



IAASB Observation Memo

New York, December 5-9, 2022

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Disclaimer: The observer applies his own judgment in identifying and communicating matters of public interest and due process at the meeting, and is responsible to the PIOB Technical Committee in doing so and in reporting on the observation. The views and opinions expressed in this Observation Memo are personal and belong solely to the observer and do not necessarily reflect or preclude the PIOB Board's position.

SUMMARY OF KEY ISSUES FROM THE MEETING:

- This meeting dealt with several important standard-setting projects, as well as the strategy and workplan for 2024-2027.
- The Board unanimously approved a draft Consultation Paper (CP) on the IAASB's SWP for 2024-2027. It includes guidance on the broad prioritization of the candidate topics for future projects.
- On the ISA for LCEs, the Board had good discussions regarding the possible use of other auditors for specific tasks in a group audit, such as inventory counts. The Board unanimously approved the Exposure Draft (ED) of Part 10 on Group Audit, which would provide for this possibility.
- The Board also actively discussed quantitative thresholds, providing input that should help the Task Force (TF) to develop clear guidance, that will be relevant to all jurisdictions, on setting such thresholds.
- The Board discussed TF proposals on several issues related to the revision of ISA 570 Going Concern. Good progress was made in clarifying the need for the auditor to look beyond management's assessment when considering risks to going concern.
- Transparency is the area where the most work remains, to support the goal of providing practical information that responds to requests from stakeholders for more transparency. The IAASB expects to approve an ED in March 2023.
- The Board had a lively discussion of ISA 240 Fraud. It agreed that transparency should be provided through a subsection of the Key Audit Matters (KAM). This approach seems appropriate, although it does reduce the emphasis given to fraud, for example, relative to going concern.
- With respect to the disclosure of significant deficiencies in internal controls relevant to fraud, the Board largely agreed that such disclosure should not be required. I expressed concern that this was contrary to the direction of discussions at the September meeting and to a Public Interest Issue (PII) that had been highlighted by the PIOB. The Chair said that they would be doing further work on this issue.

- The Board had its first discussion on TF proposals under Track 2 of the Listed Entity and Public Interest Entity (PIE) project. Track 2 addresses convergence of concepts between the Code and ISAs and other matters. The Board showed general support for the TF proposals, which are an excellent example of leveraging the work of the IESBA and moving in the direction of harmonization with the IESBA Code.
- The Board devoted significant time at this meeting to the project on ISSA 5000 International Standard on Sustainability Assurance. The discussions highlighted the need to make the standard understandable to a diverse range of potential users, which will help practitioners understand in a consistent way what they are expected to do. It will also help both regulators and users of the disclosures understand the level of assurance being provided and the work effort that supports this assurance.
- The Board had an active exchange of views on the proposed approach to risk identification and assessment, providing useful direction to the TF and highlighting the importance of further consultation with stakeholders.
- This was a hybrid meeting, with nearly all members being present in person in New York and one attending virtually.
- There was generally good attention by the TFs and the Board to public interest considerations and to responding to stakeholders' input.
- The chair was effective in encouraging the participation of members, while helping to move the Board toward clear positions on the issues under consideration. Members actively participated in the discussions, usually without much encouragement being needed.
- The chairs of the TFs and the WGs, along with the staff, were well prepared and presented the issues clearly.
- The meeting was efficiently run. Time that became available when some sessions were completed more quickly than scheduled was put to good use for discussion of ISSA 5000 International Standard on Sustainability Assurance.

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This document covers agenda items in item-number order.

Link to the Public Interest Issues: [PIOB-PI-Issues-on-IAASB-projects-October-2022](#)

Link to the Briefing Memo: [BM IAASB December-2022](#)

Agenda Item 2. STRATEGY AND WORKPLAN 2024-2027

Objective and Status: The IAASB's current Strategy and Work Plan (SWP) runs from 2020-2023. The IAASB needs to approve a new SWP for 2024-2027 by December 2023. The IAASB has revised the draft Consultation Paper (CP) on the IAASB's SWP for 2024-2027 with feedback received in September and planned to approve it at this meeting.

IAASB Key Discussion Points: The draft CP was discussed on Monday. Revisions were made in response to the discussion and circulated on Wednesday. On Friday, the Board considered and approved the revised draft.

The discussion on Monday raised several issues with public interest implications and the Board explored ways to deal with them. Some examples include:

- Since resources are not unlimited, the Board needs to take care not to over-promise what can be accomplished. The role of the IAASB in facilitating work that involves others is one response to such limitations.
- The Board needs to be sensitive to the difficult conditions being faced by stakeholders. Responses include providing implementation support, using innovative ways to obtain input, and reminding stakeholders that they do not need to respond to every question posed in a consultation.
- The Board discussed the commitment of resources to implementation support relative to those devoted to standard setting activities. It was noted that first-time implementation guidance can facilitate more effective implementation. The need for such guidance could be considered early in a project, to facilitate planning for the resources needed to develop it.
- The work approach of the IAASB should reflect sustainability considerations. The SWP might indicate steps are being taken or considered.
- The relationship between the specificity of standards and performance of those applying them was noted. The need for enforceability might be emphasized.

On Friday, staff highlighted the most significant changes made in the draft CP. Such changes included providing guidance on the broad prioritization of the candidate topics for future projects. (He also noted that the draft CP would be revised to incorporate suggested clarifications that I had provided in writing.)

The Board unanimously approved the SWP consultation document. After further editing and addition of the Chair's foreword, it will be released in mid-January.

PIOB Observer's Comments:

On Monday, I noted the excellent discussion that focused on clarifying the strategic objectives and how they can be met, which showed sensitivity to the needs of stakeholders. Examples included the position on first-time implementation guidance, the need to seek innovative approaches to facilitate consultation, and the role of the IAASB in furthering adoption of the standards by regulators.

Regarding the IAASB's operational sustainability, I mentioned that the PIOB has recently developed a policy to guide the planning of our own meetings. In doing so, we considered trade-offs between cost, effectiveness, and sustainability. We would support the IAASB doing something similar as part of its work plan.

I said that further guidance on potential projects to be targeted first, beyond the criteria under the Framework for Activities, might be helpful to obtain meaningful input from stakeholders. However, the approach proposed in the draft CP is also reasonable, so the PIOB is not pushing on this point. If the Board does want to give some guidance, I suggested that the Planning Committee might consider polling Board members on their top three potential projects and reporting the results (for example, the top five overall, not necessarily in priority order) in the CP. The Chair responded that such a survey might come later, but that it could not be done this week and should not hold up approval of the document. (However, as noted above, the version of the CP approved by the Board on Friday does provide guidance on the broad prioritization of the candidate topics for future projects.)

I also noted that the PIOB is pleased to see the heightened emphasis on joint work with IESBA in its SWP (and in IESBA's).

After the Board's discussion and approval of the draft CP on Friday, the CAG Chair indicated that he was satisfied with the outcome. I commented that the process and discussions by the Board were good and resulted in a much-improved document, which should provide an excellent basis for consultation.

Agenda Item 3. ISA FOR LCEs

Objective and Status: The IAASB is developing a stand-alone ISA for audits of financial statements of LCEs. The IAASB had previously discussed specific themes of the ISA for LCEs, in light of feedback on the ED. At this meeting, the IAASB discussed revisions to a few parts (Authority, Part 6, Part 10) proposed by the TF, and planned to approve the ED for Part 10 (Group Audits) and conforming amendments.

IAASB Key Discussion Points: This agenda item was dealt with three times during the meeting. The discussion on Monday raised several issues with potential public interest implications, including:

- The TF had proposed to keep the Authority clean and not provide exceptions that would allow for the use of the ISA for LCEs if another auditor is involved in a group audit. After discussion, the Board concluded that it would be appropriate to allow for limited exceptions, to avoid being disproportionately restrictive in dealing with practicalities, such as the need to be physically present to perform audit procedures. The TF was requested to consider how to maintain the definitions but still allow for limited exceptions, without heading down a slippery slope.
- The Board discussed issues related to the exposure process. Group audits are being scoped-in in response to overwhelming feedback from stakeholders and the IAASB is committed to releasing an ED on this soon. Once the redrafting of other Parts has been done, the Board will consider whether they need to be re-exposed. In the meantime, other approaches to get feedback will be considered, such as targeted outreach to stakeholders.
- The Board's discussion of Part 6 highlighted the need for clarity and proportionality in describing the expectations for risk identification and assessment. Members offered various drafting suggestions in support of these criteria. The Board was divided on some suggestions, for example, whether "evaluate" or "consider" was the appropriate work effort for a particular requirement.
- A process question was raised by a member, around how best to deal with split direction arising from straw polls, or with comments that are raised by only one member? In response, it was noted that the TF needs to reflect on the reasons given in support of written comments. The importance of raising significant comments during the meeting was also highlighted, as it can give the TF a sense of the Board's views on controversial issues. However, the risk of spending too much time discussing details was also noted.
- There was considerable discussion about the guidance that would be provided on the setting of quantitative thresholds by national standard setters. It highlighted the need to give an indication of the Board's thinking on the levels of thresholds, without being unduly restrictive or implying endorsement of a particular jurisdiction's thresholds by citing it as an example. A straw poll was used to help clarify the Board's direction to the TF.

In response to Monday's discussion, the TF developed wording that would facilitate the use of a component auditor when the component auditor's involvement is limited to attending a physical inventory count or inspecting physical assets. The revised wording was circulated on Tuesday and discussed by the Board on Wednesday. An active discussion resulted in the Board's support for the proposal, as being responsive to the needs mentioned by stakeholders

without creating too much complication. Additional steps to be taken will be to develop wording to explain the basis for the examples, review Part 3 to ensure its consistency with ISA 220, and to consider a related question to be posed on consultation.

In response to Monday's discussion, the TF also developed revised wording of the Authority regarding quantitative thresholds, which was circulated on Wednesday, and minor changes to Part 10, which were explained at the meeting on Friday. The minor changes to Part 10 were uncontroversial and the Board voted unanimously to approve the ED of Part 10. The draft EM on Group Audits will be circulated to the Board for comments by mid-January.

Discussion then turned to the issue of quantitative thresholds. The TF had provided two options for communicating such thresholds. After some discussion, all but one of the Board members expressed support for Option A, which includes two jurisdictions as examples. The other member objected to both Options, on the basis that the EU example would lead to unduly restrictive thresholds.

PIOB Observer's Comments: On Monday, I noted the good discussion on the Authority regarding the use of other auditors for specific tasks in a group audit, such as inventory counts. I said that an exposure period of 90 days seems appropriate to the PIOB, while suggesting that discussion later in the week regarding the implications of multiple standards being exposed during that period would be useful.

I also noted the good discussion of Part 6, in which the Board focused on clarifying the expectations, achieving proportionality, and maintaining consistency with other standards. An example of this was the wording on fraud risk.

There was also an active discussion on quantitative thresholds. It generated input that should help the TF to develop clear guidance, that will be relevant to all jurisdictions, on setting quantitative thresholds. The guidance should be clear on whether thresholds should be set (given that qualitative characteristics should predominate) and on the need for thresholds to be appropriate to the circumstances of the jurisdiction, while avoiding the impression of being EU-centric. I suggested that it might also be useful to provide guidance on thresholds that the IAASB would consider to be appropriate, once a jurisdiction has completed its considerations.

Overall, I noted that there had been good progress, although more remains to be done.

The CAG Chair had no additional comments.

On Wednesday, I said that the Board seemed to have arrived at a sensible way forward on the use of another auditor, and that the additional wording should be useful in clarifying what could and could not be done.

On Friday, after the Board approved the ED of Part 10, the CAG Chair said that the CAG would be pleased to see this move forward. I then congratulated the Board and TF on progress in approving the ED of Part 10 and said that the PIOB looks forward to the seeing the feedback of stakeholders. After the discussion of quantitative thresholds, I declined the opportunity to comment further on this project.

Agenda Item 4. GOING CONCERN

Objective and Status: The Going Concern (GC) project objectives are to:

- Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern;
- Establish a more robust evaluation of management’s assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and
- Strengthen the communication and reporting requirements with respect to the auditor’s responsibilities and work related to going concern.

The GC project proposal was approved in March 2022 and revisions to ISA 570 have been discussed by the IAASB at the June and September meetings. At this meeting, the TF presented proposals to address the remaining actions under the project proposal, including a full revised draft of ISA 570 and conforming amendments. The IAASB expects to approve the ED in March 2023 and finalize the project in June 2024.

IAASB Key Discussion Points: The TF Chair reported on recent input from stakeholders. This included an input from the IASB on the proposed timeline for the assessment of going concern, the definition of material uncertainty, and the description of significant doubt.

The Board’s discussion raised several issues with potential public interest implications, including:

- Regarding the assessment of information from external sources, highlighting the importance of keeping language consistent with that of other standards and avoiding idiomatic expressions that are difficult to translate.
- The need to ensure that sufficient emphasis is given to the collective element of the assessment of going concern, to which the TF Chair will give further consideration.
- A suggestion that it would be appropriate for the auditor to discuss with management a new risk factor identified by the auditor before requesting management to revise its assessment of going concern. This could make the requirement more proportionate and responsive to the situation.
- There was considerable discussion by the Board around alternatives for providing transparency about going concern in the auditor’s report. While acknowledging that there are still mixed views on the Board, the Chair noted that the goal is to provide



practical, entity-specific information to users, in response to investors' calls for more transparency. He emphasized the need to put out an ED to obtain stakeholders' views.

PIOB Observer's Comments: After the Board's discussion of management's assessment of going concern, I said that the PIOB believes the TF proposal was a good way to address our concerns that the auditor should consider the risks to going concern beyond those identified by management. We would not have a problem with the auditor discussing things with management before requesting them to revise its assessment. I noted that a key objective seems to be avoiding the provision of original information by the auditor. However, auditors do so when issuing a qualified opinion, so I suggested that perhaps they could also do so in a "close call" situation. The TF Chair responded that if the auditor decided the financial statements were not fairly representing the financial situation because management was not making adequate disclosure, the auditor should issue a qualified opinion and would need to disclose the reason. The TF will look at how this point might be made in the standard.

At the end of the session, I said that good progress had been made in clarifying the need for the auditor to look beyond management's assessment when considering risks to going concern.

I noted that transparency is the area where the most work remains. I supported the message of the Chair that the goal is to provide practical information that responds to requests from stakeholders for more transparency.

I also noted that the standard would require some disclosures only for listed entities, while later in the week the Board would be discussing the recommendations of the Listed Entity and PIE project TF, which is proposing that differential requirements would apply to all PIEs. If the Board ultimately agrees to take that direction, the impact on the going concern standard would need to be considered. The TF Chair agreed, while noting that this track of the Listed Entity and PIE project is not yet close to concluding.

Agenda Item 5. FRAUD

Objective and Status: The objective of the Fraud project is to enhance and clarify the role and responsibilities of the auditor in relation to fraud in an audit of financial statements, through the enhancement of ISA 240 and conforming and consequential amendments to other ISAs. The IAASB approved the project proposal in December 2021. Proposed changes to ISA 240 have been discussed by the IAASB at previous meetings. At this meeting, the TF presented revised proposals on transparency options in the auditor's report and on "fraud and suspected fraud", along with updated redrafting of ISA 240.

IAASB Key Discussion Points: The Board's discussion raised several issues with potential public interest implications, including:

- The need to be clear that the main determinant of the audit work should be whether fraud or suspected fraud risks have been identified, rather than when this identification occurs, was noted.
- The TF proposed reporting on fraud by having a subsection on fraud within the KAMs and requiring a statement if there are no such KAMs to report, rather than having a separate section on fraud. Advantages cited for this approach included: familiarity with the KAM mechanism; application of a filter for significance in the KAMs; avoiding an overemphasis of risks related to fraud versus those related to error; avoid overshadowing other KAMs; reducing the potential for boilerplate language; and being responsive to the needs of users. The Board supported the proposal, while offering drafting suggestions and other input that will be considered by the TF.
- While noting that stakeholders were looking for the disclosure of significant deficiencies in internal control related to fraud, the Board largely agreed that such disclosure should not be required. Some members objected to requiring such disclosure, as being beyond the scope of the audit. However, it was noted that ISA 315 requires work around controls and that there is no prohibition on reporting a deficiency in internal control in an error-related KAM.

Further issues will be discussed at the March and June meetings, with the expectation that an ED will be approved in September.

PIOB Observer's Comments: I said that the KAM approach seems appropriate, although it does reduce the emphasis given to fraud, for example, relative to going concern. The PIOB would be concerned if the reporting on fraud would be weakened from that required by the proposal in response to push-back on consultation, such as from practitioners who do not want a separate subsection under KAM.

With respect to the disclosure of significant deficiencies in internal controls, I quoted from the latest PII: "What the auditor needs to disclose can be expected to drive changes in auditor behavior, and in turn contribute to enhanced transparency in management's and TCWG's reporting on fraud, thus helping to address the expectation gap." I said that the PIOB was encouraged by the direction things were going after the September meeting, but that the change in direction at this meeting seemed to be a lost opportunity.

The Chair responded that the Board did a pretty full exploration of the possibility of disclosing control deficiencies. He expressed concern that the Board should not be discouraged from exploring possibilities. He indicated that the Board would not give undue attention to the views of particular stakeholders, such as practitioners, when consulting on the ED. He said that being reprimanded by the PIOB could discourage the Board's due process.

I said that the PIOB recognizes that not all alternatives that might be explored will turn out to be possible to be implement.

(After a break, the Chair reported that in the interim he had discussed with the TF ways to deal with control deficiencies, perhaps by providing examples of how they would be considered KAMs. He said that they would be doing further work on this issue.)

At the conclusion of the session, the CAG Chair said that government auditors are required to report significant control deficiencies. He said that when this requirement was first introduced, there was a similar reaction to that of the Board today, but that the world hasn't come to an end.

I concluded by saying that, despite my earlier comments, there has been good progress on this project. The Board had good discussions, reached agreement on many issues, and provided useful drafting suggestions.

Agenda Item 6. LISTED ENTITY AND PIE

Objective and Status: This narrow-scope project originated from the IESBA project to review the definitions of Listed Entity and Public Interest Entities (PIE) in the Code of Ethics, with a key objective to achieve convergence between concepts in the Code and ISAs. The IAASB approved a project proposal to address PIE matters in its March 2022 meeting which is being developed in two phases or tracks. Track 1 (fast moving) will address transparency of independence requirements applicable to PIEs (with an effective date aligned with IESBA's PIE pronouncement of December 15, 2024). Track 2 will address convergence of concepts between the Code and ISAs and other matters, to be finalized by September 2024 (with a later effective date). The IAASB began discussing main issues related to Track 2 at this meeting.

IAASB Key Discussion Points: The Board's discussion raised several issues with potential public interest implications, including:

- Most concerns raised by the Board regarding the case-by-case analysis of the potential application of differential requirements related to the possibility of extending ISA 720 (The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements) and some or all of the requirements of ISQM 1 (Engagement Quality Review) to PIEs. Some expressed concern about extending these requirements to the audits of banks and insurers that are not listed entities.
- The TF Chair said that the IESBA has done a lot of work to establish a global baseline, as explained by the TF. She cautioned that there is a risk of great complexity if the approach to differential requirements differs among standards. Staff said the objectives of the project need to be kept in mind and that the IAASB needs to be able to explain to stakeholders why some requirements should not be extended to PIEs. The Chair suggested that they proceed on the basis that ISA 720 would not be extended to PIEs and seek input on exposure.

- When discussing the possible adoption of the IESBA definitions of PIE and Publicly Traded Entity, it was noted that it would be easier for users and consistent with the IESBA to include definitions.

Responses to the ED on Track 1 will come to the Board in March, with final approval expected in June. For Track 2 (this meeting's topic) the Board is targeted to approve an ED in June, with final approval targeted for September 2024.

PIOB Observer's Comments: During the discussion of the case-by-case analysis, I mentioned that the international standards for insurance and banking supervision, which have been placing an increasing emphasis on reporting and disclosure, do not differentiate between listed and unlisted companies.

At the conclusion of the session, I said that it is encouraging to the PIOB that the Board showed general support for the TF proposals. The proposals are an excellent example of leveraging the work of the IESBA and moving in the direction of harmonization with the IESBA Code. We look forward to the results of further work by the TF in response to the feedback, for example in relation to the implications of applying ISA 720 to PIEs.

Agenda Item 7. SUSTAINABILITY ASSURANCE

Objective and Status: the IAASB included Assurance on Sustainability Reporting as a new project in its 2022-2023 Work Plan and approved the project proposal for the Sustainability Assurance overarching standard in September 2022. At this meeting, the TF presented its proposals related to parts of the standard which have been drafted.

IAASB Key Discussion Points: This agenda item was dealt with over four days. On Monday, the TF Chair introduced the topic, explained the drafting process, which pairs each TF member with a member of the drafting team, and set out the agenda for issues to be discussed during the week. Such discussions took place on Tuesday, Wednesday, and Thursday. Also on Thursday, IESBA representatives updated the Board on its sustainability project. This was followed by a workshop, in which attendees met in breakout groups to discuss several questions posed by the TF, to provide input to inform future drafting.

The Board's discussion raised several issues with potential public interest implications, including:

- The mapping of extant standards to the draft ISSA 5000 has been useful. It will be updated for the March meeting.
- The need to post agenda papers early enough to enable proper analysis, particularly by non-native English speakers, was highlighted. The TF Chair said that it might not be possible to send post the papers earlier, given the workload. However, members were

encouraged to share the papers with others even after the Board meeting, as comments would still be useful.

- There were extensive discussions of proposals regarding the aggregation or disaggregation of information for the purpose of providing assurance. It highlighted the importance of considering the approach taken by management, the levels at which assertions would be made, and the level of information on which assurance would be provided. It was noted that the terminology of aggregation and disaggregation is familiar to accountants, but it might not be to other assurance providers.
- The Board discussed proposed definitions, focusing on four that were of particular interest to the TF: assertions, engagement leader, sustainability information, and underlying subject matter. The need to use terms in a consistent manner throughout the standard was highlighted. Efforts being undertaken to coordinate with other standard setters, including the IESBA, to seek consistent terminology were noted.
- In discussing acceptance and continuance of the assurance engagement, a challenge noted was that, unlike the case for financial reporting, many jurisdictions do not have sustainability reporting frameworks in place. Accordingly, more preliminary work is likely to be needed than in a more traditional assurance engagement. Clarity on how far a practitioner might need to go at this stage, without straying into performance of the engagement, could be particularly useful to non-PAs.
- With respect to evidence, the TF proposed to move some requirements of ISA 500 to application guidance, because of the different nature of the information. The discussion highlighted that the relocation of requirements to application material is an issue of principle that is relevant across the entire standard. The TF Chair explained that some of the relocation was done to create an overarching standard that is at an appropriate level of detail. Various suggestions were made to deal with this issue.
- The discussion of planning highlighted some difficulty in interpreting the definition of disclosures. A staff member described it as the information provided at the intersection of topics and aspects, such as risks and opportunities related to biodiversity. A TF member said they were trying to allow for flexibility regarding the level of disclosure, which might differ by engagement. The information within a disclosure will have various characteristics, such as historical. Although characteristics are also important to the planning, materiality would not have to be determined at that level.
- The Board supported using the same approach to materiality for limited and reasonable assurance engagements. However, there was much discussion of whether materiality at the disclosure level might differ between engagements that look at a narrow range of disclosures versus a broad range of disclosures for comparable entities, because of differences in the aggregate materiality. The TF will give this issue further consideration.
- There was extensive discussion regarding the level at which risk identification and assessment should be done. The TF proposed that for a reasonable assurance engagement, the risk of material misstatement (ROMM) would be identified and assessed at the assertion level for each disclosure, with the results used to design

further audit procedures. For a limited assurance engagement, the TF proposed that a practitioner should identify disclosures where material misstatements are likely to arise, using the results to design procedures to focus on those disclosures. One TF member explained why he did not support this proposal, believing that it would be in the public interest to do the assessment in the same way for a limited assurance engagement as was proposed by the TF for a reasonable assurance engagement. At the end of the discussion, the Chair said that most members seemed to support the TF's view, but many recognize the merits of the arguments for the alternative. He suggested that drafting proceed in the proposed direction, but with consideration of these views and additional consultation with key stakeholders.

- With respect to the understanding required and risk procedures, there was general support for the direction of the TF proposals on matters the practitioner is required to understand. Some members expressed concern about losing the concept of significant risk, since responses to risks need to be proportionate.
- Several members commented favorably on the usefulness of the side-by-side presentation of material related to reasonable and limited assurance in the draft, suggesting that this style be retained in the final standard.

PIOB Observer's Comments: I congratulated the Board on the rapid progress of its work toward a high-quality standard on sustainability assurance.

I noted that there has been good attention by the TF, other drafters, and the Board to the need make the standard understandable to a diverse range of potential users. For example, this included comments to help ensure the use of clear and consistent terminology, as well as to write requirements in a manner that does not assume experience as an auditor. It will be essential to continue such efforts. This will help practitioners understand in a consistent way what they are expected to do. It will also help both regulators and users of the disclosures understand the level of assurance being provided and the work effort that supports this assurance.

The Board had an excellent discussion about the appropriate level of detail to include in the overarching standard, how to maintain consistency with extant standards, and the relative weight to be given to various extant standards when they differ (for example, ISA 500 versus ISAE 3000 in relation to evidence).

The active exchange of views on the proposed approach to risk identification and assessment was particularly interesting and seemed to provide useful direction to the TF for further consideration. It also highlighted the importance of further consultation with stakeholders. This will be an important area in which to achieve clarity, for the reasons just highlighted.

Closing Comments

PIOB Observer's Comments (on the Meeting Overall):

I commended the Board on a productive meeting. There were good discussions on a wide range of agenda items, with useful direction being provided to the respective TFs that will help the respective projects to progress. I also expressed appreciation for their diligence in responding to PIOB comments, both those made at the September meeting and those made this week. Although the outcomes might not always be what we had envisioned, it is good to see that they are working toward solutions that will achieve the same public interest objectives.

I said that timing will not allow for detailed discussion of this week's meeting by the PIOB next Monday and Tuesday, but I will report the highlights. I said that there would be a debriefing session, to allow for a fuller discussion of my observations, once my OM has been circulated to my colleagues. I also said that the MG reform recommendations included the publication of BMs and OMs, which will begin soon, and noted that we have been refining the structure and content of these documents to ensure they are suitable for publication.

The Chair expressed his appreciation for the contributions of the CAG Chair and the PIOB observer to the success of the meeting.

The Chair recognized outgoing members Lyn Provost and Len Jui.

A videoconference meeting is scheduled for February 7, for an IASB update. The CAG will be meeting on March 7-8; TF members who need to participate will be able to do so virtually. Papers for the March Board meeting will be published starting on February 27.