

Basis for Conclusions
Prepared by the Staff of the IAASB
April 2020

IAASB's International Standards

**Conforming Amendments to the
IAASB International Standards as a
Result of the Revised IESBA Code**

IAASB

**International Auditing
and Assurance
Standards Board**

About the IAASB

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The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related services standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

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BASIS FOR CONCLUSIONS: CONFORMING AMENDMENTS TO THE IAASB INTERNATIONAL STANDARDS¹ AS A RESULT OF THE REVISED IESBA CODE²

The Staff of the International Auditing and Assurance Standards Board (IAASB) has prepared this Basis for Conclusions. It relates to, but does not form part of, the conforming amendments to the IAASB International Standards as a result of the revised IESBA Code.

The conforming amendments to the IAASB's International Standards received 18 affirmative votes from the 18 IAASB members present.³

Introduction

Background

1. This project falls under the umbrella of IAASB-IESBA coordination, a strategic commitment of the two Boards, and builds on their overarching commitment for enhanced connectivity and coordination to better serve the public interest.
2. The project commenced in March 2019 when the IAASB was presented with a proposed plan for updating the IAASB Handbook for the restructured IESBA Code. In November 2019, the IAASB approved a project proposal to revise the IAASB International Standards as a result of the revised IESBA Code with the following objectives:
 - (a) Identify any actual or perceived inconsistencies between the IAASB's International Standards and the changes made by IESBA in issuing the revised IESBA Code;
 - (b) Develop conforming amendments to the IAASB's International Standards to address such inconsistencies to the extent considered appropriate to:
 - (i) Enable the IAASB's International Standards to continue to be applied effectively together with the IESBA Code; and
 - (ii) Ensure that the IAASB's International Standards and the IESBA Code will be able to operate in conjunction with each other without conflict.
3. At its November 2019 Teleconference, the IAASB approved, for public exposure, the proposed conforming amendments to the IAASB International Standards as a result of the revised IESBA Code. ED—IESBA Conforming Amendments⁴ was published on November 15th, 2019, for comment by January 10th, 2020. The IAASB received comment letters from 18 respondents, including regulators and audit oversight authorities (2), national auditing standard setters (NSS) (2), accounting firms (4), member bodies and other professional organizations (8), and individuals (2).

1 The IAASB's International Standards comprise the International Standards on Auditing (ISAs), the International Standards on Review Engagements (ISREs), the International Standards on Assurance Engagements (ISAEs), and the International Standards on Related Services (ISRSs).

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

3 The full record of the voting on the IESBA Conforming Amendments is available at <https://www.iaasb.org/meetings/> under the 11 February 2020 Teleconference.

4 [Exposure Draft, Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code](#)

Public Interest Issues

4. The IAASB believes that it is in the public interest that the IAASB International Standards and the IESBA Code be able to operate in concert and without confusion due to the many jurisdictions and stakeholders that utilize both. It is also important that the IAASB's International Standards acknowledge and do not potentially undermine the enhancements that are made to the IESBA Code—either through being inconsistent or through failing to draw appropriate attention to the revised requirements in the IESBA Code.

Conforming Amendments

5. The ED included those amendments that the IAASB determined necessary to resolve actual or perceived inconsistencies between the IAASB's International Standards and the changes made by IESBA in issuing the revised IESBA Code. Staff also consulted with IESBA representatives and benefited from their inputs. All the changes made were editorial in nature or are changes limited to reflecting existing obligations under the revised IESBA Code.
6. Broadly, the proposed amendments to the IAASB's International Standards were characterized into the following categories:
 - (a) Proposed amendments to reflect structural changes to, and the applicability of, the revised IESBA Code.
 - (b) Proposed amendments to the framework for addressing threats to compliance with the fundamental principles to the revised IESBA Code.
 - (c) Updates to reflect the revised title of the IESBA Code.
 - (d) Proposed amendments to align with terminology used in the revised IESBA Code.

Summary of Comments Received on Exposure and IAASB Decisions

7. In general, respondents agreed that the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's International Standards and the revised IESBA Code. The IAASB agreed to make changes in response to comments that were:
 - (a) Editorial comments;
 - (b) Improvements to the alignment with the terminology and references used by the revised IESBA Code;
 - (c) Improvements to the consistency throughout the proposed conforming amendments being proposed; and
 - (d) Comments that certain changes proposed are not necessary and/or that the change was inconsistent with the limited nature of the project.
8. The IAASB did not make changes in response to suggestions that were outside the scope of the project. These included suggestions for alternative wording, pre-existing differences between the IAASB's International Standards and the IESBA Code; and matters related to other IAASB standards or coordination items between the IAASB and IESBA.

Effective Date

Background

9. The Explanatory Memorandum to the Exposure Draft asked respondents whether an effective date of approximately 90 days after the approval of the due process by the Public Interest Oversight Board would be appropriate.

Summary of Comments Received on Exposure

10. Overall, respondents expressed agreement with the proposed effective date of application of approximately 90 days after the approval of the due process by the Public Interest Oversight Board, as it would be in the public interest that the amendments become effective on a timely basis and as the shorter proposed effective date would help avoid prolonging the differences between the IAASB's International Standards and the revised IESBA Code.⁵
11. Three respondents did not support the proposed effective date and highlighted the following:
 - (a) The proposed effective date provided insufficient time for translations; and
 - (b) Some jurisdictions will need to comply with national due process requirements and as a result may need to have a later effective date than that set by the IAASB.

IAASB Decision

12. The IAASB noted the broad support for the planned effective date and agreed that the proposed amendments would be effective as of July 15th, 2020, as this would be slightly more than 90 days after the anticipated PIOB approval. However, recognizing that translations and national due process requirements may take additional time, the IAASB notes that national standard-setters in some jurisdictions may need to take additional time to adopt the amendments.

5 The revised IESBA Code became effective in June 2019.

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