IAASB and IESBA Coordination

IESBA Meeting, March 13-17, 2022

Saadiya Adam, IESBA Liaison Member to IAASB
Carla Vijian, IESBA Principal
Objectives of the Session

To receive a brief update on IAASB-IESBA coordination activities relating to:

• Current projects/initiatives with ongoing coordination
• Current projects/initiatives with potential coordination need
IAASB-IESBA Coordination Framework

- Liaison activities based on SSB Coordination Framework
- A more systematic and structured process
- Master Workbook: mechanism to inventory, capture and manage coordination needs
  - Process
  - Assigned responsibilities
  - Matters for discussion
  - Quarterly updates
- Prioritizing coordination topics
  - E.g. Fraud, Sustainability
- Periodic review by Board liaisons, Planning Committees
Coordination Activities

IAASB & IESBA Liaison Teleconference Feb 21, 2023

Agenda discussed:

• General coordination approach, including the ‘IAASB-IESBA Coordination Activities’ master workbook; and
• Coordination activities at project level

IAASB & IESBA staff videoconferences

• Sustainability
• Fraud
• PIE roll-out
## Overview of Current Projects and Initiatives (March 2023)

<table>
<thead>
<tr>
<th>IAASB Projects/Initiatives</th>
<th>Status and matters for noting</th>
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<tbody>
<tr>
<td>Fraud</td>
<td><strong>Ongoing:</strong> Coordination on ethical implications from the revisions on proposed ISA 240 (Revised) including enhancements to the concept of role and mindset and corporate culture, clarification of the definition of fraud and consideration of technology.</td>
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<td>Sustainability</td>
<td><strong>Ongoing:</strong> Discussion and co-ordination on the application of the Code of Ethics, including independence, for non-accountants providing assurance on sustainability reporting</td>
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<td>Going Concern</td>
<td><strong>Ongoing:</strong> Discussions on inclusion of a new requirement (and supporting application material) in ISA 570 (Revised 202X) for the auditor to communicate to an appropriate authority outside of the entity. This extends to any linkages/references to the Code with respect to applying the principle of confidentiality of the Code.</td>
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<td>Audit of Less Complex Entities (LCE)</td>
<td><strong>Ongoing:</strong> Coordination will continue between the IAASB and IESBA staff to consider impacts to the draft LCE standard. Further discussions planned after the June 2023 meeting (i.e., after the Authority is next discussed).</td>
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<tr>
<td>Listed Entity/PIE</td>
<td><strong>Ongoing:</strong> Coordination activities in Q2 2023 will include sharing the feedback from the responses that is relevant for IESBA's consideration (i.e., when the auditor's report is not available or has limited public disclosure) and as well as for IESBA's further actions in relation to any further actions relevant for review engagements (e.g., Update of the Staff Q&amp;A to clarify application of the transparency disclosure for ISRE 2400 (Revised) and ISRE 2410).</td>
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<td>Sustainability</td>
<td><strong>Ongoing:</strong> IESBA staff have been coordinating with IAASB staff on this new initiative launched with establishment of IESBA Sustainability Working Group at the March 2022 IESBA meeting</td>
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• IAASB is undertaking a current project to revise its fraud standard, ISA 240
  o IESBA Liaison and staff review of draft proposed ISA 240 (Revised) expected April 10th
  o Initial feedback and comments from an IESBA Code perspective, drawing on areas of commonality dealing with instances of alleged fraud, suspected fraud and fraud.
  o Paper also refers to the independence of the internal audit function.