IESBA International Ethics Standards Board for Accountants®

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Meeting:	IESBA
Meeting Location:	Nashville, US
Meeting Date:	September 12-16, 2022

Agenda Item

5

Engagement Team -- Group Audit Independence

Objectives of Agenda Item

1. To consider the significant comments raised by 49 respondents[1] to the Exposure Draft, *Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits* (ED), and the Task Force's[2] responses.
2. To provide input and direction to the Task Force on its proposed revisions to the ED (1st Read post-ED).

Activities since June 2022 Board Meeting

3. At its June 2022 meeting, the IESBA received a high-level overview of the conceptual comments and questions raised during the global webinars on the ED and in the early comment letters submitted by respondents before May 30, 2022.
4. The Task Force held a 3-day in-person meeting in July and two virtual meetings in August. During the meetings, the Task Force considered all comments from respondents, discussed the way forward in the light of the IESBA's initial input in June, and developed revisions to the proposals in the ED in response to the ED comments.

Discussion with IESBA CAG

5. At the CAG's virtual meeting on September 6, 2022, the Task Force Chair will present the significant matters raised by respondents to the ED and the Task Force's key proposed revisions to the ED. The Task Force Chair will provide a summary of the CAG Representatives' feedback during the Board meeting.

Discussion with IAASB Representatives

6. While developing the proposed changes to the ED, the Task Force has identified some areas for coordination with the International Auditing and Assurance Standards Board (IAASB). The Task Force Chair and Staff will meet with representatives of the IAASB before September for an initial

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1 Refer to Appendix 1 of **Agenda Item 5-A** for a list of the respondents

2 The Task Force comprises:

- Caroline Lee, Chair, IESBA Deputy Chair
- Saadiya Adam, IESBA Member
- Denise Canavan, former IESBA Technical Advisor
- Andrew Pinkney, IESBA Technical Advisor

discussion on these matters. The Task Force Chair will report back to the Board on the outcome of this discussion during the Board meeting.

Matters for Consideration

7. **Agenda Item 5-A** comprises:
   - The analysis of the significant comments provided in the 49 comment letters;
   - The Task Force's responses to the main issues raised by respondents; and
   - The Task Force's proposals regarding revisions to the ED arising from the significant issues raised by the commenters.
8. **Appendices 2 to 6 in Agenda Item 5-A** include diagrams to facilitate understanding and Board discussion of the following issues and related Task Force proposals:
   - Definitions of the terms "engagement team" and "group audit team."
   - Independence considerations applicable to individuals involved in a group audit and options regarding individuals from component auditor firms outside the group auditor's network.
   - Independence considerations applicable to component auditor firms outside the group auditor firm's network in cases where the group audit client is a publicly traded entity and where it is not.
9. **Agenda Item 5-B** sets out the proposed revisions to the ED based on the Task Force's proposals presented in Agenda Item 5-A.

Next Steps

10. Following the September Board meeting, the Task Force plans further outreach with the following stakeholders in Q4:
    - IOSCO Committee 1
    - IFIAR Standards Coordination Working Group
    - Forum of Firms
11. Subject to the outcome of the IESBA's discussion in September and the Q4 outreach, the Task Force plans to seek the Board's approval of the final pronouncement at the November-December 2022 IESBA meeting.

Material Presented

For Discussion	
Agenda Item 5-A	Summary of Significant Comments on ED and Task Force Proposals
Agenda Item 5-B	Proposed Revised Text (Mark-up from ED)
Agenda Item 5-C	Proposed Revised Text (Clean)
For Reference	
Agenda Item 5-D.1	Reference Material – Comments to ED Q1

Agenda Item 5-D.2	Reference Material – Comments to ED Q2
Agenda Item 5-D.3	Reference Material – Comments to ED Q3
Agenda Item 5-D.4	Reference Material – Comments to ED Q4
Agenda Item 5-D.5	Reference Material – Comments to ED Q5
Agenda Item 5-D.6	Reference Material – Comments to ED Q6
Agenda Item 5-D.7	Reference Material – Comments to ED Q7
Agenda Item 5-D.8	Reference Material – Comments to ED Q8
Agenda Item 5-D.9	Reference Material – Comments to ED Q9
Agenda Item 5-D.10	Reference Material – Comments to ED Q10
Agenda Item 5-D.11	Reference Material – General and Overall Comments

Action Requested

12. IESBA members are asked to:

(a) Consider the significant comments raised by respondents to the ED and the Task Force's proposals in **Agenda Item 5-A** (with special regard to the options for independence considerations applicable to individuals involved in the group audit, as discussed in paragraphs 79-92 and Appendices 3 to 4); and

(b) Provide input and direction to the Task Force.