

IAASB Meeting Highlights and Decisions

September 2020

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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 September 2020 IAASB meeting virtually by videoconference, over the period September 14–23, 2020.

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

Quality Management Projects

The Board approved the three quality management (QM) standards and related conforming amendments as described. In finalizing the standards, the Board acknowledged the need for implementation support material.

Quality Management at the Firm Level

The Board approved ISQM 1¹ as a final standard. Firms will be required to design and implement systems of quality management in compliance with ISQM 1 by December 15, 2022. Once the Public Interest Oversight Board's (PIOB) confirmation that due process was followed is received, the Board will formally release the standard.

In finalizing ISQM 1, the Board considered how to enhance the focus on the public interest and consistent performance of quality engagements in the context of the objective of the standard, and discussed clarifications relating to human resources and external communications. The Board also suggested a number of areas that should be emphasized in the basis for conclusions.

Engagement Quality Reviews

The Board approved ISQM 2² as a final standard, which will be effective on December 15, 2022. Once the Public Interest Oversight Board's confirmation that due process was followed is received, the Board will formally release the standard.

The Board also received an update on the approval of the proposed revisions to the IESBA Code³

¹ 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*

² ISQM 2, *Engagement Quality Reviews*

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

addressing the objectivity of engagement quality reviewers and acknowledged the coordination efforts between the two Boards.

Quality Management at the Engagement Level

The Board approved ISA 220 (Revised),⁴ which will be effective for audits of financial statements for periods beginning on or after December 15, 2022. Once the Public Interest Oversight Board's confirmation that due process was followed is received, the Board will formally release the standard.

In finalizing the standard, the Board focused on clarifying the engagement partner's responsibilities, the scalability of the standard, and the linkages with ISQM 1.

Conforming Amendments to Other ISAs Arising from the QM Standards

The Board approved conforming amendments arising from the three QM standards.

Extended External Reporting (EER) Assurance

The Board received an overview of the comment letters received on the March 2020 EER Assurance [Consultation Paper](#). The Board discussed respondents' comments on the Consultation Paper and the EER Task Force's proposals for addressing the comments. A revised draft of the Non-Authoritative – EER Assurance will be presented to the Board at the December 2020 IAASB meeting, with a view to finalization in March 2021.

Next Meeting

Video conferences have been scheduled for November [10](#) and [11](#), 2020. The next IAASB meeting is scheduled for December 7- 11, 2020 and will be held virtually via videoconference. Details of this meeting will be released on the [IAASB Meetings webpage](#) in due course.

⁴ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*