

**Meeting:** IESBA

**Meeting Location:** New York

**Meeting Date:** December 10-12, 2012

## Agenda Item

# 4

### Definition of Engagement Team

#### Objectives of Agenda Item

1. To consider the significant comments received on the Exposure Draft (ED), *Proposed Change to the Definition of "Engagement Team"*,<sup>1</sup> and approve the final revised definition.

#### Task Force

2. Members:
  - Robert Franchini, Chair, IESBA Member
  - Brian Walsh, IESBA Deputy Chair
  - Caroline Gardner, IESBA Member
  - Peter Hughes, IESBA Member
3. Correspondent member:
  - Diana Hillier, ISA 610 Task Force Chair, and former IAASB Deputy Chair

#### Activities since Last IESBA Discussions

4. The IESBA approved the exposure draft in February 2012. With the cancellation of the October 2012 meeting, the IESBA has had no opportunity to consider the ED responses in detail until the December 2012 meeting. However, with a view to sensitizing the Board to the key issues arising on exposure, the Task Force Chair provided a brief update on the significant comments received on the ED at the October 15, 2012 IESBA teleconference.
5. To maximize interaction and coordination, the Task Force held two teleconferences jointly with the IAASB's ISA 610 Task Force on November 19 and 27, 2012 to consider the significant ED comments and to enable both Task Forces to finalize their recommendations for the respective Boards' December 2012 meetings.
6. In addition, the leaderships of the two Task Forces held two teleconferences with the International Organization of Securities Commissions (IOSCO) on November 7 and 26, 2012. Also, IESBA Member Isabelle Sapet and Acting Deputy Director Ken Siong participated in the meeting of the European Audit Inspection Group (EAIG) on November 15, 2012, at which the topics of the

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<sup>1</sup> The ED and comment letters may be accessed on the IESBA website at: <http://www.ifac.org/publications-resources/proposed-change-definition-engagement-team>.

definition of engagement team and the use of internal auditors to provide direct assistance on the external audit under the proposed revised ISA 610<sup>2</sup> were discussed. A summary of the discussions with IOSCO and EAIG is provided in Agenda Item 4-A.

### Material Presented

Agenda Item 4-A	Definition of Engagement Team—Summary of Significant Comments on Exposure and IESBA Task Force Recommendations
Agenda Item 4-B	Mark-up of Further Refinements to Final Wording of ISA 610 (Revised) Agreed at December 2011 IAASB Meeting (For Reference Only)
Agenda Item 4-C	ISA 610 Direct Assistance Mapping Document (For Reference Only)
Agenda Item 4-D	Paragraph References in Final Wording of ISA 610 (Revised) to Where Specific IOSCO Comments Addressed (For Reference Only)
Agenda Item 4-E	Compilation of ED Comments – Supportive Comments
Agenda Item 4-F	Compilation of ED Comments with Suggested Revisions or Objections

### Approach to Meeting Papers and Discussion

7. Agenda Items 4-A to 4-D are the same materials that are being presented at the December 2012 IAASB meeting (except that for Agenda Item 4-A for this IESBA meeting, the specific matters for consideration included therein are directed at the IESBA). In addition, in the sections under the subheadings *Task Forces' Responses and Recommendations* in Agenda Item 4-A, relevant paragraphs have been highlighted to help focus the IESBA's attention on matters of specific relevance to the ET definition.
8. The IAASB Task Force Chair, Diana Hillier, and IAASB Deputy Chair, Dan Montgomery, will participate in the Engagement Team session at the IESBA meeting on December 10, 2012 and will report back on the discussion to the IAASB during the ISA 610 session on December 11, 2012.
9. The IESBA Task Force Chair, Robert Franchini, will participate in the ISA 610 session at the IAASB meeting on December 11, 2012 and will report back on the discussion to the IESBA during the Engagement Team session on December 12, 2012. The IAASB Task Force Chair will participate in the IESBA discussion on December 12, 2012 and report back the final outcome of the IESBA discussion to the IAASB during the final ISA 610 session on December 13, 2012.

### Action Requested

10. The IESBA is asked to consider the significant issues and Task Force proposals presented in **Agenda Item 4-A**, and approve the proposed revised definition of engagement team presented therein as a final change to the Code.

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<sup>2</sup> Proposed ISA 610 (Revised), *Using the Work of Internal Auditors*