

PIOB UPDATE
Meeting Summary and Activity Report

June 2022

The PIOB Technical Committee held its last quarterly meeting on 4-5 April 2022 in hybrid format. (**See agenda**).

The Trustees of the PIOB Foundation met on Monday 4 April 2022. (The “PIOB” is the Technical Committee of the PIOB Foundation.)

1- PIOB Technical Committee meeting

During the quarterly meeting, the PIOB held internal preparatory discussions for the meetings with the Standard-Setting Board (SSB) Chairs and the Board discussed the items presented by the SSBs for PIOB approval. James Gunn, Managing Director of Professional Standards, attended the sessions with both the IAASB and IESBA leadership teams.

Thereafter, the Board met with the leadership of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), to discuss the progress of the various projects. It also met with the IFAC leadership to discuss the progress of the MG reforms and matters of mutual interest.

IAASB Session

The meeting with the IAASB leadership was attended by Tom Seidenstein (IAASB Chair), Willie Botha (IAASB Technical Director), and James Dalkin (IAASB CAG Chair).

The discussion focused on Going Concern, Sustainability Reports - Assurance and ISAs for Less Complex Entities (LCEs).

IAASB items for Approval

- IAASB Work Plan 2022-23.
- ISA 600, *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*.

IESBA Session

The PIOB met with the IESBA leadership - Gabriela Figueiredo (at her first meeting as incoming IESBA Chair), Ken Siong (IESBA Technical Director), and Gaylen Hansen (IESBA CAG Chair).

The discussions focused on Environmental, Social and Corporate Governance (ESG), IESBA Strategy and Work Plan Survey and the proposed Technology project (revisions to the Code, and Fact Finding and Thought Leadership).

The PIOB also met with the IESBA CAG Chair in a private session.

IESBA items for Approval

- Definitions of Listed Entity and Public Interest Entity.
- Quality Management - Related Conforming Amendments to the Code.

IFAC Leadership Session

The session with the IFAC leadership was attended by Alan Johnson (IFAC President) and Kevin Dancey (IFAC CEO) to discuss the progress of the MG reforms with specific reference to the establishment of a new legal structure to house the SSBs and securing of a diverse funding solution.

2- PIOB Approvals

IAASB

2022-2023 Work Plan

The PIOB reviewed the IAASB's 2022-2023 Work Plan and the process applied for its development. The PIOB concluded that it could certify that the Work Plan is responsive to the public interest.

The PIOB provided input throughout this process and influenced the inclusion of public interest projects in the 2020-2023 Work Plan. These included projects to increase transparency of and strengthen the auditor's role in relation to Fraud and Going Concern, with a view to narrow the expectation gap. The PIOB also strongly encouraged the IAASB to consider a new project on Assurance on non-financial information to be responsive to the urgent demand from a broad range of stakeholders (including investors and regulators) for assurance on ESG/Sustainability reporting.

[ISA 600 \(Revised\) – Special Considerations – Audits of Group Financial Statements \(Including the Work of Component Auditors\)](#)

The PIOB reviewed the IAASB's revision of ISA 600 (Revised) – *Special Considerations – Audits of Group Financial Statements*. The PIOB provided input throughout this process, reflecting the importance of this project to address concerns about audit quality, such as those identified by regulators.

One key matter for the PIOB was the need for the standard to strengthen effective two-way communication between the group auditor and component auditors. The PIOB also stressed the need for appropriate direction, supervision and review by the group auditor of the work done by component auditors, as well as of effective documentation to facilitate regulatory assessment. Both matters were of significant importance to investors and regulators with a view to strengthen gaps identified as a result of corporate failures.

IESBA

Definition of Listed entity and PIE

The PIOB reviewed the IESBA's revision of the *Definition of Listed entity and Public Interest Entity (PIE)*. The PIOB's oversight contributed to ensuring that the PIE definition remained responsive to the public interest following the receipt of comments on the exposure draft, especially the consideration of whether Collective Investment Vehicles and Pension Funds should be retained as categories of PIEs in the expanded global definition.

These will not be mandatory categories, but the Code strongly encourages local standard setters to consider the inclusion of these categories in the local definition. Local standard setters, therefore, have the ability to adjust the definition to their own requirements.

The PIOB concluded this outcome of the project to be in the public interest. The PIOB was also satisfied with the IESBA's agreement to pursue a project to further understand the public interest implications of these two categories of entities.

Quality Management-Related Conforming Amendments to the Code

The PIOB reviewed the IESBA's Quality Management - Related Conforming Amendments. The PIOB encouraged and supported the coordination between the IAASB and the IESBA in ensuring alignment between the IAASB's new Quality Management Standards and the Code of Ethics.

The PIOB is of the view that further work is needed to consider the implications of the revised definition of Engagement Team in other current IESBA projects, in particular, the need for the independence provisions of the Code to apply in future to service providers and external experts as well as Engagement Team members.

3- PIOB Foundation meeting

During the PIOB Foundation meeting held on Monday, 4 April 2022, the Board of Trustees acknowledged the report from the PIOB Audit Committee Chair on the activities carried out by the PIOB's Audit Committee in the last quarter and the audited IFRS Financial Statements for the year ended at 31 December 2021.

In addition, the Board approved the audited annual statutory accounts for the year ended at 31 December 2021.

4- SSB Nominations

The PIOB's newly established SSB NomCo held its second meeting on 4 May 2022 after the closing date of the application submission period on 31 March 2022.

The Invitations for Application to the IAASB and the IESBA resulted in good responses and numerous applications received. The SSB NomCo is pursuing the next steps in the selection process, with further meetings scheduled. Recommendations in this regard will be made by SSB NomCo to the PIOB Technical Committee in due course for approval.

Learn more about the SSB NomCo.

The PIOB welcomed Martin Manuzi as its newly appointed Nominations Director in February 2022. His role will be to support the SSB NomCo in the design and implementation of the new nomination processes to select and appoint members to the IAASB and IESBA. This is done through a global, independent, inclusive, fair and transparent manner with respect of gender, professional background and geographic diversity.

Martin has held several strategic positions for the Europe at the Institute of Chartered Accountants in England and Wales (ICAEW) and holds a BA Honors degree in Economics and Social History and Italian, and a PhD in Philosophy.

5- PIOB Activities during this period

During this quarter, the PIOB has updated its Public Interest issues lists on the PIOB website:

- [May IAASB Public Interest Issues lists](#)

- [May IESBA Public Interest Issues lists](#)

Since the 69th PIOB meeting (13 - 14 December 2021)

Oversight

Date	Board/Committee	PIOB Observer
8 February	IAASB- Mid-quarter Board call	Michael Hafeman
7 March	IESBA CAG (virtual)	Dave Sullivan
8-9 March	IAASB CAG (virtual)	Dave Sullivan
14-16 March	IESBA (virtual)	Begoña Giner
14-18 March	IAASB (virtual)	Janine van Diggelen
23 March	IAASB (virtual)	Janine van Diggelen
31 March	IESBA CAG (virtual)	Dave Sullivan

Outreach

Date	Board/Committee	PIOB Observer
3-4 March	IFAC Board meeting	Karen Stothers
22 March	IOSO C1 meeting - presentation	Linda de Beer
28 March	IFIAR SCWG	Linda de Beer, Gonzalo Ramos, Claudia Deodati, Nerea Lastras

UPCOMING PIOB meeting: 7-8 July 2022

Scheduled oversight activities

<u>Date</u>	<u>Board/Committee</u>
26 April	IAASB Virtual
6-8 June	IESBA Virtual
7 June	IAASB CAG Virtual
13-17 June	IAASB Virtual

Scheduled outreach activities

<u>Date</u>	<u>Board/Committee</u>
19 April	MG (virtual)
26-27 April	IFIAR Plenary Meeting (virtual)
27 April	IFIAR Plenary Meeting - Standard setters panel (virtual)
3-4 May	Audits of Less Complex Entities Conference (Paris)
1-2 June	FSB Roundtable on External Audit (Madrid)
2 June	MG (Madrid)
2-3 June	IFAC Board meeting (New York)

ABOUT THE PIOB

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

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