

# Auditor Reporting

Post Implementation Review  
Project Update

January 2020

Enhancing Transparency, Audit  
Quality, and Information Value

This communiqué is an update on the work of the International Auditing and Assurance Standards Board's (IAASB) Auditor Reporting Implementation Working Group (ARIWG) on the post implementation review (PIR) of the Auditor Reporting Standards<sup>1</sup> that were issued in January 2015, and became effective for audits of financial statements for periods ending on or after December 15, 2016.

## Why is the IAASB Undertaking a PIR?

The IAASB committed to undertake a PIR when the Auditor Reporting Standards were issued in 2015. A key consideration for the IAASB at the time was to obtain input from stakeholders on the disclosure of key audit matters (KAM) in the revised auditor's report. The IAASB also wanted input from various stakeholders on the form and structure of the revised auditor's report.

The IAASB will use the information from the PIR to determine what actions, if any, need to be taken by the IAASB regarding auditor reporting. The information from the PIR will also be published in a public Feedback Statement.

*"The inclusion of KAM in the auditor's report is intended to highlight, "through the eyes of the auditor", matters of most significance in the audit that was performed."*

## What will the PIR Entail?

The PIR activities will comprise three information-gathering and research workstreams:

- ▶ Targeted outreach activities with particular stakeholder groups that engage with auditors or use auditor's reports, such as investors and other users, those charged with governance and preparers;
- ▶ A formal survey that aims to solicit input from all stakeholder groups, including regulators and oversight bodies, national standard setters, practitioners and professional accountancy organizations; and
- ▶ Reviewing academic research.

## When will the PIR Activities be Undertaken?

The PIR activities will be undertaken during 2020, with the findings of the PIR targeted to be presented to the IAASB at its December 2020 meeting.

## Objectives of the PIR

- Determine whether the Auditor Reporting Standards are being consistently understood and implemented in a manner that achieves the IAASB's intended purpose
- Identify how practical challenges and concerns are being addressed
- Understand the extent of global demand for additional information in the auditor's report to improve the transparency of the audit
- Understand the extent of global demand for wider application of the requirements that currently apply only to audits of financial statements of listed entities



Click here for more  
on the Auditor  
Reporting Standards

<sup>1</sup> The Auditor Reporting Standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and conforming amendments to other ISAs. The PIR will also include ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information* (issued in April 2015)

## Global Implementation of the Auditor Reporting Standards, Including ISA 720 (Revised)

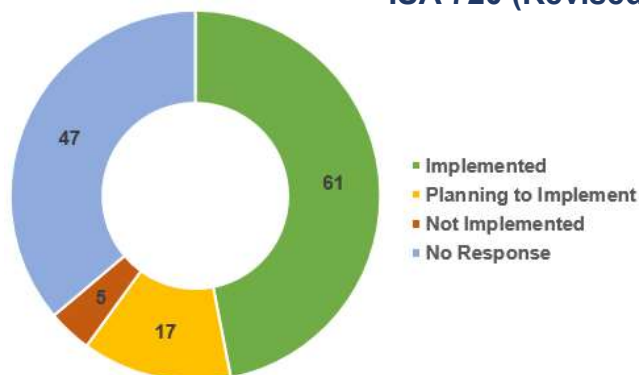
As at December 31, 2019, 130 jurisdictions<sup>2</sup> worldwide use or are committed to using the International Standards on Auditing. With the support of the International Federation of Accountants (IFAC), the ARIWG obtained information (using a short survey) to understand the global implementation of the Auditor Reporting Standards and ISA 720 (Revised). Responses were received from 83 jurisdictions. The survey results indicated that the majority of jurisdictions have already implemented the Auditor Reporting Standards and ISA 720 (Revised) or plan to implement them in the next 2 years. The results of the survey will be more fully considered by the ARIWG as part of the PIR.

### Auditor Reporting Standards – Excluding ISA 720 (Revised)



- ▶ The majority of jurisdictions that have implemented or plan to implement the Auditor Reporting Standards have done or will do so without modifications.
- ▶ Where modifications to the Auditor Reporting Standards have been made, jurisdictional law and regulation was the main driver for the modifications.
- ▶ One of the Jurisdictions that have not implemented the Auditor Reporting Standards indicated that they are still being translated and that the 2009 standards are currently being used while translation of more current standards are being undertaken. The language in this jurisdiction is unique to the country and thus translation takes a significant amount of time.

### ISA 720 (Revised) – Other Information



- ▶ The majority of jurisdictions have implemented ISA 720 (Revised), and those that are still planning to implement the standard, will do so in the next 2 years.
- ▶ Jurisdictions that have not implemented ISA 720 (Revised) or are not planning to implement the standard, indicated a number of reasons, including uncertainty of what is included in “other information” other priorities, and ongoing impact studies of the effect of the standard.

<sup>2</sup> Refer to the [IFAC 2019 Global Status Report](#)

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