



ISA 315 (Revised)

Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment

Fiona Campbell, ISA 315 (Revised) Task Force Chair

IAASB CAG Meeting, September 2017

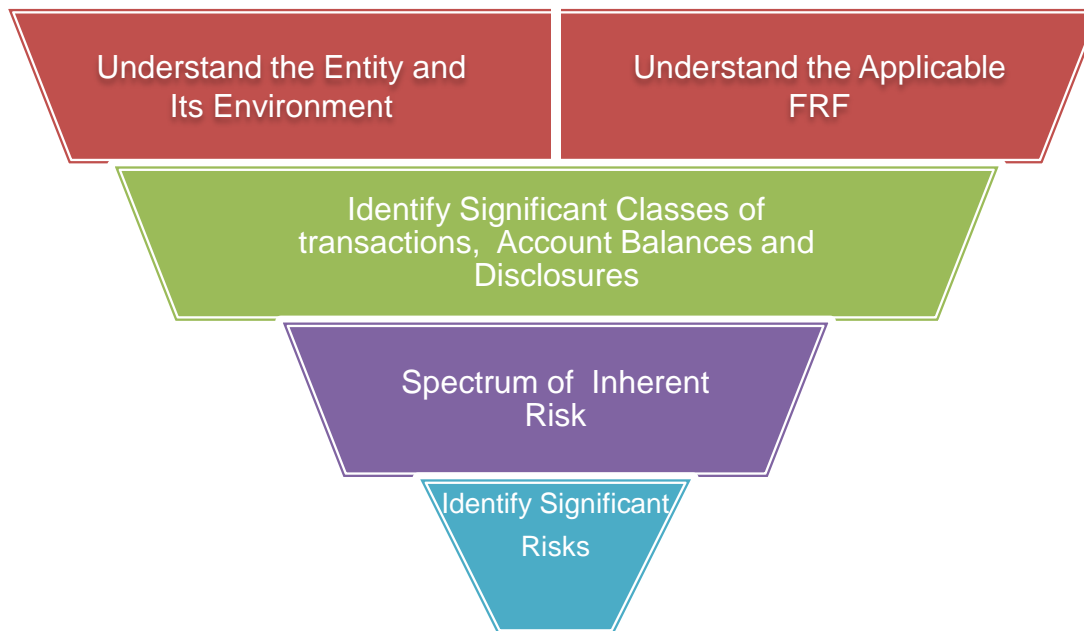
Agenda Item K.1



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Brief recap since we last met.....

- Greater emphasis on financial reporting framework

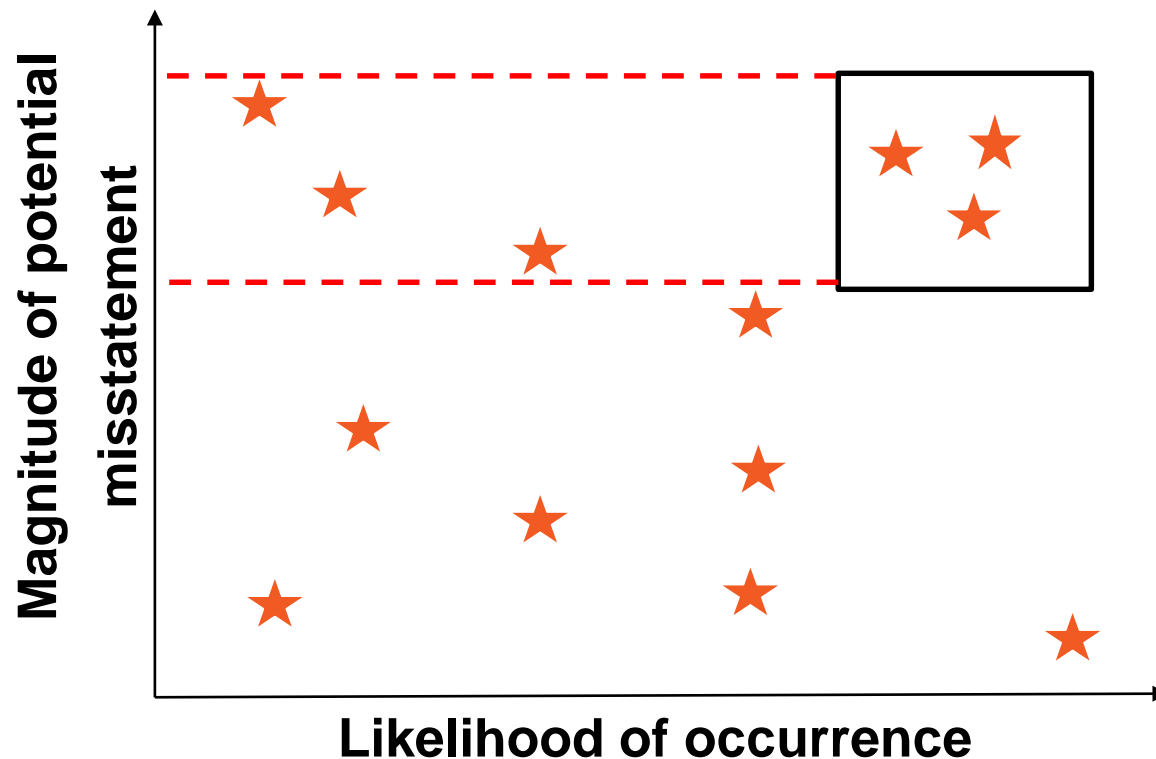


Brief recap since we last met.....

- Qualitative inherent risk factors
- Obtaining an understanding of control risk and inherent risk

Brief recap since we last met.....

- Significant risks



What do we need your input on today?

- Definitions
- Understanding internal control in the context of:
 - Identifying controls within each component
 - Evaluating the design of those controls (relevant to the audit)
 - Determining whether they have been implemented
- Separation of the assessment of IR and CR
- Any scope creep?
- Any other matters?

Matters for IAASB CAG Consideration

1. The IAASB CAG is asked for its views on the revised or new definitions (paragraph 4 Agenda Item K.2) relating to:
 - (a) Assertions
 - (b) Controls
 - (c) Internal Control or System of Internal Control
 - (d) Qualitative inherent risk factors
 - (e) Relevant Assertions
 - (f) Relevant classes of transactions, account balances and disclosures
 - (g) Risk Assessment procedures
 - (h) Significant risk

Matters for IAASB CAG Consideration

2. The proposed changes to the overall requirement to obtain an understanding of internal control (paragraphs 47 to 57 of Agenda Item K.1 and paragraph 12 of Agenda Item K.2), in particular whether it is clear that this understanding is gained through identifying controls relevant to the audit within each component, evaluating the design of those controls and determining whether they have been implemented (i.e., paragraph 12 in Agenda Item K.2; also see paragraphs 14, 15, 18, 20 and 22 that address understanding each component)?

Matters for IAASB CAG Consideration

3. The proposed changes to the requirements for the identification and assessment of the risks of material misstatement, in particular the separation of the requirements relating to the assessment of inherent risk and the assessment of control risk (i.e. paragraphs 25A to 25 D of Agenda Item K.2).

Matters for IAASB CAG Consideration

4. IAASB CAG Representatives are asked for their views about whether the project is addressing the issues that have been identified (i.e., is there any “scope creep” or are there any proposed changes that go beyond addressing the issues expressed in the Project Proposal (and should therefore not be changed))?

5. Are there any other matters for the ISA 315 Task Force to consider as it further develops the exposure draft of ISA 315 (Revised)?



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