

**Minutes of the 82<sup>nd</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD  
Held on January 31, 2017 by Teleconference**

### **Voting Members**

Present: Arnold Schilder (Chairman)  
Megan Zietsman (Deputy Chair)  
Abhijit Bandyopadhyay  
Fiona Campbell  
Robert Dohrer  
Karin French  
Marek Grabowski  
Len Jui  
Annette Köhler  
Chuck Landes  
Brendan Murtagh  
Marc Pickeur  
Lyn Provost  
Ron Salole  
Rich Sharko  
Sayaka Sumida  
Imran Vanker  
Ge Zhang

### **Technical Advisors**

Sara Ashton (Ms. French)  
Nicolette Bester (Mr. Vanker)  
Wolf Böhm (Prof. Köhler)  
Dora Burzenski (Ms. Zietsman)  
Ahava Goldman (Mr. Dohrer)  
Hiram Hasty (Mr. Landes)  
Josephine Jackson (Mr. Grabowski)  
Susan Jones (Mr. Jui)  
Sachiko Kai (Ms. Sumida)  
Eric Turner (Mr. Salole)  
Inge Vanbeveren (Mr. Pickeur)  
Sylvia van Dyk (Ms. Provost)  
Sanjay Vasudeva (Mr. Bandyopadhyay)  
Denise Weber (Ms. Campbell)

Apologies:

Chun Wee Chiew (Mr. Murtagh)  
Shu Duan (Mr. Zhang)  
Jamie Shannon (Mr. Sharko)

### **Non-Voting Observers**

Present: Yoshinao Matsumoto (Japanese Financial Services Authority)

Apology: Juan Maria Arteagoitia (European Commission), Marie Lang (Interim IAASB Consultative Advisory Group (CAG) Chairman)

### **Public Interest Oversight Board (PIOB) Observer**

Present: Michael Holm

**IAASB Technical Staff**

Present: Matt Waldron, Beverley Bahlmann, Brett James, Vijyata Kirpalani, Natalie Klonaridis, Csilla Molnar, Schuyler Simms, Jasper van den Hout, Bradley Williams, James Gunn (Managing Director, Professional Standards)

International Auditing and Assurance Standards Board (IAASB) agenda materials referred to in these minutes can be accessed at [www.iaasb.org/meetings/iaasb-conference-call-january-31-2017](http://www.iaasb.org/meetings/iaasb-conference-call-january-31-2017). These minutes are a summary of the decisions made at the January 2017 IAASB meeting, in light of the issues and recommendations in the agenda material put forth by the Task Forces, Working Groups, Drafting Teams and Staff supporting the individual projects. These recommendations are made taking into account feedback from respondents to the IAASB's public consultations, in particular Exposure Drafts (EDs) of the IAASB's proposals, consideration of previous discussions of the Board and its CAG, and feedback from stakeholders through outreach activities.

**1. ISA 540<sup>1</sup>**

Mr. Sharko and Mr. Pickeur introduced the topic, noting that this call was focused on the Task Force's proposals regarding certain paragraphs covering the auditor's stand back regarding accounting estimates and the evaluation of the reasonableness of the accounting estimates.

**STAND BACK PROVISION**

In addition to editorial and drafting comments about proposed paragraph 13E of draft proposed ISA 540 (Revised), the Board asked the Task Force to consider:

- Clarifying the linkage of the stand back provision with paragraphs 25–27 of ISA 330.<sup>2</sup> Some members wanted a clearer reference to revisions of the risk assessment as is done in ISA 330, while others thought that the requirement was different to the ISA 330 stand back. The Task Force was also asked to consider whether the stand back should be performed at the assertion level, as is done in ISA 330.
- Clarifying to which accounting estimates the stand back is intended to apply. It was suggested by some members that the stand back could apply to all estimates, while others thought it should apply to only some accounting estimates.
- Amending or removing the reference to consistent application in paragraph 13E(a) as it did not follow well from the rest of the sentence.
- Relocating the sentence regarding considering all relevant audit evidence obtained, whether corroborative or contradictory, to paragraph 13F.
- Providing examples to support the application material regarding recognition and disclosure issues.

The IAASB generally agreed with the Task Force's proposal to streamline the application by deleting certain paragraphs that were repetitious or unnecessary.

<sup>1</sup> ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

<sup>2</sup> ISA 330, *The Auditor's Responses to Assessed Risks*

#### EVALUATION OF THE REASONABLENESS OF THE ACCOUNTING ESTIMATES

Some members questioned whether paragraph 13F should refer to “materially” misstated. It was noted that the evaluation of the materiality of misstatements was covered by ISA 450,<sup>3</sup> and should not be covered by ISA 540.

The IAASB commented on the application material that discussed the calculation of a misstatement when the auditor developed a range. Views expressed included that more needed to be done to address very wide ranges, and whether it was appropriate for an auditor to select an amount inside the auditor's range to calculate the misstatement.

The Board also asked the Task Force to consider whether specific mention could be made of professional skepticism in paragraph 13E or 13F.

#### PIOB OBSERVER REMARKS

Mr. Holm supported the changes to paragraph 13E, and noted that examples could be added to support the application material dealing with recognition of accounting estimates. He also supported further clarification of the meaning of the term “reasonable” in paragraph 13F.

#### WAY FORWARD

The Task Force will present a draft Exposure Draft for approval at the March 2017 IAASB meeting.

### **2. Next Meeting**

The next IAASB meeting will be March 13–17, 2017, to be held in Lima, Peru.

### **3. Closing**

Prof. Schilder thanked the Task Force and the IAASB staff and closed the meeting.

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<sup>3</sup> ISA 450, *Evaluation of Misstatements Identified During the Audit*