



## IAASB Observation Memo

February 7, 2023

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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.*

**Objective and Status:** The virtual meeting dealt with one topic: a technical update to the IAASB by the IASB. IASB representatives Rika Suzuki, member, and Jennifer Minke-Girard, staff had prepared 52 slides and spoke to the first 39; the others were a supporting appendix. The meeting was publicly live streamed, and the slides were made available after the meeting.

The IAASB has a working group that monitors IASB projects and provides input on issues that could affect the auditability of financial information.

**IAASB Key Discussion Points:** The presentation by IASB representatives was clear and comprehensive. IAASB members had relatively few comments or questions, in some cases seeking clarification of the timing of various IASB initiatives.

IAASB members and staff commented on two IASB standard-setting projects that might need further consideration by the working group: Disclosures About Business Combinations and International Tax Reform Pillar Two Model Rules.

The IASB's third agenda consultation was recently completed, with respondents commenting on or suggesting approximately 70 potential projects. In line with its finite capacity and the need to be able to respond to emerging issues, the IASB has added three new projects to its work program (Intangible Assets, Statement of Cash Flows and Related Matters, and Climate-related Risks in the Financial Statements), with another two on the reserve list.

The IASB member acknowledged the potential disappointment of the IAASB that a project on going concern is not in the IASB's plans but said that resource constraints prevented this. Nevertheless, the IASB considers its relationship with the IAASB important and will continue to monitor the IAASB's Going Concern project and maintain a dialogue. The IAASB chair and vice-chair responded that its advocacy for a project had been reinforced by input from key stakeholders, including the PIOB and the Monitoring Group, that more should be done, and they look forward to further discussions with the IASB. The IASB recently published educational materials on going concern, which should help to build understanding of the issues.



The presentation highlighted the importance of connectivity between the IASB and the ISSB, in both process and product. Two members commented on aspects of the broader reporting landscape, such as the extent to which financial statement disclosures and sustainability-related financial disclosures will be integrated.

The IASB will be slightly increasing its level of focus on digital financial reporting and was pleased to see this topic raised by the IAASB in its strategy consultation.

PIOB Observer's Comments: At the end of the meeting, I expressed support for the ongoing communication between the IASB and the IAASB. I noted that many of the IASB's projects have potential implications for the IAASB's strategy and work program. I indicated that it was good that discussions between the two boards of going concern would continue, despite this not being an IASB project, as it was important that information on going concern be as useful to stakeholders as possible.