



International Auditing and Assurance Standards Board

IAASB Strategic Review - Preliminary Views

John Kellas, IAASB Chairman

IAASB Consultative Advisory Group

April 2-3, 2007

Agenda Item L

Consultation Plan

- Survey (January / February)
- Review of reports of audit oversight and other bodies
- Discussions with identified groups, including IAASB CAG
- Invited forums
 - April 13, Sydney
 - June 15, Mexico City
 - June 28, Brussels
- Presentations at IAASB meetings
- Exposure draft – October

Responses

- 137 responses to date
- Many responses from organizations, rather than individuals

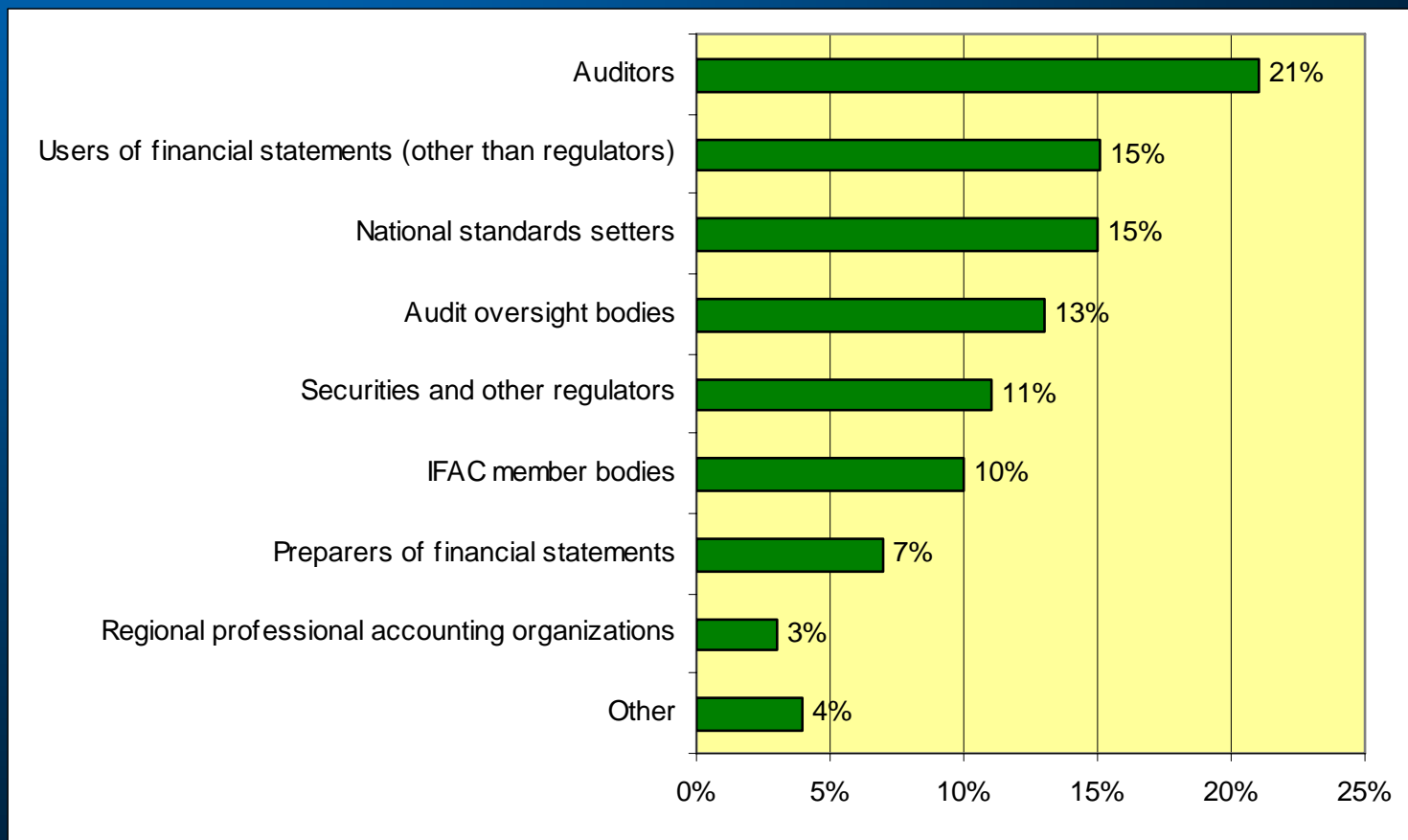
Respondents

IFAC Member Body	30%
Standards Setter	18%
Professional Accountant in Public Practice	18%
Member or TA of IFAC Board or Committee	14%
Academia	11%
IAASB CAG Member Organization/Representative	11%
Public Sector	11%
IAASB Member	10%
User of Financial Statement	8%
Private Sector	8%

Respondents

Small and Medium Sized Practice	8%
Preparer of Financial Statements	8%
Regulator	6%
Developing / Emerging Economy	6%
Governmental or Legislative Body	5%
IAASB Technical Advisor	5%
Audit Oversight Body	3%
Small and Medium Sized Entity	2%
Donor Agency or Similar Body	1%
Other	1%

Most Affected Groups (Weighted)



Environmental Factors (Weighted)

1. Credibility of financial reporting and the worldwide accountancy profession
2. Convergence with international standards
3. Application of standards by SMPs
4. Regulation of the worldwide accountancy profession
5. The expectations gap
6. New needs of information users
7. The audit performance gap
8. Corporate credibility

Initiatives

- 99% of respondents indicated that the following should remain the IAASB's top initiatives:
 - Development of standards
 - Global acceptance, convergence and partnership
 - Communications
- No significant new initiatives were identified

Development of Standards – Recommendations

1. Assist with the implementation of ISAs
2. Develop standards for other assurance engagements
3. Consider matters relating to recently completed / current projects
4. Redraft standards other than ISAs in clarity style
5. Revise ISAs that were redrafted, but not revised
6. Develop a conceptual framework
7. Develop the meaning of “reasonable assurance”
8. Consider qualitative characteristics or behavioral aspects of an auditor
9. On-line business report / XBRL

Development of Standards – Recommendations

- Matter for IAASB CAG's consideration
 - Do you agree with the recommendations on the previous slide?
 - Do you agree with the order of importance?



ISAs – Recommendations

- Assist with implementation of the ISAs
 - Moratorium on issue of new ISAs
 - ISA implementation guidance
 - SMEs and emerging economies
 - Industry specific guidance
 - Post-implementation review of clarity redrafted ISAs

ISAs – Recommendations

- Consider matters relating to recently completed projects / complete current projects
 - Recently completed projects mentioned
 - ISA 220 (and ISQC 1)
 - ISA 230
 - ISA 260 (Revised)
 - Audit Risk Standards (ISA 315 (Redrafted), ISA 330 (Redrafted) and ISA 500)
 - ISA 320 (Revised) and ISA 450 (Revised)
 - Reporting Standards (ISA 700, ISA 705 (Redrafted), ISA 706 (Redrafted) and ISA 800 (Redrafted))

ISAs – Recommendations

- Revise ISAs redrafted but not revised as part of Clarity project
 - ISA 250
 - ISA 720

Other Standards – Recommendations

- Develop standards for other assurance engagements
 - Reporting on internal control and risk management
 - Reporting on sustainability reports
 - Auditor's involvement in prospectuses, including prospective and pro forma financial information and comfort letters
- Redraft ISREs, ISAEs and ISRSs in clarity style
- Address conceptual issues (i.e., framework, reasonable assurance)

Global Acceptance – Recommendations

- Continue to identify and address impediments to convergence
- Continue dialogue with those affected by the IAASB's activities
 - National standard setters
 - International regulators and audit oversight bodies
 - SMEs / SMPs and emerging economies
 - Jurisdictions that have not yet indicated intention to adopt the ISAs

Global Acceptance – Recommendations

- Drive implementation by utilizing
 - Regional organizations
 - IFAC member bodies
 - National standard setters
 - Forum of Firms
- Facilitate
 - Translations
 - Training
 - Exchange of experiences

Global Acceptance – Recommendations

- Matter for IAASB CAG's consideration
 - The responses supported continuing to put weight on this activity, but it was not clear what we should be doing in addition to what we already do. Is there anything further we should consider?



Communication – Recommendations

- Increase and target communication
- Develop communication strategy
- Develop project updates, summaries of key points and implications of new/revised standards
- Create an awareness amongst investors and the wider public as to what an audit is

Communication – Recommendations

- Matter for IAASB CAG's consideration
 - Who should be our principal targets for communication, and what should be communicated?





International Federation of Accountants
www.ifac.org