

Auditor Reporting Post-Implementation Review

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Working Group Chair

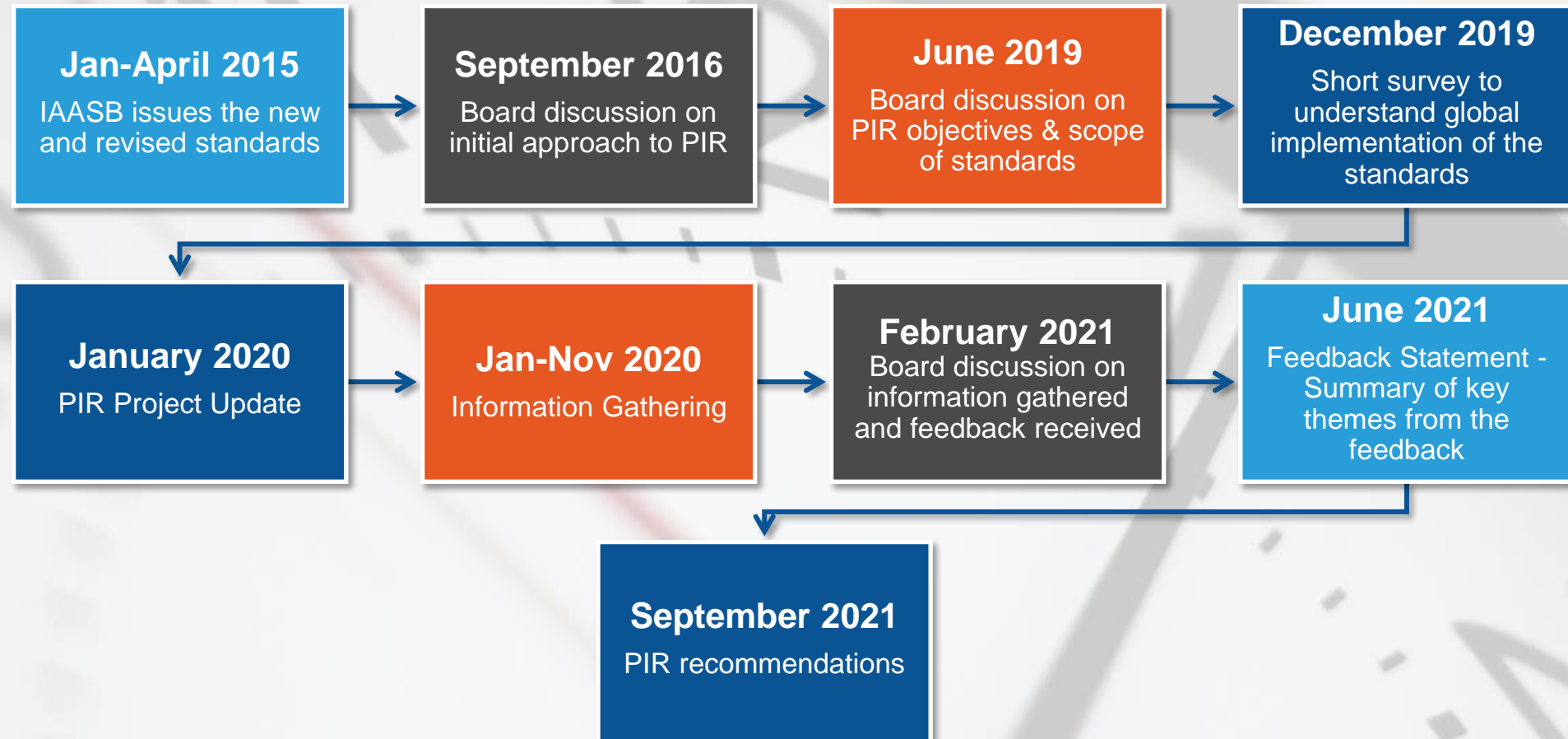
IAASB CAG Meeting
September 8–9, 2021

PIR Objectives

- Determine whether the standards are being consistently understood and implemented
- 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
 - Wider application of the requirements that currently apply only to audits of financial statements for listed entities



PIR Timeline

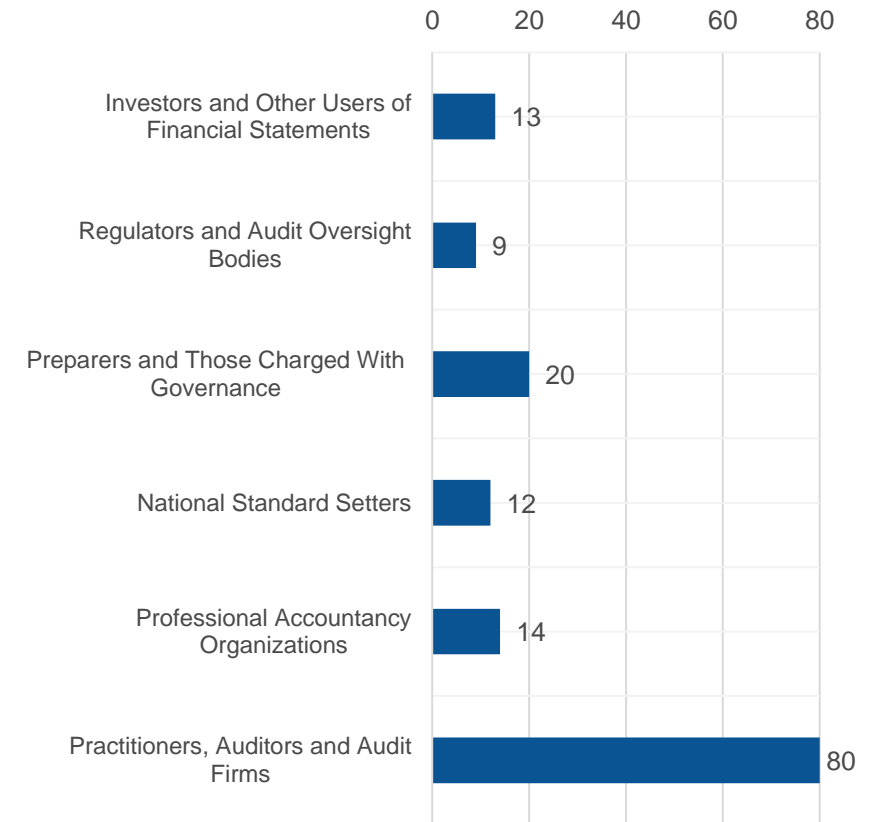
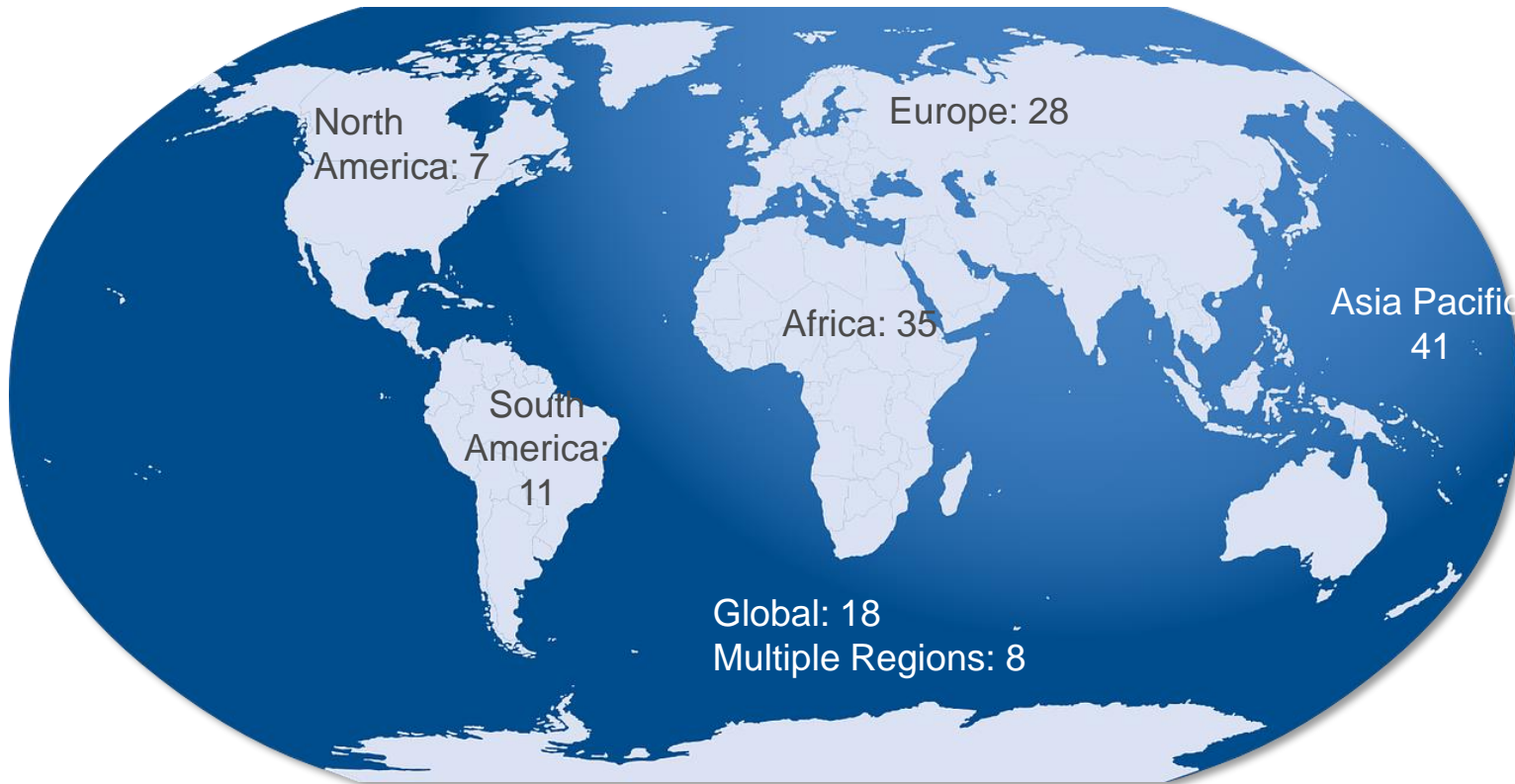


PIR Information Gathering Activities

- Review of academic research and other literature
- Virtual roundtable with various stakeholder groups
- PIR stakeholder survey
- Other information-gathering activities



Stakeholder Survey Responses (148)



Key Findings

- Broad support for the enhancements made
- Implementation challenges for some areas
- More time and information needed to understand demand for
 - Additional information to improve transparency
 - Extending requirements that apply for listed entities
- Support for informative reporting and engagement by all stakeholders



Approach to Recommendations

- Further assessment of the feedback in support of PIR objectives
- IAASB's Framework for Activities
- IAASB's revised work plan for 2020-2021
- Broad reflections from the feedback
 - Need for more implementation experiences
 - Targeted improvements to standards instead of lengthy projects
 - Consideration of IAASB's open projects and the capacity of stakeholders to implement more changes quickly



PIR Recommendations

1. KAM

- Develop non-authoritative guidance
- Explore communication of KAM for PIEs

2. Support and input to GC WG as it explores further actions

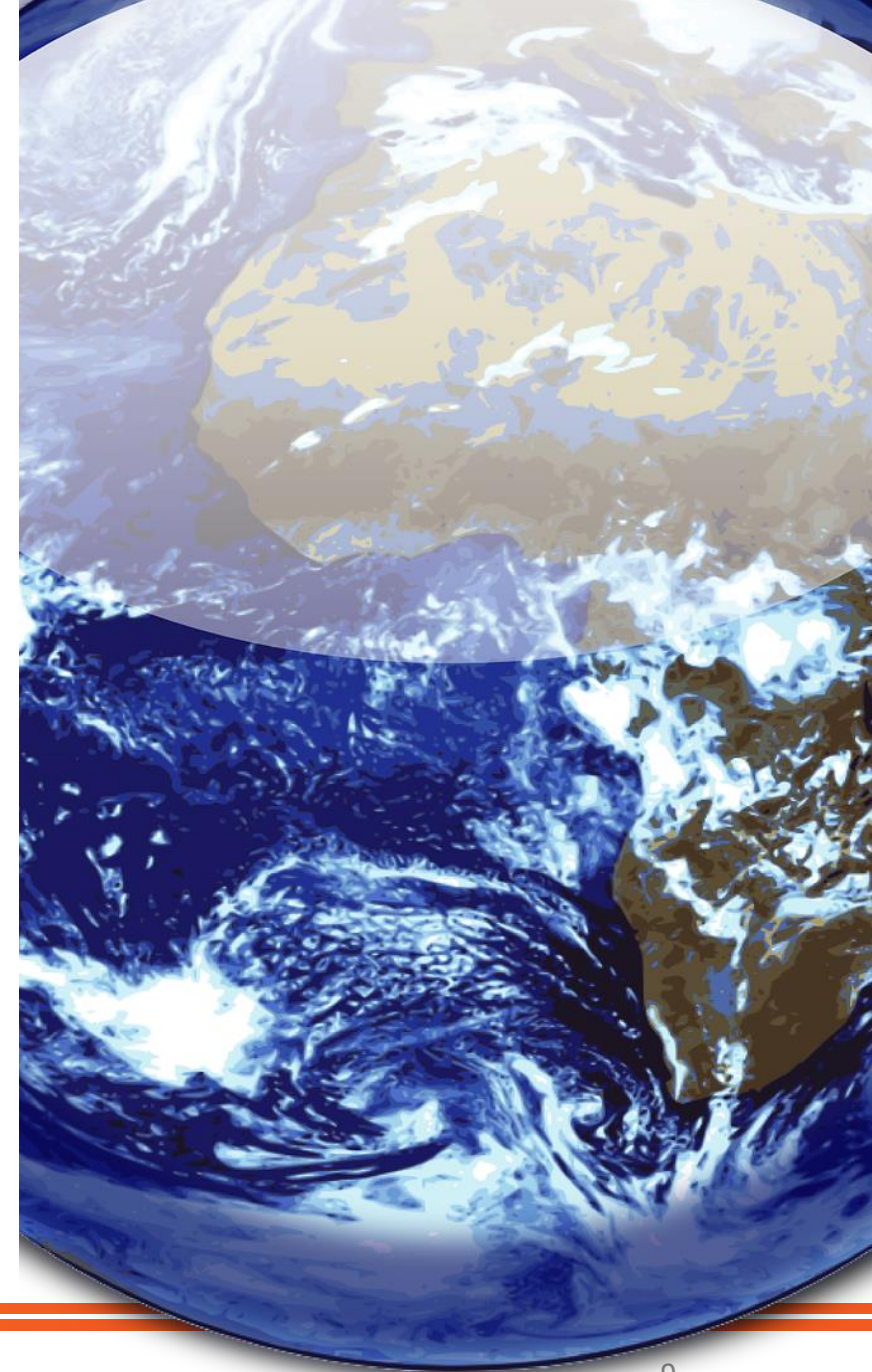
3. ISA 720 (Revised)

- Development additional guidance and leverage NSS where possible
- Consider targeted revisions as part of IAASB's future work plan



PIR Recommendations

4. Develop non-authoritative support material for when an individual other than the EP signs the auditor's report
5. Continue monitoring global developments to fully understand demand for additional information in the AR
6. Explore demand for aligning other assurance reports to the AR (when related standards are revised)



PIR Recommendations

7. Update the AR FAQs to address practical challenges
8. Support and provide input to
 - GC WG
 - Fraud WG
 - PIE WG
9. Continue engaging with stakeholders and monitoring global developments and implementation experiences



In Summary...

Linking the Recommendations to Themes

PIR Theme	PIR Recommendations			
	Ongoing Monitoring & Engagement with Others	Coordination with Other Workstreams	Non-Authoritative Support Material	Standard Setting Considerations
Key Audit Matters (KAM)	Outcome of the audit procedures or key observations with respect to KAM	KAM for PIEs – Support and Input to the PIE Working Group	AR FAQs (Update) <ul style="list-style-type: none"> ▶ 'Boilerplate' with KAM ▶ Outcome / key observation with KAM 	N/A
Going Concern (GC)	N/A	Education and guidance explored as part of the Going Concern workstream	Explored by the Going Concern workstream	Explored by the Going Concern workstream
OI Section of the Auditor's Report	Engagement with NSS and others; sharing and leveraging information	N/A	AR FAQs (Update) <ul style="list-style-type: none"> ▶ Examples of OI ▶ Targeted areas of ISA 720 (Revised) 	Explore need for targeted revisions
Other Elements of the Auditor's Report	N/A	N/A	Staff publication <ul style="list-style-type: none"> ▶ When the individual signing the auditor's report is not the EP 	N/A
Information Beyond What is Required to Improve Transparency	Materiality and scope of the audit	Other aspects of the audit – Going Concern, Fraud and PIE workstreams	Explored by the Going Concern, Fraud and PIE workstreams	Explored by the Going Concern, Fraud and PIE workstreams
Aligning Assurance Reports for Other Engagements	N/A	N/A	AR FAQs (Update) <ul style="list-style-type: none"> ▶ EOM in interim review report (ISRE 2410) vs MURGC in auditor's report (ISA 570 (Revised)) 	Explore alignment when the standards are opened for revision (e.g., ISRE 2410)

Way Forward

- PIR now completed
- ARIWG will focus on
 - Support and input to other work streams
 - Update AR FAQs
 - Staff publication on signing partner
- Future work plan decisions to be made through the Framework for Activities (Category A)



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