



PIOB UPDATE **Meeting Summary and Activity Report**

February 2022

The PIOB Technical Committee held its last quarterly meeting on 10, 13 and 14 December 2021 virtually. (**See agenda**).

Additionally, the Trustees of the PIOB Foundation met on 14 December 2021. (The PIOB is the Technical Committee of the PIOB Foundation.)

1. PIOB TECHNICAL COMMITTEE MEETING

During the meeting, the PIOB met with the leadership of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), with the leadership of IFAC and with the Monitoring Group Co-chairs separately to discuss the most recent developments regarding the implementation of the Monitoring Group Recommendations. In preparation for the meetings with the Standard Setting Boards (SSBs), we held our usual preparatory discussion on the public interest matters affecting the various projects of the SSBs.

The PIOB also discussed the revised Terms of Reference, the oversight plans and the PIOB communications strategy for 2022, and reviewed the communications and outreach actions in 2021.

IAASB - key focus areas during the meeting

- ISA 600 (Revised) - *Group Audits*, was approved by the IAASB at its December 2021 meeting. The PIOB discussed with the IAASB Chair its public interest issues on the almost finalized ISA 600 ([November 2021 IAASB PI issues list](#)). Some of the key aspects included: ensuring effective coordination between the group auditor and the component auditor, and that there were also the necessary documentation requirements. The IAASB will submit this standard for PIOB approval in April.
- The IAASB 2022-23 Work Plan was discussed. The PIOB acknowledged that very important projects, such as Going Concern and Fraud, were making progress. Also, in light of the recent international emphasis on the reporting of Environmental, Social and Governance (ESG), the IAASB is including this topic as a potential new project and will determine whether an assurance standard or guidance will be developed.

- The PIOB spent time with the IAASB leadership discussing the objectives and the public interest aspects of the Fraud project. The PIOB holds the view that this project should strengthen, and not only clarify, the auditor's responsibilities on fraud. The project should also ensure that the expectation gap is narrowed through further procedures and emphasis during the execution of the audit.

Other IAASB projects currently under PIOB oversight include the following:

- ISA for Less Complex Entities (LCEs)
- Complexity, Understandability, Scalability and Proportionality (CUSP) Drafting Principles and Guidelines
- Audit Evidence (Revision of ISA 500)
- Implications for IAASB Standards of IESBA "Definition of Listed Entity and PIE"
- Going Concern (Revision of ISA 570)
- Technology

IESBA - key focus areas during the meeting

It was the end of an era where the PIOB bid farewell to Stavros Thomadakis, whose term as IESBA Chair came to an end. It was an opportunity to acknowledge his exceptional dedication to the public interest during his six years as IESBA Chair, as well as six prior years as PIOB Chair.

We also welcomed the incoming IESBA Chair, Gabriela Figueiredo Dias, and are looking forward to a fruitful relationship with her. She was selected after a global search and open call led by the Interim Nominating Committee, which was set up for this purpose, and on which the PIOB had two independent nominees.

In respect of IESBA projects, the meeting focused on the following:

- Public Interest Entities (PIE) definition - The PIOB welcomed the broad approach applied to the definition, as it was approved during the December 2021 meeting of IESBA. We encouraged the IESBA to consider how the inclusion of collective investment vehicles and pension funds can be addressed, taking into account how diverse these entities are in size, complexity, design and regulation. The IESBA finally included an encouragement for standard setters and regulators in every jurisdiction to consider these entities as part of the local definition of PIE. The IESBA further committed to carry out targeted research to specifically understand these categories better, and to include them as a potential topic to be consulted in its next Strategy and Work Plan.

- The PIOB also had a discussion with the IESBA leadership on its Technology project, as well as on the Definition of the Engagement Team in the Code of Ethics (in respect of the changes made to ISA 600, *Group Audits*).

Other IESBA projects currently under PIOB oversight include the following:

- Technology (revisions to the Code)
- Technology non-authoritative material and fact finding
- Engagement Team/Group Audits Independence
- Tax Planning and Related Services

IFAC

Alan Johnson, IFAC President and Chair of the IFAC Nominating Committee, presented the recommendations for the appointments and re-appointments to the IESBA in respect of its 2022 composition, to the PIOB. This was the concluding session with the IFAC Nominating Committee in this regard in light of the implementation of the Monitoring Group Recommendations. In this respect, the PIOB has established a new Standard-Setting Boards' Nominations Committee (the SSB NomCo) which will take over the role from 2022 onwards to make recommendations to the PIOB regarding IAASB and IESBA membership.

As the Monitoring Group Recommendations are being implemented, the SSB NomCo, housed within the PIOB and hence independent from the profession, is an important feature. It would, however, be amiss to recognise the important role that IFAC has played through its Nominating Committee, to ensure that the SSBs are sufficiently composed with the right talent, skills and experience. Also, IFAC has played a key role in empowering the PIOB to smoothly take over this role, without having to start at a zero base.

IFAC, as representative body of the profession at large, will continue to play an important role to find and nominate candidates to the SSBs, and the ongoing collaboration between IFAC, the PIOB and the Monitoring Group is key to the successful implementation of the Recommendations. To this end, it was agreed that the PIOB will continue to observe elements of the IFAC Board and Council meetings going forward.

SSB Nominations Committee

As stated before, one of the key objectives of the Monitoring Group Recommendations was to reinforce the independence of the nominations processes to select candidates for the two SSBs.

Earlier in 2021, the PIOB put out a [Call for expressions of interest](#) in terms of the agreed terms of reference for its SSB NomCo, tasked at taking over the role from IFAC Nominating Committee.

On 18 November 2021, we announced the composition of SSB NomCo ([See the Press Release](#)). We were fortunate to secure Liz Murrall, who has a strong footing in the investor community, as chair. In addition, the SSB NomCo composition is doing justice to the multi-stakeholders' needs, based on skills and geographies, of the SSBs. [See the full SSB NomCo composition Here](#).

On 27 January 2022, the PIOB's SSB NomCo issued its first Invitations for Application to the SSBs, for purposes of 2023:

[The Invitation for Applications to the IAASB - 2023](#)

[The Invitation for Applications to the IESBA - 2023](#)

[Learn more about the SSB NomCo.](#)

2. PIOB APPROVALS

The PIOB approved the "Conforming and Consequential Amendments to the IAASB's Other Standards as a result of the new and revised Quality Management Standards (QMS)", as approved by the IAASB in accordance with due process and with proper regard for the public interest.

The PIOB confirmed the previous electronic approval of the proposed nominations recommended by the IFAC Nominating Committee for the [IESBA composition in 2022](#).

3. CURRENT PIOB PUBLIC INTEREST ISSUES

Following this meeting, the PIOB has updated its PI issues lists on the PIOB website:

[-The February IAASB Public Interest Issues lists](#)

[-The February IESBA Public Interest Issues lists](#)

4. PIOB FOUNDATION MEETING

During the PIOB Foundation meeting on Tuesday, 14 December 2021, the Board of Trustees welcomed two new members to the Board, namely:

- Tshego Modise - currently Head of Risk and Assurance in an Anglo-American mining group company and with experience as an audit committee member.
- Dave Sullivan - a consultant and retired Certified Public Accountant based in the United States. Dave has an extensive career as a partner at Deloitte for 30 years.

[See their short bios HERE](#)

5. PIOB ACTIVITIES DURING THE PERIOD

Since the 68th PIOB meeting (14-15 October 2021)

Oversight

OCTOBER			
19-20	Teleconference	IAASB	Karen Stothers
22	Virtual	IFAC COM	NOM Linda de Beer
NOVEMBER			
30	In-person NYC/hybrid	IESBA	Begoña Giner
30	Virtual	IAASB CAG	Yugui Chen
DECEMBER			
30 Nov-3 Dec	In-person NYC/hybrid	IESBA	Begoña Giner
8	Virtual	IESBA	Begoña Giner
16	Virtual	IESBA	Begoña Giner
6-9	Hybrid (NYC/virtual)	IAASB	Janine van Diggelen
13-14	Virtual	IAASB	Janine van Diggelen

Outreach

Shigeo Kashiwagi attended the November IFAC Council and December IFAC Board meetings. PIOB staff met virtually with the CEAOB Standard Sub-group on 6 November.

6. UPCOMING APPROVALS, MEETINGS AND OBSERVATIONS

In 2022, the PIOB expects to approve:

- ISA 600 (Revised) *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)* (IAASB)
- IAASB Work Plan 2022-2023
- Definition of Listed Entity and Public Interest Entity (IESBA)
- Quality Management-Related Conforming Amendments to the Code of Ethics

The next PIOB meeting will take place virtually on 4-5 April 2022. Until then, PIOB observers will attend:

FEBRUARY		
8	Mid-quarter Board call	IAASB
MARCH		
7	Virtual	IESBA CAG
8-9	Virtual	IAASB CAG
14-18 + 23	Hybrid (NYC/Virtual) or In-person NYC/hybrid	IAASB
14-16 (TBC)	Virtual	IESBA
31	Virtual	IESBA CAG

The PIOB will also attend the March IFAC Board meeting.

Please follow us on [LinkedIn](#) to stay up to date with our news.

For more information please contact:

Rocío Goudie
Communications Advisor
rgoudie@ipiob.org