IAASB's proposed actions include:

- A limited number of targeted changes to the ISQMs⁴ and ISAs; and

¹ Note: The session scheduled for Friday March 18, 2022, was cancelled due to all agenda items covered in the preceding days.

² International Standards on Auditing (ISA) 570 (Revised), *Going Concern*

³ The International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code)

⁴ International Standards on Quality Management

- Developing an objective and guidelines to support the IAASB's judgments in identifying specific matters for which differential requirements are appropriate in the ISQMs or ISAs.

In addition, the Board discussed initial proposals to amend ISA 700 (Revised)⁵ that would provide a mechanism for the firm to disclose whether it has applied the relevant ethical requirements for independence for certain entities, such as PIEs in the IESBA Code. The Board's views will inform the Exposure Draft, which will be presented for discussion and approval at the June 2022 IAASB meeting.

Fraud

The Board discussed and broadly agreed with the Fraud Task Force's proposals on proposed changes in ISA 240⁶ addressing the identification and assessment of the risks of material misstatement due to fraud and communication with those charged with governance about fraud-related matters. The Board also discussed different alternatives on the way forward for transparency in reporting on fraud and agreed that all alternatives presented should be included in the planned outreach with users of financial statements.

The Board was broadly supportive of the non-authoritative guidance illustrating the relationship between and linkage of ISA 240 and other ISAs. The Fraud Task Force will finalize the guidance for publication in Q2 2022.

In June 2022, the Fraud Task Force will bring to the Board for discussion the topics highlighted in the March 2022 IAASB meeting as well as selected new topics (i.e., introduction section, definitions, the requirements related to journal entries, specialized skills and the presumption of fraud risk in revenue recognition, and the related application and other explanatory material), including drafting proposals for certain of these topics.

Audit Evidence

The Board considered the first full draft of proposed ISA 500 (Revised).⁷ Although broadly supportive of the direction of the proposals, the Board asked the Audit Evidence Task Force to further explore and clarify the purpose or role of proposed ISA 500 (Revised) in relation to the auditor's responsibility to design and perform audit procedures, including its relationship with the other ISAs. The Board also provided direction on the meaning of the term "auditor's purposes" in the proposed standard. In addition, the Board asked the Audit Evidence Task Force to further consider the proposed definitions, including whether in all cases information needs to be subject to audit procedures to become audit evidence.

The Audit Evidence Task Force will update the draft proposed ISA 500 (Revised) based on Board members' feedback and will provide an updated draft to the Board for discussion at the June 2022 IAASB meeting.

Sustainability

The Board received four presentations reflecting the perspectives of a regulator, a preparer, an investor and an assurance practitioner on issues relating to assurance on sustainability. Following the

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

⁶ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁷ ISA 500, *Audit Evidence*

presentations, the Board discussed in breakout groups their views on the proposals and questions presented by the Sustainability Assurance Consultation Group.

Next Meeting

A mid-quarter IAASB video conference is scheduled for April 26, 2022. The next IAASB meeting is scheduled for June 13–17, 2022. Details and the format of this meeting will be published on the [IAASB Meetings webpage](#) in due course.