

PRIORITIES AND ACTIONS

1. The IAASB's current [Strategy 2015–2019](#) encompasses two work plans, [2015–2016](#) and [2017–2018](#)). The IAASB agreed that the stub period for 2019 would not be treated as a separate work plan because many of the significant projects commenced at the start of the strategy period would still be progressed or finalized in this period.
2. In 2017 and 2018, the IAASB continued with revisions to a number of its key and foundational International Standards on Auditing (ISA), as well as its International Standard on Quality Control (ISQC).¹ The objective of these revisions is to address issues and challenges identified by the IAASB's ISA Implementation Monitoring project and the [Invitation to Comment](#) (ITC), *Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits*, as well as feedback from its stakeholders through meetings, inspection findings, outreach and roundtables. A description of the work on each of these projects planned for 2019 is detailed below.
3. The approval of ISA 540 (Revised)² in June 2018 signified the first revised standard to be completed as part of the IAASB's work program 'Addressing the Fundamental Elements of an Audit,' The IAASB's efforts in relation to this project are now focused on implementation support activities.
4. The IAASB will also further consider how it can enhance its working relationships with the International Federation of Accountants, national standard-setters, regulators, firms and others (as appropriate) to help advance its implementation activities for ISA 540 (Revised), as well as for those projects targeted to be completed in the next 18 months.
5. The IAASB has also started to plan for its future strategy period, and has proposed changes to the way it undertakes its activities.³ Time has been planned for discussions by both the Steering Committee of the IAASB, as well as the Board itself, to start to make the change to more focused activities within structured streams, including the development of related processes or criteria, as appropriate.
6. The following sets out details about the IAASB's planned work for 2019:

¹ The revisions of the IAASB's quality management standard (previously quality control standard) also includes the development of a new standard to address engagement quality reviews (International Standard on Quality Management (ISQM) 2).

² ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

³ For more information on the changes the IAASB may undertake to structure its activities, see the [IAASB's Strategy for 2020-2023](#)

<p><u>ISA 315 (Revised)</u>⁴</p>	<p>In July 2018, the IAASB issued an Exposure Draft of ISA 315 (Revised), with a comment period ending November 2, 2018. The Board continues to discuss the feedback and proposed changes based on comments received on exposure with a goal of finalizing the revisions to ISA 315 (Revised) in June 2019. The Board will also consider implementation activities as necessary.</p>
<p><u>Quality Control projects (ISQM 1,⁵ ISQM 2,⁶ ISA 220 (Revised))⁷</u></p>	<p>In February 2019, the Board will issue an integrated package of three Exposure Drafts addressing quality management at the firm and engagement level, with a comment period of 150 days. The IAASB will discuss the responses received on exposure, including how to address the matters raised, at its September and December 2019 meetings. The IAASB targets to finalize the revised and new standards in the first half of 2020.</p>
<p><u>Group Audits (ISA 600)</u>⁸</p>	<p>The IAASB commenced this project in 2014 and obtained valuable input through the ITC. The IAASB decided to focus efforts on other projects given that some of the foundational issues to be dealt with in the revisions to ISA 600 needed to be first considered and addressed in other projects, such as ISQM 1, ISQM 2, ISA 220 (Revised), and ISA 315 (Revised). As these projects continue to advance, the IAASB will intensify and significantly progress its work on revising ISA 600 and will work towards the approval of an Exposure Draft in December 2019.</p>
<p><u>Audit Evidence</u></p>	<p>Exploratory work and scoping of a possible project on Audit Evidence will commence with information-gathering and research to help inform the IAASB's future activities. Topics likely to be considered for inclusion include:</p> <ul style="list-style-type: none"> • A revision of ISA 500;⁹ • Aspects of automated tools and techniques (including data analytics); and • Professional skepticism. <p>Further consideration may also be given to whether, and how, a possible project could encompass the need for possible revisions to ISA 230¹⁰ (including the further consideration of professional skepticism), ISA 520,¹¹ ISA 530,¹² ISA 320,¹³ and other changes that may be warranted given the advances in technology.</p>

⁴ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

⁵ Proposed ISQM (previously ISQC) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁶ Proposed ISQM 2, *Engagement Quality Reviews*

⁷ ISA 220 (Revised), *Quality Control for an Audit of Financial Statements*

⁸ ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁹ ISA 500, *Audit Evidence*

¹⁰ ISA 230, *Audit Documentation*

¹¹ ISA 520, *Analytical Procedures*

¹² ISA 530, *Audit Sampling*

¹³ ISA 320, *Materiality in Planning and Performing an Audit*

<p><u>Agreed-Upon Procedures</u></p>	<p>In November 2018, the IAASB issued an Exposure Draft of ISRS 4400 (Revised)¹⁴ with a comment period of 120 days. In 2019 the Board will discuss the responses received on exposure and ways to address the matters raised. The IAASB targets to finalize the revised standard in December 2019.</p>
<p><u>Extended External Reporting (EER)</u></p>	<p>The IAASB targets to publish, for consultation, the first phase of guidance related to assurance engagements over EER in early 2019. The draft guidance aims to help practitioners apply ISAE 3000 (Revised)¹⁵ to reports which include non-financial information that go beyond the traditional (financial statement) focus on the entity's financial position, financial performance and impact on its financial resources. The phase 1 Consultation Paper will address six of the ten key challenges for assurance engagements over EER as identified in the <u>Discussion Paper</u>, <i>Supporting Credibility and Trust in Emerging Forms of External Reporting</i>. Phase 2 of the project aims to develop guidance relating to the remaining four challenges. The IAASB plans to incorporate revisions to the phase 1 guidance, based on comments received on the Consultation Paper, together with the phase 2 guidance to be developed, into a full draft of the proposed non-authoritative guidance that is targeted to be exposed for public comment in early 2020.</p>
<p><u>Audits of Less Complex Entities</u></p>	<p>Given the changing environment for small- and medium-sized entities (SME), and the increasing complexity of the standards, there is an increasing need for IAASB action in this area. As a result, the IAASB plans to publish a Discussion Paper regarding challenges and issues in relation to audits of less complex entities in April 2019, with views sought about perceived issues as well as possible future actions to address these challenges and issues. Related outreach for obtaining input will include a second Small- and Medium-sized Practices (SMP)/ SME Conference planned for May 2019, as well as other outreach that may be necessary. The feedback from the Discussion Paper and outreach will be discussed by the IAASB at its December 2019 meeting.</p>
<p><u>Auditor Reporting Post-Implementation Review</u></p>	<p>The Auditor Reporting Implementation Working Group will commence planning for a post-implementation review of the new and revised auditor reporting standards and ISA 720 (Revised),¹⁶ with the first phase of information-gathering scheduled to begin late 2019.</p>

¹⁴ International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

¹⁵ International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

¹⁶ ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

<u>ISA 540 (Revised) Implementation Support</u>	The ISA 540 (Revised) Implementation Support Working Group will develop material to support awareness, understanding and effective implementation of ISA 540 (Revised), including examples to illustrate how the requirements in ISA 540 (Revised) are scalable for accounting estimates with different characteristics, and other materials such as flow charts, frequently asked questions and webinars.
Ongoing Initiatives	As needed, the IAASB will continue its work, and collaboration and liaison activities, related to data analytics, professional skepticism, the work of the International Ethics Standards Board for Accountants, the International Accounting Standards Board and innovation updates.

This document was prepared by the Staff of the International Auditing and Assurance Standards Board (IAASB).

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The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

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