IAASB Strategy Review—Summary of Significant Comments and Related Recommendations

Background

1. During 2007 the IAASB followed an extensive consultation program to obtain the widest possible input into determining its strategy and work program for 2009-2011.

2. In October 2007 the IAASB issued a Consultation Paper, *Proposed Strategy for 2009-2011*, which formed the final stage of the consultation program. It presented the proposed strategy for 2009-2011, possible actions to implement the proposed strategy, and the basis for them. Fifty-five responses were received. A list of respondents is included in Appendix 1.

3. The final *IAASB Strategy and Work Program, 2009-2011* will be based on the IAASB’s consideration of the outcome of the consultation program and related recommendations.

Major Themes from the Responses to the Consultation Paper

4. The majority of respondents to the Consultation Paper were generally supportive of the proposals. Major themes from the responses are summarized below.

   • Significant support for the proposed strategic direction and focus areas although some concern was expressed about a perceived lower priority associated with addressing the needs of smaller entities (SMEs). See paragraphs 7-11.

   • Significant support for the proposal to determine actions based on research to be conducted with regard to the auditor’s report to be issued in accordance with ISA 700, *The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements*. See paragraphs 20-22.

   • Support for guidance for auditors on the approach to be followed when XBRL financial statements are to be filed together with the auditor’s report. See paragraphs 23-25.

   • Support for new standards for certain types of assurance engagements, i.e., reporting on carbon emissions information and reporting on prospectus information. See paragraphs 27-32.

   • Significant support for the proposal to provide auditors and national standard setters (and other adopting authorities) with a period of at least two years after the effective date of the clarity redrafted ISAs during which no new auditing standards will take effect, unless there is an urgent need to respond to unforeseen circumstances. See paragraph 36.

   • Demand for assessments of the impact of proposed new standards, and the effectiveness of the implementation of new standards. See paragraphs 46-48 and paragraphs 37-39.

   • Appeal for the IAASB to contribute to the effective implementation of ISAs, though views differed on how this would be best accomplished. See paragraphs 41-45.

   • Insufficient demand for an alternative assurance service for SMEs, but a call for the revision of the review and compilation standards. See paragraphs 49-53.
Limited support for work on a conceptual framework. See paragraphs 55-57.

5. There were also calls for translations of and education in the standards; however, these matters do not fall within the remit of the IAASB. The International Federation of Accountants (IFAC) will consider them in developing its future strategic plan.

6. A summary of significant comments on the Consultation Paper, and related recommendations are set out below.

Objective, Strategic Initiatives and Focus Areas

7. The responses to the Consultation Paper confirmed the continued appropriateness of the objective and strategic initiatives\(^1\) of the IAASB. Within the broad strategic initiatives of: development of standards; global acceptance, convergence and partnership; and communication, respondents agreed that the IAASB should focus on:

(a) Contributing to the effective operation of the world’s capital markets;
(b) Assisting with the implementation of standards; and
(c) Addressing the needs of SMEs.

8. The International Organization of Securities Commissions (IOSCO) was of the view that the IAASB’s most compelling reason for being an international standard setter stems from the need for high quality assurance on the reporting of public companies in the world’s capital markets. As a result, the principal focus of the strategy, and the driver for the majority of the IAASB’s actions, should be the overriding public interest in “audit quality.” The IAASB should therefore focus on standards that will contribute to high quality audits. The European Commission (EC) also noted that the primary mission of the IAASB should remain ensuring the highest quality and consistency of standards for statutory auditors.

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\(^1\) The objective of the IAASB is to serve the public interest by setting, independently and under its own authority, high quality standards dealing with auditing, review, other assurance, quality control and related services, and by facilitating the convergence of national and international standards. This objective contributes to enhanced quality and uniformity of practice in these areas throughout the world, and strengthened public confidence in financial reporting.

The IAASB aims to achieve its objective through the following strategic initiatives:

(a) Development of Standards – Establish high quality auditing, review, other assurance, quality control and related services standards.

(b) Global Acceptance, Convergence and Partnership – Promote the acceptance and adoption of IAASB pronouncements throughout the world; and support a strong and cohesive international accountancy profession by coordinating with IFAC member bodies, regional organizations, and national standard setters to achieve the objective of the IAASB.

(c) Communication – Improve the quality and uniformity of auditing practices and related services throughout the world by encouraging debate and presenting papers on a variety of audit and assurance issues; and increase the public image and awareness of the activities of the IAASB.
9. Many respondents\(^2\) agreed that assisting with the implementation of standards will contribute to the effective operation of the world’s capital markets, and to high quality auditing across the range of entities whose financial statements are audited.

10. A few respondents,\(^3\) mainly professional bodies, did not agree with the proposal that the IAASB’s resources be particularly focused on paragraphs 7(a) and(b), while possible further actions to address the needs of SMEs, such as an alternative assurance service, be given a lower priority under paragraph 7(c). It was not the intention of the IAASB to give a lower priority to addressing the needs of SMEs. In this regard, the Consultation Paper explained that a focus on assisting with the implementation of standards is also intended to assist with the needs of SMEs and their auditors. This is confirmed by respondents that suggested that the needs of SMEs be specifically included in paragraph 7(b) to ensure successful implementation of ISAs across all entities subject to audit.

11. Two respondents (IDW, PWC) were of the view that the IAASB’s future strategy should not be limited to the short to medium term (i.e., 2009-2011); but that it should include longer term strategic considerations. They were of the view that, without the consideration of a longer term objective and its attendant strategies, the IAASB may not consider the actions necessary in the short and medium term to implement the strategic initiatives designed to meet its longer term objective. This may result in ineffective or inefficient use of resources.

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**Matter(s) for Consideration**

The Steering Committee is of the view that the objective stated in footnote 1 is an appropriate long term objective for an international standard setter and, as confirmed by the consultations, that the strategic initiatives are appropriate and sufficiently broad to enable the IAASB to identify the most effective and efficient short and medium term actions to achieve the objective. **What is the view of the IAASB in this regard?**

**Actions to Achieve the Strategy**

12. In this section, text in the grey-shaded boxes reflects the possible actions included in the Consultation Paper, followed by a summary of significant comments from respondents and related recommendations.

**Prioritization**

13. The majority of respondents did not provide a comprehensive prioritization of the list of possible actions included in the Consultation Paper. Some respondents identified certain specific actions that they viewed to be of high priority, and some respondents did not support certain specific actions. However, in general, the possible actions received considerable support, either explicitly or implicitly through expressions of overall support. A few

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\(^2\) AG-CA, AICPA, Basel, BDO, CEBS, CGA, CICA, DTT, EYG, FICPA, GT, IAA, ICAA, ICAI, ICPAS, IDW, INTOSAI, IOSCO, KPMG, NZICA, PWC, SAICA, IFAC SMPC/DNC, SNAO

\(^3\) ACCA, CNDC, FSR, ICAEW, IRBA, NIVRA, SAICA
respondents (BDO, NZICA, SAICA) suggested that the list be kept under review and updated for new developments.

14. Two respondents (APB, PWC) cautioned against actions in areas where services, and best practice as to how to provide such services, are still evolving. They were of the view that the development of any new International Standard on Assurance Engagements (ISAE), for example, should only be undertaken when there is a clear user demand for such an engagement and the nature of the engagement is likely to be consistent on an international basis. As indicated in paragraph 8, two significant regulatory responses stressed the importance of auditing standards as IAASB’s priority.

The World’s Capital Markets

International Standards on Auditing – Performance Standards

A.1.1 Develop two ISAs – possibly ISA 610, *Considering the Work of Internal Audit* and ISA 720, *Other Information in Documents Containing Audited Financial Statements*.

15. A few respondents\(^4\) to the Consultation Paper explicitly supported the proposed revision of ISA 610. The Institute of Internal Auditors (IIA), for example, noted that proposed ISA 610 (Redrafted), *The Auditor’s Consideration of the Internal Audit Function* did not include the new definition of internal auditing (as revised by the IIA);\(^5\) or a reference to the current International Standards for the Professional Practice of Internal Auditing. Another respondent (EYG) asked whether the scope of ISA 610 should be broadened to include the work of others, such as internal control testing teams established by management. One respondent (PWC) explicitly did not support the revision of ISA 610 as it was not convinced that the evolving role of internal audit gave rise to a need to revise the principles-based requirements relating to the external auditor’s consideration of the work of internal audit.

16. A few respondents\(^6\) explicitly supported the revision of ISA 720. One respondent (SNAO) emphasized the relevance of the ISA in audits of public sector entities. This respondent was concerned that non-financial information in documents containing audited financial statements may be interpreted as part of the audited financial statements if the non-financial information is required by law or regulation. Another respondent (PWC), however, was of the view that the existence of law or regulation, which may differ amongst jurisdictions, may impede the development of such a standard at an international level. This respondent did not support the revision of ISA 720. Another respondent (EALIC) did not view the current developments in the presentation of financial statements (e.g., on-line presentation) as necessitating a fundamental revision of the ISA and an extension of the involvement of the auditor beyond what is laid down in existing law and regulation.

\(^4\) Basel, CEBS, EYG, IIA, SAICA

\(^5\) Although extant ISA 610 contains a definition of internal auditing, a definition was not included in proposed ISA 610 (Redrafted).

\(^6\) DTT, EYG, ICAPS, SAICA, SNAO
17. One respondent (CICA) noted that the IAASB’s discussions during the development of proposed ISA 500 (Redrafted), *Considering the Relevant and Reliability of Audit Evidence* indicated that revision of that ISA should be a high priority. Another respondent (CPAB) was of the view that revisions of ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements* and ISA 530, *Audit Sampling and Other Means of Testing* were of a similar priority to that of ISA 610 and ISA 720. Three other respondents (INTOSAI, IOSCO, SNAO) supported a revision of ISA 250. Another respondent (ICAI) suggested that a new ISA dealing with management’s experts be developed.

18. Two respondents (CICA, IOSCO) suggested revision of all the ISAs that had not been revised during the Clarity project.

19. One respondent (APB) suggested that the proposed revision of ISAs be delayed until the IAASB has developed a process for assessing the effectiveness of the implementation of new standards (see paragraph 37), as such assessments may indicate that priority should be given to the revision of other ISAs.

**Matter(s) for Consideration**

Given the specific and general support for the proposal to revise proposed ISA 610 (Redrafted) and proposed ISA 720 (Redrafted), *The Auditor’s Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements* it is proposed that they be included in the work program. In addition, the work program provides for one further project to develop or revise an ISA, should this prove to be necessary. The IAASB is asked to discuss, in the light of the responses, whether this places sufficient emphasis on the development of auditing standards (taken with A.1.2 below). In particular, the IAASB’s views are sought on the request that IAASB revise fully all ISAs not revised substantively as part of the Clarity project. (A list of those ISAs is given in Appendix 2.)

**International Standards on Auditing – Reporting Standards**

A.1.2 Determine actions to be taken based on research to be conducted with regard to the auditor’s report to be issued in accordance with ISA 700, *The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements*.

20. Respondents to the Consultation Paper were very supportive of this proposal, assigning it the highest priority. Some respondents believed that the reluctance to adopt ISA 700 represents a significant impediment to global convergence. Two respondents (FEE, IBR-IRE) were particularly concerned about the possible development by the EC of an auditor’s report for use in the European Union (EU), if the auditor’s report to be issued in accordance with ISA 700 is not modified to suit the needs of the EC. Others respondents cited the concerns that investor groups have with the auditor’s report to be issued in accordance with ISA 700.

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7 CPAB, DTT, ICAI, PWC
21. Some respondents\(^8\) explicitly supported research to evaluate how well users believe the current form of auditor’s report communicates the procedures performed in response to assessed risks of material misstatements and the conclusions reached about whether the financial statements are fairly presented. They were of the view that such research will be an appropriate first step to determine whether to revise the auditor’s report to be issued in accordance with ISA 700, and to determine whether more radical changes in auditor communications are necessary over the longer term. They emphasized the importance of involving both national standard setters and other stakeholders in the research.

22. The Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) and the IAASB have commissioned research aimed at identifying and providing information about users’ perceptions of the financial statement audit in connection with reading and considering the auditor’s report. Once the initial research projects are completed, the ASB and IAASB anticipate funding additional research to identify possible modifications to the auditor’s report that might improve the clarity of the auditor’s intended communications to financial statement users. Others have also undertaken research in this area, including the Committee of European Securities Regulators (CESR), IOSCO, and the UK Auditing Practices Board (APB).

### Matter(s) for Consideration

Based on the high level of support indicated by respondents, it is proposed that the IAASB review the results of the research referred to in paragraph 22 (when available), and determine the related actions. **What is the view of the IAASB in this regard?**

### New Technologies and Reporting Models

| A.1.3 | In consultation with national standard setters and relevant XBRL groups, develop guidance for auditors on the approach to be followed when XBRL financial statements are to be filed together with the auditor’s report. |
| A.1.4 | Monitor developments in continuous auditing and the continuous availability of information to assess whether to develop guidance. |

23. Generally, respondents\(^9\) to the Consultation Paper believed that developments in XBRL will have a significant effect on the reporting environment in the future. Many respondents supported the proposal that the IAASB develop guidance for auditors on the approach to be followed when XBRL financial statements are to be filed together with the auditor’s report.

24. One respondent (AUT) was of the view that there is an urgent need for the IAASB to develop assurance protocols for XBRL reporting that relate not only to the auditing of data but also to the process by which data is prepared. Another respondent (PWC) noted that, while it is not entirely clear how a more fundamental transformation in financial reporting as a result of

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\(^8\) Basel, BDO, CEBS, ICPAS, IRBA, NZICA, SAICA

\(^9\) AUAASB, AUT, BDO, CEBS, CGA, DTT, EC, EYG, FAR SRS, GT, ICAI, ICAS, ICPAS, IDW, IRBA, PWC
XBRL might affect the audit model, auditors can play a role in providing assurance on the translation of financial statements into XBRL format.

25. One respondent (IOSCO) was of the view that, as the IAASB already has a standard dealing with the auditor’s obligations in connection with other information in documents containing audited financial statements (i.e., proposed ISA 720 (Redrafted)), an early step in considering matters relating to XBRL would be to explore whether there are investor needs for assurance beyond what is already provided in an audit. One respondent (ICAEW) was of the view that it would not be practical to develop guidance in this area before a suitable reporting framework or criteria have been developed. Another respondent (APB) suggested that the IAASB’s actions be limited to developing an improved understanding of XBRL. Two respondents (CICA, CPAB) did not believe that, at present, a need for guidance existed.

26. Respondents noted that the topics of continuous auditing and the continuous availability of information have been around for a while. Although they supported the proposal to monitor developments in this regard, they did not deem the action to be of a high priority.

**Matter(s) for Consideration**

Based on the high level of support indicated by respondents, it is proposed that the IAASB develop guidance for auditors on the approach to be followed when XBRL financial statements are to be filed together with an auditor’s report. In addition, it is proposed that the IAASB monitor developments with regard to XBRL to determine whether there is a demand for related assurance services. This work should be undertaken in consultation with national standard setters and relevant XBRL groups, as necessary. **What is the view of the IAASB in this regard?**

**Assurance Services Relevant to Raising International Capital**

- **A.2.1** Revise ISAE 3400, *The Examination of Prospective Financial Information*.
- **A.2.2** In consultation with audit firms, national standard setters and other interested parties, including regulators, develop a new pronouncement addressing aspects of the auditor’s involvement in prospectuses.

27. There was no clear consensus amongst the respondents\(^\text{10}\) that commented on these proposals. While many respondents were of the view that the auditor’s involvement in prospectuses is an important matter, they were uncertain as to whether it could be addressed at an international level. It was suggested that the IAASB perform a feasibility study to determine what could be achieved before embarking on a project.

28. Three respondents (CICA, CPAB, IOSCO) cautioned against focusing efforts on developing standard(s) or guidance relevant to a single jurisdiction, such as the EU, while other respondents (FEE, IBR-IRE, PWC) were of the view that standard(s) or guidance were particularly necessary in light of the EU Prospectuses Directive.

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\(^{10}\) AG-NZ, APB, CGA, CICA, CPAB, EYG, FEE, HKICPA, IBR-IRE, ICPAS, IRBA, NZICA, PAASC, PWC
29. One respondent (APB) suggested that the revision of ISAE 3400 form part of the project to develop a new pronouncement addressing aspects of the auditor’s involvement in prospectuses; while other respondents (APB, EYG, PWC) thought that the IAASB had discussed possibly withdrawing ISAE 3400 as it predates the assurance framework. A few respondents\(^{11}\) suggested that the project also include comfort letters and solvency tests.

### Matter(s) for Consideration

A group comprising representatives from audit firms and chaired by an IAASB member has developed a project proposal on assurance reports on prospectus information. The group believes that this project will resolve a number of issues that are common to pro forma financial information and prospective financial information and that the revision of ISAE 3400 should follow the development of the proposed new ISAE. It is proposed that the work program reflect the decision of the IAASB on the project proposal.

### Assurance on Sustainability Reports

| A.3.1 | Develop a pronouncement addressing auditors’ reports on information relating to tradable carbon credits. |
| A.3.2 | Review Royal NIvRA’s recently issued assurance standard on sustainability reporting to determine whether it provides an appropriate basis for an international pronouncement. |

30. Overall, there was significant support from respondents to the Consultation Paper for these proposals. Generally, respondents noted that sustainability reporting is an emerging global trend that will become increasingly influential in shaping perceptions about an entity’s broader corporate performance, and that a growing demand for assurance on these reports will inevitably follow. As a result, many respondents believed that the IAASB should establish itself as the leader in developing pronouncements for assurance services in the field of sustainability reporting.

31. More specifically, respondents\(^ {12}\) identified a need for topic-specific pronouncements that go beyond the general requirements and guidance of ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Some respondents\(^ {13}\) encouraged the IAASB to take account of existing pronouncements, such as that of Royal NIvRA, and the work of other organizations, such as AccountAbility, Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO). A few respondents (FEE, IBR-IRE, PWC) suggested that the pronouncements be developed jointly with such organizations.

32. Three respondents, however, did not support the development of a pronouncement addressing assurance engagements on carbon emissions information. Two (APB, EALIC) did not believe that there is a clear user demand for the service or a consistent international basis on which the

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\(^{11}\) DTT, EYG, FEE, IBR-IRE, ICPAS
\(^{12}\) ACCA, AG-NZ, AUAAASB, AUT, CICA, DTT, EYG, FEE, IBR-IRE, ICAA, IDW, IRBA, PWC
\(^{13}\) ACCA, CPAB, EALIC, FAR SRS, FEE, IBR-IRE, PWC
auditor could report. One (IOSCO) was of the view that general guidance already exists on non-audit assurance services.

**Matter(s) for Consideration**

In December 2007 the IAASB, having had regard to the responses to the Consultation Paper, approved a project in respect of assurance engagements on carbon emissions information. This has been incorporated into the work program.

In addition, it is proposed that Royal NIvRA’s assurance standard on sustainability reporting be reviewed to determine whether it provides an appropriate basis for an international pronouncement.

**What is the view of the IAASB in this regard?**

**International Standard on Assurance Engagements 3000 and Other Specific Topics**

33. The IAASB’s discussion of proposed ISAE 3402, *Assurance Reports on Controls at a Third Party Service Organization* highlighted a need to revise ISAE 3000 to include matters of a general nature dealt with in the ISAs that also apply to assurance engagements. At the time, the view was expressed that any topic-specific ISAEs would need to include such material if ISAE 3000 is not revised. The result may be considerable duplication.

34. Three respondents (EYG, ICAEW, IDW) to the Consultation Paper also suggested that the revision of ISAE 3000 be a high priority; not only so that it will be in the clarity style, but to ensure that all the concepts from the clarity redrafted ISAs relevant to other assurance engagements are embedded in the ISAE. Given the number and nature of assurance engagements that practitioners perform, these respondents believed that a more robust assurance standard would assist in the harmonization of practices around the world and improve the consistency and comparability of reporting. One respondent (EYG) cited the need to provide more guidance in the areas of materiality, engagement risk, the use of experts, and documentation; and to explore the concept of joint assurance engagements.

35. Some respondents also suggested other topic-specific pronouncements, including reporting on internal control (CNRPC, FAR SRS, FEE), corporate governance statements (CNRPC, FEE), performance information (CICA), and anti-bribery programs (T1).

**Matter(s) for Consideration**

Based on the above, it is proposed that ISAE 3000 be revised. The outcome of the project to develop a new ISAE on assurance reports on prospectus information may further inform the revision of ISAE 3000. It is not suggested that any such revision would entail revisiting conceptual matters settled at the time of revising the *International Framework for Assurance Engagements* (which was done in conjunction with the last revision of ISAE 3000.) **What is the view of the IAASB in this regard?**
The Implementation of Standards

**Implementation Assistance**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<tbody>
<tr>
<td>B.1.1</td>
<td>Provide auditors and national standard setters (and other adopting authorities) with a period of at least two years after the effective date of the ISAs redrafted under the Clarity project during which no new auditing standards will take effect, unless there is an urgent need to respond to unforeseen circumstances.</td>
</tr>
<tr>
<td>B.1.2</td>
<td>Develop a process for assessing the effectiveness of the implementation of new standards, in order to determine whether there is any necessity for further refinement to achieve the intended effect of new standards.</td>
</tr>
<tr>
<td>B.1.3</td>
<td>Publish with each new standard a short note of the key changes introduced and the intended effect on the engagement.</td>
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<tr>
<td>B.1.4</td>
<td>Consider whether IAASB eNews communications and a summary of the most important matters in IAASB press releases and the IAASB annual report should be translated in the five languages of the United Nations.</td>
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</table>

36. Many respondents\(^{14}\) to the Consultation Paper explicitly supported the proposal to provide a period of stability during which no new auditing standards will take effect. Responses from audit firms confirmed that it will enable the firms to update their methodologies and training programs. Responses from IFAC member bodies and national standard setters referred to the need for them to develop implementation guidance during this period. Two respondents (FEE, IBR-IRE) were of the view that a period of stability will promote swift endorsement for application of ISAs throughout the profession and by regulators, in particular the EC.

37. Some respondents\(^{15}\) explicitly supported the development of a process for assessing the effectiveness of the implementation of new standards. A few respondents\(^{16}\) cautioned against the development of such a process in isolation. They suggested that the IAASB involve the audit firms, oversight bodies that monitor audit quality, and regulators to develop a process that is transparent and justifiable to all stakeholders. Furthermore, the continued involvement of these stakeholders will be important to determine the consistency and completeness of the implementation of new standards, and to identify any areas that require improvement. One respondent (CICA) noted that the ISAs are integrated and, as such, any process to assess the effectiveness of a new standard needs to be holistic in nature. A few respondents (APB, CGA, CNRPC) were of the view that the process may be best paired with impact assessments (see paragraphs 46).

38. One respondent (IOSCO) questioned whether the IAASB would be able to obtain the information to judge “the effectiveness of the implementation of new standards.” This respondent was concerned that “effectiveness” may be interpreted as comparing the outcomes

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\(^{14}\) 100G, ACCA, AG-NZ, APB, AUT, BDO, CGA, CICA, DTT, EC, EYG, FEE, GT, IBR-IRE, ICAA, ICAI, ICAS, IDW, IFAC SMPC/DNC, IRBA, NZICA, PWC, SAICA

\(^{15}\) APB, CGA, CNRPC, GT, ICAEW, ICAS, IDW, IRBA

\(^{16}\) ACCA, APB, ICAEW, IOSCO, IRBA
in the capital markets with and without the implementation of ISAs. It asked whether the intention was to focus on understandability, and consistency of application, of new ISAs around the world.

39. A few respondents (FEE, IBR-IRE, PWC) urged the IAASB to conduct a post-implementation review of the clarity redrafted ISAs to determine whether the objectives of the Clarity project have been achieved, given the magnitude of and expectations in relation to the project. They suggested that the review include a survey of the practical implementation experience of audit firms and of the effect that audit firms, oversight bodies that monitor audit quality, regulators, investors and other stakeholders believe the clarity redrafted ISAs have in practice.

40. Few respondents explicitly commented on the proposals in B.1.3 and B.1.4 in the table above. Those that commented were generally supportive.

**Matter(s) for Consideration**

Based on the responses, it is proposed that the IAASB implement the proposals B.1.1, B.1.2, B.1.3 and B1.4 in the table above.

The quality of the implementation of new standards is a matter for oversight bodies that monitor audit quality, and regulators. The process referred to in B.1.2 should therefore focus on the consistency with which auditors have implemented new standards in practice. It should be developed in consultation with the IAASB CAG, oversight bodies that monitor audit quality, regulators and audit firms. The earliest opportunity to make such assessments is likely to be two years after the effective date of the clarity redrafted standards. There may, however, be scope for some field testing during the development of the process.

**What is the view of the IAASB in this regard?**

**Implementation Guidance**

<table>
<thead>
<tr>
<th>B.2.1</th>
<th>Review the existing International Practice Statements on Auditing (IAPSs) and determine whether they should be withdrawn or revised.</th>
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<tbody>
<tr>
<td>B.2.2</td>
<td>In consultation with relevant parties, develop guidance for auditors on the audit of complex valuation models.</td>
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<tr>
<td>B.2.3</td>
<td>Identify and develop implementation guidance for an additional topic if it is clear that IAASB is the appropriate body to do so.</td>
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</table>

41. Some respondents\(^\text{17}\) to the Consultation Paper supported the review of the IAPSs to determine whether they should be withdrawn or revised. One respondent (CICA) suggested that the IAASB develop criteria for determining whether to withdraw or revise an IAPS. This respondent also believed that the authority of IAPSs should be addressed before the IAASB developed implementation guidance. Another respondent (IOSCO) was of the view that the IAASB should review the IAPSs with the presumptive view that they contain useful content.

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\(^{17}\) APB, Basel, CICA, CPAB, IOSCO, IRBA
that could be updated, if necessary, and incorporated in the application and other explanatory material within the ISAs.

42. One respondent (PWC) suggested that the IAPSs be withdrawn. This respondent noted that the ISAs and IAPSs may not be the best vehicles for necessary implementation guidance. It encouraged the IAASB to consider other options such as Questions & Answers, interpretations, and a periodic improvements project. (These types of output could be a way in which to address matters identified during the assessment of the effectiveness of the implementation of new standards (see paragraphs 37-38)).

43. Some respondents,\textsuperscript{18} in particular regulators, assigned a high priority to the development of guidance for auditors on the audit of complex valuation models. They referred to recent market developments and the increase in requirements for fair value measurements and disclosures in certain financial reporting frameworks. One respondent (PWC), however, was of the view that, if the accounting models are clear and consistent, there may not be a need for specific guidance for auditors. A few other respondents\textsuperscript{19} also did not support the proposal to develop such guidance. They were of the view that the use of complex valuation models is pertinent to specific industries, such as banking and insurance, and therefore not relevant in a considerable number of audits. They were also concerned that such guidance may undermine the principles-based, framework-neutral nature of ISA 540 (Revised and Redrafted), \textit{Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures}.

44. A few respondents (APB, CPAB) did not believe that the IAASB should limit the proposal to develop additional guidance to one topic (see B.2.3 in the table above), if a need for guidance on more than one topic is identified; however, their responses did not identify any additional topics. One respondent (Basel) suggested that IAPS 1006, \textit{Audits of the Financial Statements of Banks} be revised. One respondent (CICA) suggested that the IAASB explore whether to develop guidance for auditors on the audit of revenue recognition, stock-based compensation and variable interest entities. One respondent (EYG) suggested the IAASB develop guidance on the use of internal shared service centers.

45. A few respondents (AG-CA, EC, SAICA) encouraged the IAASB to consider carefully whether it is the appropriate body to develop implementation guidance before identifying and developing such guidance for any additional topic. They suggested that the IAASB analyze the implementation guidance developed by national standard setters to determine whether it may be appropriate in an international context.

\begin{table}[h]
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\begin{tabular}{|l|c|}
\hline
\textbf{Matter(s) for Consideration} \\
\hline
\multicolumn{2}{|c|}{Based on the responses, it is proposed that the IAASB:} \\
\hline
\multicolumn{2}{|c|}{(a) Review the appropriateness of the authority and content of the IAPSs to determine whether they should be withdrawn or updated;} \\
\hline
\multicolumn{2}{|c|}{(b) Determine whether to develop guidance for auditors on the audit of complex valuation models} \\
\hline
\end{tabular}
\end{table}

\textsuperscript{18} Basel, CEBS, CICA, CPAB, EC, EYG, IAA, IOSCO, IRBA, SAICA

\textsuperscript{19} APB, FAR SRS, FEE, IBR-IRE
based on the recommendations of the Task Force that was established in December 2007 to explore the matter;

(c) Identify implementation guidance developed by regional and national professional accountancy organizations, national standard setters and others that is appropriate in an international context; and communicate the existence of and facilitate access to such guidance. This could be explored at the annual IAASB-NSS meeting; and

(d) Determine whether to develop implementation guidance for one or more additional topics.

What is the view of the IAASB in this regard?

Impact Assessment

B.3.1 Determine how to implement any proposals that IFAC might adopt for the assessment of the impact of proposed new standards (if possible, including an assessment of cost vs. benefits).

46. Some respondents to the Consultation Paper explicitly supported this proposal. One respondent (EC) noted that impact assessments are key to global acceptance of and convergence with ISAs. One respondent (PWC) suggested that the IAASB use existing tools (such as discussion papers and field testing provided for in the due process) as part of assessing the impact of proposed new standards. One respondent (IOSCO) cautioned against an inordinate focus on the costs to auditors and reporting companies only. This respondent was of the view that an enhanced auditing standard may generate additional costs for both implementation and ongoing application by auditors and preparers, but that this must be balanced against the benefits to investors and the capital markets in general.

47. A few respondents (CICA, CPAB, ICPAS) explicitly did not support the proposal. They were of the view that it is more appropriate to emphasize the principles of cost vs. benefits, rather than adopting the proposed approach. They noted that the matter of cost vs. benefits varies from firm to firm and changes over time and across jurisdictions. As a result, continuous revision may be necessary. Some respondents were of the view that such an approach will always be imprecise, particularly on the benefit side.

48. While appreciating the importance of the IAASB’s assessing the impact that new standards may have, including their costs vs. benefits, one respondent (CICA) was not convinced that impact assessments, such as those conducted by regulators when proposing new legislation, are an appropriate mechanism in a standard-setting context. The respondent did not explain why this was the case.

Matter(s) for Consideration

It is proposed that the IAASB continue to work with IFAC to determine whether and how to assess the impact of new standards. Notwithstanding some opposition to this proposal, it appears to be a

20 100G, APB, CNPRC, EALIC, EC, IOSCO, PWC
strategic necessity. What is the view of the IAASB in this regard?

The Needs of SMEs

C.1 Consider whether to revise ISRE 2400, Engagements to Review Financial Statements.
C.2 Consider whether to revise ISRS 4410, Engagements to Compile Financial Statements.
C.3 Explore, in consultation with other interested parties, the concept of an alternative assurance service for SMEs and, if considered appropriate, commence a project to develop a standard for such a service if different from ISRE 2400 and ISRS 4410.

49. The responses to the Consultation Paper indicated little support for any possibility that the audits of SMEs might be carried out to limited auditing standards. Respondents endorsed the efforts of the IAASB and the IFAC Small and Medium Practices Committee to provide guidance for audits of SMEs in applying the ISAs, and encouraged them to continue to do so. One respondent (IOSCO) believed that ongoing attention to the needs of SMEs is warranted, but that this work should coexist with the work necessary to address audits of listed companies and debt and equity investors in the world’s capital markets.

50. Respondents, however, had diverse views with regard to the possible actions. Three respondents (FICPA, IOSCO, SAICA) suggested that the IAASB provide a description of the type of organization that would qualify as an SME. One respondent (IOSCO) was of the view that the description should clarify that it does not include listed companies, if that was the IAASB’s intent.

51. Many respondents were of the view that ISRE 2400 and ISRS 4410 should be revised. Some respondents were of the view that it was necessary for users of SME financial statements to fully understand the nature of a review and a compilation before exploring an alternative assurance service for SMEs. Some respondents noted that many jurisdictions were electing a review as an alternative to an audit; however, some were concerned that ISRE 2400 was outdated. Two respondents (FSR, ICPAC) were of the view that, for their jurisdictions, a revision of ISRE 2400 and ISRS 4410 would not be meaningful. They preferred to see IAASB revisit the question whether auditing standards might not be designed to be more readily applied to smaller entities, a thought that was shared by one or two other respondents.

52. Some respondents supported the proposal to explore the concept of an alternative assurance service for SMEs. Some respondents emphasized that such a service should be clearly distinguished from an audit, and should be designed to meet the needs of stakeholders of SMEs while matching costs with benefits. One respondent (IOSCO) urged the IAASB to consult with regulators and users of SME financial statements as to the perceived needs for a new assurance service.

21 AUAASB, CGA, HKICPA, ICAA
22 APB, BDO, CGA, CICA, GT, ICAEW, ICPAS, IDW, IFAC SMPC/DNC, IRBA, NZICA, PWC
23 BDO, CICA, FSR, ICAEW, ICAS, ICPAS, IRBA, IFAC SMPC/DNC, PWC, Subelet
53. Some respondents\textsuperscript{24} did not support the proposal to explore the concept of an alternative assurance service for SMEs. They were of the view that the financial reporting expectations of SME stakeholders did not differ from those of large-entity stakeholders and, as such, an audit is the means of meeting those expectations. Some respondents were concerned that the concept of an alternative assurance service for SMEs may introduce an element of confusion in the market, and jeopardize the public interest. A few respondents (IDW, FSR) were of the view that standards for an alternative service for SMEs may be more appropriately developed at a national level.

\begin{tabular}{|l|}
\hline
\textbf{Matter(s) for Consideration} \\
\textbf{It is proposed that the IAASB revise and redraft ISRE 2400 and ISRS 4410. While there was no clear consensus in this regard, these standards are currently applied in many jurisdictions and, as indicated during the consultation, in need of revision.} \\
\textbf{In addition, it is proposed that the IAASB continue to monitor the developments of national standard setters and others with regard to an alternative assurance service for SMEs.} \\
\textbf{What is the view of the IAASB in this regard?} \\
\hline
\end{tabular}

\begin{tabular}{|l|}
\hline
\textbf{Other Matters Arising from the Consultations} \\
\textbf{Clarity Redrafting of Standards Other than International Standards on Auditing} \\
54. The IAASB has issued relatively few standards other than ISAs and in general they do not overlap (i.e., for any engagement only one such standard is likely to be relevant). The Consultation Paper explained that possible actions included redrafting all in the clarity style as a separate exercise; drafting new standards in the clarity style, but not redrafting the older ones until such times as they require their own substantive revision; or retaining the existing style for all non-ISA standards. To promote efficient and effective utilization of the IAASB’s limited resources, the Consultation Paper proposed that new standards be drafted in the clarity style, while existing standards be redrafted when they require their own substantive revision. The responses to the Consultation Paper did not oppose this proposal. The analysis in Appendix 3 shows that, except for ISRE 2410, \textit{Review of Interim Financial Information Performed by the Independent Audit of the Entity} and ISRS 4400, \textit{Engagements to Perform Agreed-Upon Procedures Regarding Financial Information}, the other standards in this category will be revised during 2009-2011. \\
\textbf{Matter(s) for Consideration} \\
\textbf{It is proposed that the clarity drafting style be applied to all new or revised standards. What is the view of the IAASB in this regard?} \\
\hline
\end{tabular}

\begin{tabular}{|l|}
\hline
\textbf{A Conceptual Framework} \\
55. The Consultation Paper noted that it was unlikely that the IAASB would develop a conceptual framework as a whole. It noted that it may, however, develop parts of such a framework. One
\hline
\end{tabular}

\textsuperscript{24} APB, AUT, CNDC, CNRPC, CPAB, FEE, GT, HKICPA, ICPAC, IDW, NZICA
respondent (CPAB) explicitly supported this view, noting that proposed ISA 200 (Revised and Redrafted), Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing could be expanded to address topics embedded in the conceptual framework. This respondent also suggested that a pronouncement on professional judgment be developed.

56. Some respondents, mainly professional bodies, however, believed a project to develop a conceptual framework should be a priority for the IAASB. Two respondents (FEE, IBR-IRE) were of the view that many of the issues encountered by auditors, oversight bodies that monitor audit quality, and regulators arise from a lack of a conceptual framework. A few respondents were of the view that such a framework may assist in meeting the needs of SMEs (ACCA, FAR SRS, NIVRA), and in developing new ISAEs (NIVRA).

57. Two respondents (FEE, IBR-IRE) suggested that the work of others on matters such as inherent limitations of an audit, professional judgment and reasonable assurance form the basis for a conceptual framework developed by the IAASB. One respondent (IDW) suggested that, as a starting point, the IAASB – in consultation with stakeholders – determine what a conceptual framework is for and what it should encompass. Another respondent (ICAEW) suggested that the IAASB develop an over-arching principles-based structure, and then perhaps sub-contract component parts to member bodies or others to develop the detail.

Matter(s) for Consideration

The responses indicated only limited support for the IAASB to work on a conceptual framework. In particular, there does not appear to be a call from audit firms, oversight bodies that monitor audit quality and regulators for a conceptual framework. Consequently, it is proposed that the IAASB does not develop a conceptual framework at this stage. What is the view of the IAASB in this regard?

Global Acceptance, Convergence and Partnership

58. The Consultation Paper indicated that the IAASB intends to continue its current ongoing actions with regard to global acceptance, convergence and partnership. Those actions are listed in Appendix 4.

59. One respondent (IOSCO) was of the view that working towards increased global acceptance of the IAASB’s new stable platform of ISAs should be an important next phase for the IAASB. This phase should include national standard setters, regulators and other users of financial statements to determine the challenges with regard to the acceptance of ISAs for global use and how they could be overcome. This respondent also emphasized the importance of translations of and education in the ISAs.

60. A few respondents to the Consultation Paper believed that it was important that the Strategy and Work Program, 2009-2011 highlights the ongoing relationship between the IAASB and INTOSAI to promote the use of ISAs as the basis for audits in the public sector. Two respondents (APB, EYG) cited the need to work more closely with others; in particular, the

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25 ACCA, FAR SRS, FEE, IIA, IBR-IRE, ICAEW, IDW, IRBA, MK-U, NIVRA
U.S. Public Company Accounting Oversight Board (PCAOB) to ensure, in the short term, that differences between ISAs and the U.S. auditing standards for public companies are minimized and, over the long term, that endorsement of ISAs for use in the U.S is encouraged. These respondents also identified a need to increase interaction with the IASB to ensure that financial information prepared and presented in accordance with International Financial Reporting Standards (IFRSs) can be audited with a high degree of assurance.

**Matter(s) for Consideration**

It is proposed that the current ongoing actions relating to this strategic initiative continue to form part of and be reflected in the work program. They will take into account the comments and suggestions received, including in particular the changes in focus necessary as a result of the completion of the Clarity project and further global adoption of the standards. This may include exploring barriers to the adoption of any specific standard, or the reasons for any significant national differences.

Some of the IAASB’s activities in the implementation area may serve an educational purpose, though that is not the IAASB’s primary role. It is not proposed that IAASB positively refocus for educational purposes. IFAC is separately considering its support for translations.

**Communications**

61. The Consultation Paper indicated that the IAASB intends to continue its current ongoing actions with regard to communications. Those actions are listed in Appendix 4.

62. One respondent (EYG) to the Consultation Paper was of the view that the importance of communicating the IAASB’s role as a global standard setter should not be underestimated, and suggested that this be reflected in the work program. This respondent suggested that the IAASB develop a communication strategy, if it has sufficient resources available to do so.

63. Two respondents noted that there is no common definition of audit quality and that this contributes to the expectations gap (100G, EYG). They believed that the IAASB has an important role to play in developing a common global definition of audit quality and gaining its acceptance by corporates, investors, regulators and the auditing profession.

**Matter(s) for Consideration**

It is proposed that the current ongoing actions relating to this strategic initiative continue to form part of and be reflected in the work program, taking account of the comments received.

In addition, it is proposed that the IAASB consider whether to develop a consultation paper on audit quality.

**What is the view of the IAASB in this regard?**
Work Program 2009-2011

Key Assumptions Used to Develop the Work Program

64. The Consultation Paper indicated that the development of the work program of the IAASB is based on the following key assumptions:

- The existing staff complement of one director, two deputy directors, four technical managers and one assistant remains unchanged.
- The IAASB meets for five days, four times per year.
- Detailed work on projects is undertaken by task forces drawn from the membership of the IAASB and which may include representatives nominated by INTOSAI or from other relevant organizations.
- Each project is discussed approximately 6 to 8 times by the IAASB. Approximately six projects can be discussed at each IAASB meeting.
- In following the IAASB due process, each project takes approximately 24 to 36 months to complete. This includes consultation with the IAASB CAG, IFAC Small and Medium Practices Committee and public exposure for comment.
- The expectation that the membership of the IAASB will consist of 50% practitioners and 50% non-practitioners by 2009 will not affect the IAASB’s current working procedures and level of activity.

65. A few respondents\textsuperscript{26} to the Consultation Paper expressed concern over resource constraints, having regard to the staff complement discussed above and the demands on IAASB members’ time. Two respondents were of the view that appropriate partnership with others could enable the IAASB to progress projects. Another respondent suggested that staff resources be expanded if necessary to progress projects that were important in an international context.

66. One respondent (EYG) was concerned that the change in the composition of the IAASB to achieve a membership of 50% practitioners and 50% non-practitioners will affect its current working procedures and level of activities. This respondent was of the view that this may require additional staff resources and changes in the structure and operation of task forces.

67. The actions in the Work Program, 2009-2011 and their priority (see Agenda Item 6-A), are based on an analysis of the responses to the Consultation Paper (i.e., of both the number of respondents that commented on a particular action, and their comments on the importance of the action, if any) and the key assumptions in paragraph 64. Although the current resources do not seem to place a major constraint on the proposed activities of the IAASB, the situation will be monitored as the work program progresses.

\textsuperscript{26} ACCA, APB, CGA, CPAB, NIVRA
## Appendix 1

### List of Respondents to the Consultation Paper

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IFAC Boards and Committees</strong></td>
<td></td>
</tr>
<tr>
<td>IFAC</td>
<td>Small and Medium Practices Committee and Developing Nations Committee</td>
</tr>
<tr>
<td>SMPC/DNC</td>
<td></td>
</tr>
<tr>
<td><strong>Professional Bodies</strong></td>
<td></td>
</tr>
<tr>
<td>AICPA</td>
<td>American Institute of Certified Public Accountants</td>
</tr>
<tr>
<td>ACCA</td>
<td>The Association of Chartered Certified Accountants</td>
</tr>
<tr>
<td>CGA</td>
<td>Certified General Accountants Association of Canada</td>
</tr>
<tr>
<td>CIPFA</td>
<td>Chartered Institute of Public Finance and Accountancy</td>
</tr>
<tr>
<td>CNDC</td>
<td>Consiglio Nazionale dei Dottori Commercialisti</td>
</tr>
<tr>
<td>CNRPC</td>
<td>Consiglio Nazionale dei Ragionieri e Periti Commerciali</td>
</tr>
<tr>
<td>FAR SRS</td>
<td>FAR SRS</td>
</tr>
<tr>
<td>FEE</td>
<td>Federation des Experts Comptables Europeens</td>
</tr>
<tr>
<td>FICPA</td>
<td>Florida Institute of Certified Public Accountants</td>
</tr>
<tr>
<td>FSR</td>
<td>Foreningen af Statsautoriserede Revisorer</td>
</tr>
<tr>
<td>HKICPA</td>
<td>Hong Kong Institute of Certified Public Accountants</td>
</tr>
<tr>
<td>IBR-IRE</td>
<td>Institut des Reviseurs d’Entreprises/ Instituut der Bedrijfsrevisoren</td>
</tr>
<tr>
<td>ICAA</td>
<td>The Institute of Chartered Accountants in Australia</td>
</tr>
<tr>
<td>ICAI</td>
<td>Institute of Chartered Accountants in Ireland</td>
</tr>
<tr>
<td>ICAS</td>
<td>Institute of Chartered Accountants of Scotland</td>
</tr>
<tr>
<td>IDW</td>
<td>Institut der Wirtschaftsprufer</td>
</tr>
<tr>
<td>ICPAS</td>
<td>Institute of Certified Public Accountants of Singapore</td>
</tr>
<tr>
<td>ICAEW</td>
<td>The Institute of Chartered Accountants in England and Wales</td>
</tr>
<tr>
<td>IIA</td>
<td>The Institute of Internal Auditors</td>
</tr>
<tr>
<td>IAA</td>
<td>International Actuarial Association</td>
</tr>
<tr>
<td>NIVRA</td>
<td>Koninklijk Nederlands Instituut van Registeraccountants (Royal NivRA)</td>
</tr>
<tr>
<td>SAICA</td>
<td>The South African Institute of Chartered Accountants</td>
</tr>
<tr>
<td><strong>National Auditing Standard Setters</strong></td>
<td></td>
</tr>
<tr>
<td>APB</td>
<td>Auditing Practices Board (United Kingdom)</td>
</tr>
<tr>
<td>AUAAASB</td>
<td>Auditing and Assurance Standards Board, Australian Government</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Category</td>
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<tr>
<td>CICA</td>
<td>Auditing and Assurance Standards Board of the Canadian Institute of Chartered Accountants</td>
</tr>
<tr>
<td>ICPAC</td>
<td>Auditing Standards Committee of the Institute of Certified Public Accountants of Cyprus</td>
</tr>
<tr>
<td>IRBA</td>
<td>Independent Regulatory Board for Auditors (also a Regulator)</td>
</tr>
<tr>
<td>NZICA</td>
<td>Professional Standards Board of the New Zealand Institute of Chartered Accountants</td>
</tr>
<tr>
<td>PAASC</td>
<td>Philippine Auditing and Assurance Standards Council</td>
</tr>
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</table>

**Preparers and Users of Financial Statements**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Category</th>
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<tbody>
<tr>
<td>100G</td>
<td>One Hundred Group of Finance directors</td>
</tr>
<tr>
<td>EALIC</td>
<td>European Association of Listed Companies</td>
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**Audit Firms**

<table>
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<tr>
<th>Abbreviation</th>
<th>Category</th>
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<tbody>
<tr>
<td>BDO</td>
<td>BDO Global Coordination B.V.</td>
</tr>
<tr>
<td>DTT</td>
<td>Deloitte Touche Tohmatsu</td>
</tr>
<tr>
<td>EYG</td>
<td>Ernst &amp; Young Global</td>
</tr>
<tr>
<td>GT</td>
<td>Grant Thornton International</td>
</tr>
<tr>
<td>KPMG</td>
<td>KPMG</td>
</tr>
<tr>
<td>PWC</td>
<td>PricewaterhouseCoopers</td>
</tr>
</tbody>
</table>

**Public Sector Organizations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACAG</td>
<td>Australasian Council of Auditors-General</td>
</tr>
<tr>
<td>AG-CA</td>
<td>Auditor General of Canada</td>
</tr>
<tr>
<td>AG-NZ</td>
<td>Office of the Auditor-General of New Zealand</td>
</tr>
<tr>
<td>AUT</td>
<td>Australian Treasury</td>
</tr>
<tr>
<td>INTOSAI</td>
<td>International Organization of Supreme Audit Institutions</td>
</tr>
<tr>
<td>NAO</td>
<td>National Audit Office</td>
</tr>
<tr>
<td>SNAO</td>
<td>Swedish National Audit Office</td>
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</tbody>
</table>

**Regulators and Oversight Authorities**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Category</th>
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<tbody>
<tr>
<td>Basel</td>
<td>Basel Committee on Banking Supervision</td>
</tr>
<tr>
<td>CEBS</td>
<td>Committee of European Banking Supervisors</td>
</tr>
<tr>
<td>CPAB</td>
<td>Canadian Public Accountability Board</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
</tr>
</tbody>
</table>

**Individuals and Others**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Category</th>
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<tbody>
<tr>
<td>JM</td>
<td>Joseph Maresca</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Category</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------</td>
</tr>
<tr>
<td>MK-U</td>
<td>Professor Dr. Kai-Uwe Marten</td>
</tr>
<tr>
<td>Subelet</td>
<td>CPN Maria Cecilia and Carlos Javier Subelet</td>
</tr>
<tr>
<td>TI</td>
<td>Transparency International</td>
</tr>
<tr>
<td>WK</td>
<td>Wolfgang Korp</td>
</tr>
</tbody>
</table>
Appendix 2

ISAs Redrafted as Part of the Clarity Project; Not Revised Since 2002

ISA 210, Terms of Audit Engagements (Issued March 1994)
ISA 250, Consideration of Laws and Regulations (Issued March 1994)
ISA 501, Audit Evidence – Additional Considerations for Specific Items (Issued March 1994)
ISA 510, Initial Engagements – Opening Balances (Issued November 1993)
ISA 520, Analytical Procedures (Issued June 1993)
ISA 530, Audit Sampling and Other Means of Testing (Issued November 1997)
ISA 560, Subsequent Events (Issued November 1993)
ISA 570, Going Concern (Issued June 1999)
ISA 610, The Auditor’s Consideration of the Internal Audit Function (Issued March 1994)
ISA 710, Comparatives (Issued March 1996)
ISA 720, The Auditor’s Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements (Issued November 1993)
### Other International Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Proposed Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Standards on Review Engagements (ISREs)</strong></td>
<td></td>
</tr>
<tr>
<td>ISRE 2400, Engagements to Review Financial Statements</td>
<td><strong>To be revised.</strong> See paragraph 51.</td>
</tr>
<tr>
<td>ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity</td>
<td><strong>No action planned.</strong></td>
</tr>
<tr>
<td><strong>International Standards on Assurance Engagements (ISAEs)</strong></td>
<td></td>
</tr>
<tr>
<td>ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information</td>
<td><strong>To be revised.</strong> See paragraph 33-34.</td>
</tr>
<tr>
<td>ISAE 3400, The Examination of Prospective Financial Information</td>
<td><strong>To be revised.</strong> See paragraph 27-29.</td>
</tr>
<tr>
<td><strong>International Standards on Related Services (ISRSs)</strong></td>
<td></td>
</tr>
<tr>
<td>ISRS 4400, Engagements to Perform Agreed-upon Procedures Regarding Financial Information</td>
<td><strong>No action planned.</strong></td>
</tr>
<tr>
<td>ISRS 4410, Engagements to Compile Financial Information</td>
<td><strong>To be revised.</strong> See paragraph 51.</td>
</tr>
</tbody>
</table>
## Ongoing Actions the IAASB

### D. Global Acceptance, Convergence and Partnership

D.1 Actively discuss with the IAASB CAG, national auditing standard setters (including the U.S. Public Company Accounting Oversight Board), public authorities (in particular the European Commission), oversight bodies that monitor audit quality (including the International Forum of International Audit Regulators), and international regulators (including International Organization of Securities Commissions) to identify and address barriers to the further adoption and implementation of ISAs, whether as a whole in a few jurisdictions or in respect of specific standards, and to agree on the content and breadth of proposed new standards in order to facilitate their global acceptance and adoption.

D.2 Cooperate with the International Organization of Supreme Audit Institutions, promoting the use of ISAs as the basis for audits in the public sector.

D.3 Consult as necessary with the IFAC Small and Medium Practices Committee on issues of relevance to small- and medium-sized entities and practices regarding audit and quality control standards.

D.4 Consult as necessary with the IFAC Developing Nations Committee on issues of relevance to developing nations regarding audit and quality control standards.

D.5 Consult as necessary with the International Accounting Standards Board on financial reporting developments that may affect the pronouncements of the IAASB or create a need for new pronouncements.

D.6 Take steps to address the issues of translation; the frequency, volume and complexity of changes; and the setting of effective dates.

### E. Communication

E.1 Issue a press release, communicating the approval of each proposed or final IAASB pronouncement and any other major activity of the IAASB.

E.2 Issue IAASB eNews communications.

E.3 Publish an annual report written to a broad interested audience on the performance of the IAASB, including a report on progress against this action plan and on how IAASB has complied with its stated due process.

E.4 Promote the activities and publications of the IAASB through the IAASB website (this include agenda material, audio records of meetings, meeting highlights, proposed pronouncements and related comment letters, final pronouncements and bases for conclusions).