

October 19, 2015

Mr. Jens Røder  
Secretary General  
Nordic Federation of Public Accountants

By email: [jr@nrfaccount.com](mailto:jr@nrfaccount.com)

**RE: June 2015 Exposure Draft, *Nordic Federation Standard for Audits of Small Entities (SASE)***

Dear Jens,

We have read the draft SASE with great interest. We appreciate that the NRF has considered the market need and actions that may be viewed by its members as helpful to support the ongoing promotion of audits to small- and medium-sized entities (SMEs) as a valued service. However, any such efforts cannot be undertaken at the expense of audit quality, which we believe is a strong possibility if the proposed SASE is put into practice.

The IAASB fully shares your concern for appropriate audit standards for small audits, as this was an area of focus during our Clarity project.<sup>1</sup> However, the IAASB believes that the proposed SASE is very different than ISAs<sup>2</sup> and audits performed under the SASE could differ significantly from an ISA audit in terms of audit quality.

Our concerns about risks to audit quality largely center on the following:

- The draft SASE can at best be described as a very short summary of the ISA requirements that are most likely relevant for a simple small audit. The draft SASE is a collection of excerpts from various ISA requirements, and in limited cases from objectives, definitions, application material and appendices (important elements of the ISAs). While the SASE can provide useful guidance for small and medium practices (SMPs), it does not prepare practitioners for situations that go beyond a basic scenario, and it may not even have enough for some basic scenarios. This is particularly critical in relation to risk assessment and substantive procedures – the ISAs contain many requirements and related application material for such procedures, whereas the draft SASE is limited to less than two pages and relies heavily on the use of professional judgment and other practitioner considerations. Unless the practitioner understands where the risks of material misstatement are the greatest, there is a real possibility that the other tests performed will not really be responsive to those risks (i.e., they may tend to treat risks of material misstatement the same in every audit without tailoring the audit plan to the specific risks of the entity).
- Although the SASE is intended to be used by experienced practitioners, and only for small audits below the European Union (EU) threshold, reality will be that the SASE are available to all qualified practitioners, including those that have never used the ISAs as a frame of reference

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<sup>1</sup> See Appendix 1 for background information on the Clarity project, the clarified ISAs and considerations specific to SMEs.

<sup>2</sup> See Appendix 2, which contains a Staff-prepared Analysis of Requirements in the ISAs as Compared to the Proposed SASE.

to performing a quality audit. Given the lack of practical guidance included in the SASE, we believe there is a risk that audit complexities may be overlooked and an insufficient amount of appropriate audit evidence be obtained to support the auditor's opinion on the financial statements. In this regard, we refer to the intent of application material in the ISAs – if less experienced practitioners perform audits in accordance with the proposed SASE without similar guidance or are not sufficiently competent in conducting audits, the risk to audit quality will increase.

There is also a resulting risk that users of the auditor's report assume that a SASE-based audit is "ISA compatible" or "ISA compliant", in particular as the language (including the overall objective of the SASE) is largely based on ISA text. As such, we do not support statements or references that may be read to suggest otherwise, for example references to "ISA compatibility", the "same level of assurance as an ISA audit" or ISQC 1,<sup>3</sup> in the proposed SASE or other NRF communications, or the possibility that an auditor's report from an SASE audit could allow for reference to ISAs. We believe that this is confusing and not in the public interest, given the differences between the SASE and the ISAs.

We strongly believe the NRF should reconsider finalizing the proposed SASE and explore other alternatives that would be viewed as meeting the needs of SMPs to assist in the practical application of the ISAs as the basis for high-quality audits of small entities. Such material could illustrate the scalability of the ISAs to small audits and may be a means to enhance the competencies and capabilities of practitioners serving SMEs. This approach would be consistent with the IAASB's view that ISAs – which are subject to a robust due process (with public interest oversight) – are scalable to audits of small entities, largely because of the risk-based approach embedded within the standards.

We remain committed to continue our previously constructive deliberations and believe that an alternative approach may allow for the NRF and IAASB together to consider how best to support SMPs in using the ISAs. We are well aware that we share a passion for high-quality audits, including the small ones!

If you have any questions regarding the above, please do not hesitate to contact me at [KathleenHealy@iaasb.org](mailto:KathleenHealy@iaasb.org) or (212) 471-8713.

Yours sincerely,



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<sup>3</sup> International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Standards*

### Background on the IAASB's Clarity Project and Approach to Audits of SMEs

The IAASB's Clarity Project, which had the objective of modernizing, enhancing and clarifying the ISAs, and which was subject to the IAASB's robust global due process and public oversight by the Public Interest Oversight Board, included a specific focus on audits of SMEs. Of note:

- The overall objective of an audit, objectives in individual standards, and the requirements and application material in the ISAs have been developed with public input from a wide range of stakeholders, with the goal of fostering high-quality audits through principles-based requirements that are deemed to be necessary in audits of entities of all sizes, if relevant in the circumstances.
- Application material in the ISAs not only specifically highlights relevant considerations for audits of SMEs, but also more generally provides guidance considered essential to the proper application of the principles-based ISAs in various circumstances. This material was developed with the goal of promoting more consistent practitioner judgments in similar facts and circumstances.
- Our 2009 [Staff Publication](#) reiterates the Board's view that ISAs are scalable and can be applied to SMEs, recognizing audits of small entities must be able of being conducted in a manner that is appropriate based on their size and characteristics. This publication specifically highlighted that not all ISAs (or indeed all requirements in various ISAs) will always be relevant to all small audits.
- The IFAC SMP Committee<sup>4</sup> has issued the third edition of its [Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities](#). This comprehensive implementation guide is intended to help practitioners understand and efficiently apply the clarified ISAs to audits of SMEs.
- As part of developing and revising ISAs, we coordinate with small and medium practices through the IFAC SMP Committee and outreach (including direct interaction with the NRF and others) to understand (i) how we could better address the need for scalability more broadly and implementation challenges that the IAASB may need to address; and (ii) the practical implications of our standard-setting proposals at an earlier stage in their development.

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<sup>4</sup> The IFAC SMP Committee represents the interests of professional accountants who work in SMPs. The committee develops guidance and tools, and works to ensure the needs of the SMP and SME sectors are considered by standard setters, regulators, and policymakers.

### Staff-Prepared Analysis of Requirements in the ISAs as Compared to the Proposed SASE

**Note:** This Appendix has been prepared by the Staff of the IAASB to facilitate the development of this response letter, but is not intended to be authoritative nor comprehensive.

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 200	<ul style="list-style-type: none"> <li>• Compliance with relevant ethical requirements</li> <li>• Professional skepticism</li> <li>• Professional judgment</li> <li>• Sufficient appropriate audit evidence and risk</li> <li>• Conducting the audit in accordance with the SASE</li> </ul>	1.1 1.3	<ul style="list-style-type: none"> <li>• Requirements in para. 18–23 not needed due to structure of SASE</li> </ul>	
ISA 210	<ul style="list-style-type: none"> <li>• Preconditions of an audit</li> <li>• Audit engagement letter</li> </ul>	2.1 2.2	<ul style="list-style-type: none"> <li>• Specific elements of the audit engagement letter in para. 10 are not required</li> <li>• Requirements addressing scope limitations, other factors affecting audit engagement acceptance, changes in the terms of the audit engagement, and additional considerations in engagement acceptance (including in relation to financial reporting standards, or law or regulation prescribing the financial reporting framework or the auditor's report (para. 7, 8, 14–21))</li> </ul>	
ISA 220	<ul style="list-style-type: none"> <li>• Leadership responsibilities for quality on audit</li> <li>• Relevant ethical requirements</li> </ul>	1.2 2.3	<ul style="list-style-type: none"> <li>• Requirements to take action if indications of non-compliance with relevant ethical requirements or to form</li> </ul>	

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
	<ul style="list-style-type: none"> <li>• Direction, supervision and performance</li> <li>• Reviews</li> <li>• Consultation</li> <li>• Engagement quality control reviews</li> <li>• Documentation</li> </ul>		<ul style="list-style-type: none"> <li>• a conclusions on independence (para. 10– 11)</li> <li>• Requirements relating to acceptance and continuance (para. 12–13)</li> <li>• Requirement related to assignment of engagement teams (para. 14)</li> <li>• Specific responsibilities of the engagement quality control reviewer are not addressed (para. 20–21)</li> <li>• Requirement to consider the results of the firm’s monitoring process (para. 23)</li> <li>• Requirement relating to required documentation by the engagement quality control reviewer (para. 25)</li> </ul>	
ISA 230	<ul style="list-style-type: none"> <li>• Timely basis</li> <li>• Form, content and extent of audit documentation</li> <li>• Assembly of the final audit file</li> </ul>	1.5	<ul style="list-style-type: none"> <li>• Requirement to document inconsistencies with final conclusions (para. 10)</li> <li>• Requirement related to departure from a relevant requirement may not be needed (para. 12)</li> <li>• Requirement related to matters arising after the date of the auditor’s report (para. 13)</li> </ul>	<p>No guidance on what constitutes a significant matter arising during the audit, the conclusions reached thereon, and significant judgments made in reaching those conclusions could result in wide variation. Para. A8–A11 provide very specific examples of these.</p> <p>A number of the documentation requirements are more explicit than the required procedures within the SASE – it would be more</p>

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
				beneficial to explicitly spell out the performance requirements.
ISA 240	<ul style="list-style-type: none"> <li>• Those procedures necessary to identify fraud risk, including the risk of management override of controls and fraud related to revenue recognition</li> <li>• Substantive procedures to address the risks of management override of controls</li> <li>• Communication of identified fraud or information that indicates that a fraud exists</li> <li>• Documentation of the identified and assessed risks of material misstatement due to fraud</li> </ul>	4.2 1.6 4.5 5.2.2	<ul style="list-style-type: none"> <li>• Reference to professional skepticism not very clearly incorporated (para. 12–14)</li> <li>• Limited discussion in relation to risk assessment procedures and related activities (para. 17–24)</li> <li>• Considerations in designing procedures are included based on the requirements in para. 28–33) but are not specific requirements</li> </ul>	<p>Very little explicitly referenced in relation to fraud, and not prominently placed. Given the continued heightened emphasis on fraud and professional skepticism, it would seem that a more integrated discussion on fraud would be useful.</p> <p>Risk of management override of controls and fraud related to revenue recognition are not presumed significant risks</p>
ISA 250	<ul style="list-style-type: none"> <li>• Those procedures necessary to identify risks related to non-compliance that may have a material effect</li> <li>• Communication of identified or suspected non-compliance with laws or regulations with relevance for the audit</li> <li>• Documentation of results of communications with management and TCWG about identified or suspected non-compliance</li> </ul>	4.2 1.6 4.5	<ul style="list-style-type: none"> <li>• No discussion in relation to required work effort (para. 12–21) and reporting (para. 22–28)</li> </ul>	<p>Very little explicitly referenced in relation to compliance with laws and regulations, assumes that the auditor would be well-aware of implications and challenges in this circumstance</p>

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 260	<ul style="list-style-type: none"> <li>• Communication of significant findings from the audit</li> <li>• Documentation of communications with TCWG</li> </ul>	1.6 1.5	<ul style="list-style-type: none"> <li>• Requirements in relation to identifying TCWG and SME considerations (para. 11–13)</li> <li>• Requirement to communicate the auditor’s responsibilities in relation to the financial statement audit (para. 14)</li> <li>• Requirement to communicate the planned scope and timing of the audit (para. 15)</li> <li>• Requirements to communicate significant difficulties encountered during the audit, significant matters discussed with management, written representations (para. 16(b)-(c))</li> <li>• Requirement related to communication about independence for listed entities would not apply (para. 17)</li> <li>• Requirements related to the communication process (para. 18–22), with reference to professional judgment determining the form and content (pulling concepts from AM)</li> </ul>	Would the new requirement to communicate significant risks to TCWG be incorporated (i.e., the changes to ISA 260 arising from the Auditor Reporting project)?
ISA 265	<ul style="list-style-type: none"> <li>• Communication of identified control deficiencies to TCWG (but not required to be in writing unlike ISA 265)</li> </ul>	1.6	<ul style="list-style-type: none"> <li>• Requirements relating to determining whether the auditor has identified any deficiencies, whether they are significant, and communications with management, including what elements are to be included (para. 7–8, 11)</li> </ul>	While the SASE assumes a less complex control environment, it is reasonably possible that deficiencies could be noted – should there be more within the standard to guide auditors in this regard?

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 300	<ul style="list-style-type: none"> <li>• Planning activities</li> <li>• Documentation of planning</li> </ul>	3.1 3.2 3.4	<ul style="list-style-type: none"> <li>• Requirements addressing involvement of key team members in planning and preliminary engagement activities (para. 5–6)</li> <li>• Requirements addressing matters required to be described in the audit plan, updates and changes and planning of direction, supervision and review (para. 9–11)</li> <li>• Requirements related to initial audit engagements, including communication with predecessor auditor (para. 13)</li> </ul>	
ISA 315	<ul style="list-style-type: none"> <li>• Risk assessment procedures and related activities (4.2)</li> <li>• Understanding of the entity and its environment, including the control environment and information system relevant to financial reporting (4.3)</li> <li>• Identifying and assessing the risks of material misstatement, and revision of risk assessment (4.4)</li> <li>• Documentation (4.5)</li> </ul>	4	<ul style="list-style-type: none"> <li>• Requirement to consider information obtained from acceptance or continuance process, other engagements, or previous audits and the implications thereof (para. 7–9)</li> <li>• Requirement for engagement team discussions of susceptibility of the financial statements to risks of material misstatement, and documentation of that discussion (para. 10, 32(a))</li> <li>• Requirement to understand the measurement and review of the entity's financial performance (para. 11(e))</li> <li>• Requirement to understanding the controls and control activities relevant to significant risks (para. 29)</li> <li>• Requirement relating to risk for which substantive procedures alone do not</li> </ul>	Requirements to understand the entity's internal control, including in relation to detailed components, are not as specific as para. 12–24 of ISA 315, although the documentation requirement makes reference to documenting key elements in relation to each aspect. Losing the link to controls when significant risks are identified may result in less quality or a failure to identify control deficiencies, and not acknowledging where controls testing might be needed in respect of some

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
			provide sufficient appropriate audit evidence (para. 30)	other risks in order to obtain sufficient appropriate audit evidence simply because controls may be less sophisticated does not seem appropriate.
ISA 320	<ul style="list-style-type: none"> <li>• Determining materiality as a whole</li> <li>• Revision as the audit progresses</li> <li>• Documentation of materiality and any revisions, and judgments made in determining materiality</li> </ul>	3.4	<ul style="list-style-type: none"> <li>• Possibility of determining materiality for particular classes of transactions, account balances or disclosures and related documentation, including if revised (para. 10, 14(b and (d))</li> <li>• Requirements to determine performance materiality or subsequently revise, and documentation thereof (para. 11, 13, 13(c)-(d))</li> </ul>	Additional guidance, in particular in relation to qualitative aspects of materiality, may be useful (see e.g., recent changes from the Disclosures project)
ISA 330	<ul style="list-style-type: none"> <li>• Audit procedures responsive to assessed risks at the assertion level, including substantive procedures and tests of controls</li> <li>• Evaluating the sufficiency and appropriateness of audit evidence</li> <li>• Documentation</li> </ul>	5 5.3.2 5.4	<ul style="list-style-type: none"> <li>• Specific procedures in relation to nature and extent of tests of controls are now characterized only as considerations (para. 10)</li> <li>• No reference to using audit evidence obtained in previous audits (para. 13–14)</li> <li>• Requirement to test controls over significant risks (para. 15)</li> <li>• Documentation requirement does not explicitly require documentation of the overall responses to address the assessed risk of material misstatement at the financial statement level, and the nature, timing and extent of further audit</li> </ul>	

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
			procedures performed (para. 28(a))	
ISA 402	Not specifically addressed		Not specifically addressed, as unlikely to be common for the smaller entities	
ISA 450	<ul style="list-style-type: none"> <li>• Accumulating misstatements</li> <li>• Consideration of whether misstatements may be indicative of fraud</li> <li>• Evaluating the effect of uncorrected misstatements</li> <li>• Communication of identified misstatements to management and TCWG</li> <li>• Documentation</li> </ul>	5.3.1 1.6 5.4	<ul style="list-style-type: none"> <li>• Requirement when the auditor has asked management to examine a class of transactions, account balance or disclosure (para. 7)</li> <li>• Requirement to reassess materiality in the context of the entity’s actual financial results (para. 10)</li> <li>• Requirement to request written representation that the uncorrected misstatements are immaterial (para. 14) amended to require only communication</li> <li>• Requirement to document the amount below which misstatements would be regarded as clearly trivial (para. 15(a))</li> </ul>	New requirement to consider the “potential reaction of the misstatements from the users of the financial statements”
ISA 500	<ul style="list-style-type: none"> <li>• Sufficient appropriate audit evidence</li> <li>• Information to be used as audit evidence, including from management’s experts</li> <li>• Inconsistency in, or doubts over reliability of, audit evidence</li> </ul>	1.4	<ul style="list-style-type: none"> <li>• Requirement in relation to selecting items for testing to obtain evidence (para. 10)</li> </ul>	More guidance as included in ISA 500, including the various types of audit procedures that may be used, might be helpful given concerns in this area about the nature and extent of audit evidence and whether it is sufficient.

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 501	<ul style="list-style-type: none"> <li>Assess whether the entity may have entered into agreements or relationships that may result in unrecognized liabilities, future commitments or changes to current valuations (4.2)</li> </ul>	4.2	<ul style="list-style-type: none"> <li>Requirements related to inventory and segment information (para. 4–8, 13), and limited reference to litigation and claims (para. 9–12)</li> </ul>	
ISA 505`	<ul style="list-style-type: none"> <li>External confirmation procedures</li> </ul>	5.2.2.2	<ul style="list-style-type: none"> <li>Requirement to consider whether external confirmation procedures should be performed (para. 19 of ISA 330)</li> <li>Requirements addressing management’s refusal to allow confirmations (para. 8–9)</li> <li>Requirement to evaluate the reliability, non-responses, necessary confirmations, exceptions, negative conformations, and evaluating evidence (para. 10–16)</li> </ul>	Need for more here may be driven by questions as to whether external confirmations are commonly used by these entities
ISA 510	<ul style="list-style-type: none"> <li>Substantive procedures on opening balances</li> </ul>	5.2.2	Not addressed in much detail	
ISA 520	<ul style="list-style-type: none"> <li>Evaluating the data</li> <li>Developing an expectation</li> <li>Analytical procedures that assist when forming an overall conclusion</li> </ul>	5.2.2.1 6.3	<ul style="list-style-type: none"> <li>Requirements to determine the suitability of analytical procedures for given assertions, and investigating results of analytical procedures (para. 5(a), 7)</li> </ul>	
ISA 530	<ul style="list-style-type: none"> <li>Determining sample sizes</li> </ul>	5.2.2.2	<ul style="list-style-type: none"> <li>Requirement to consider the purpose of procedure and sample population, and perform specific procedures, and anomalies, and evaluate results (para. 6, 9–10, 13, 15)</li> </ul>	Addressed at a very high level. Given the questions that often arise in practice could more be brought in here?

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 540	<ul style="list-style-type: none"> <li>• Those procedures necessary to assess whether transactions, events or conditions exist that may give rise to the need for estimates. When an estimate is significant, understand the assumptions and methodology used</li> <li>• Understanding of accounting estimates</li> <li>• Retrospective review for significant accounting estimates</li> <li>• Documentation of the reasonableness of accounting estimates (including disclosure) that give rise to significant risks and indicators of possible management bias</li> </ul>	4.2 4.3 5.2.2 5.4	Considerations in designing procedures are included based on the requirements in para. 8–21) but are not specific requirements, including specific elements of the required understanding, work on estimates that have high estimation uncertainty, work on disclosures, consideration of indicators of management bias (although this is required to be documented)	Given the importance of accounting estimates and the inherent judgments involved for both management and auditors, it would seem that more is needed here in particular in relation to evaluating the degree of estimation uncertainty associated with accounting estimates and whether they are significant risks (which triggers additional work under ISA 540)
ISA 550	<ul style="list-style-type: none"> <li>• Those procedures necessary to identify related parties and understand the relationships, nature and purpose</li> <li>• Documentation of the names of identified related parties and the nature of those relationships, as well as the related party transactions and their disclosures that give rise to significant risks</li> </ul>	4.2 4.5 5.4	Considerations in designing procedures are included based on the requirements in para. 11–25) but are not specific requirements, including the effect of fraud, previously unidentified or undisclosed related parties, significant related party transactions outside the normal course of business, and assertions that related party transactions were conducted on terms equivalent to those prevailing in an arm’s length transaction	Greater specificity about the inherent risks related to related party transactions and the rationale for a greater emphasis being placed on these would be helpful.

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 560	<ul style="list-style-type: none"> <li>• Audit procedures in relation to events occurring between the date of the financial statements and the date of the auditor's report</li> <li>• Additional procedures after the date of the auditor's report or issuance of the financial statements if the auditor becomes aware of facts or events that may have an impact on the auditor's conclusion</li> </ul>	6.2	Requirements in relation to specific procedures, and written representations (para. 7–17) in relation to actions to be taken when subsequent events are identified	Addressed at a very high level, with no detail on what additional procedures may be appropriate
ISA 570	<ul style="list-style-type: none"> <li>• Those procedures necessary to assess the entity's ability to continue as a going concern</li> <li>• Understanding of business risks that may affect going concern</li> <li>• Substantive procedures to address the risk caused by identified events or conditions, with specific procedures required</li> <li>• Statement on any material uncertainty in the auditor's report</li> <li>• Documentation of the basis for the auditor's conclusion about the going concern assumption</li> </ul>	4.2 4.3 5.2.2 5.4 6.6	Considerations in designing procedures are included based on the requirements in para. 10–24) but are not specific requirements	<p>As a fundamental piece of the audit, having the approach to going concern mentioned in limited detail in a number of places may not give it enough prominence.</p> <p>Will changes to ISA 570 in relation to “close call” disclosures be incorporated (i.e., those arising from the Auditor Reporting project)?</p>
ISA 580	<ul style="list-style-type: none"> <li>• Evaluate the need to obtain written representations to confirm certain matters, with guidance to assist this consideration</li> <li>• Data of the written representation</li> </ul>	6.4	Requirement to obtain written representation and specific representations as set out in ISA 580 and other ISAs (para. 9–13, 15–20)	Requirement “Unless the responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework,

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				including, where relevant, their fair presentation is clearly defined in law or covered in other way, for example by management's signature on the financial statements, the auditor shall obtain written representation on this matter." Staff is of the view that this appears to be what is intended by para. 11 of ISA 580, which would be the only required representation.
ISA 600	<ul style="list-style-type: none"> <li>Involvement of "other auditors" addressed at a high level</li> </ul>	1.4	Assumption is that group audits would not be expected to be common	
ISA 610	Not specifically addressed		Assumption is that use of internal auditors would not be expected to be common	
ISA 620	<ul style="list-style-type: none"> <li>Involvement of auditor's expert only addressed at a high level</li> </ul>	1.4	<ul style="list-style-type: none"> <li>Concepts of the requirements in relation to competency, capability and objectivity, as well as communication with the expert are mentioned, but none of these would be required (para. 7–11)</li> </ul>	
ISA 700	<ul style="list-style-type: none"> <li>Evaluating whether the overall presentation of the financial statements including disclosures is in accordance with the framework</li> <li>Forming an opinion on the financial statements</li> </ul>	5.2.2 6.5 6.6	<ul style="list-style-type: none"> <li>Requirement to evaluate specific topics in view of the requirements of the applicable financial reporting framework (para. 13)</li> <li>Required aspects of the auditor's evaluation of fair presentation (para. 14)</li> </ul>	Will Auditor Reporting enhancements and Disclosures changes be factored in?  Section 6.6 as drafted implies

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
			<ul style="list-style-type: none"> <li>• Requirement in relation to adequate reference to or description of the applicable financial reporting framework (para. 15)</li> <li>• Certain specific requirements addressing form and content of the auditor's report (within para. 20–45)</li> </ul>	<p>there are two opinions in the case of a fair presentation framework and likely needs to be changed.</p> <p>Sample auditor's report describes the scope of the audit as being conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in (xyz country), including SASE. This is likely to be confusing since the ISAs are used for other entities in those countries where the SASE would apply.</p>
ISA 705	<ul style="list-style-type: none"> <li>• Form of opinions</li> <li>• Communication of modifications to the auditor's report to TCWG</li> </ul>	6.6 1.6	<ul style="list-style-type: none"> <li>• Requirement in relation to multiple uncertainties (para. 10)</li> <li>• Requirements addressing consequences of scope limitations (para. 11–14)</li> <li>• Certain specific requirements addressing form and content of the auditor's report (para. 15–27)</li> </ul>	

Standard	Concepts Addressed in SASE, with Reference to the ED Paragraphs/Section		Requirements in ISAs Not Addressed in SASE, with Reference to ISA Paragraphs	Staff Notes, Including Potential Opportunities for Additional Guidance
ISA 706	<ul style="list-style-type: none"> <li>• Inclusion of Emphasis of Matter (EOM) or Other Matter (OM) paragraphs</li> <li>• Communication to TCWG</li> </ul>	6.6 1.6	<ul style="list-style-type: none"> <li>• Requirements addressing form and content of the EOM and OM paragraphs (para. 6–8)</li> </ul>	
ISA 710	Not specifically addressed			
ISA 720	Not specifically addressed		The ISA may be relevant if other information is included in a document containing or accompanying the auditor’s report (e.g., within an annual report).	IAASB has recently revised ISA 720 to enhance the auditor’s responsibilities and reporting.