

IAASB

ISA Implementation Monitoring

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IAASB CAG Meeting
New York, USA
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Responses Received

Profession		External	
Audit firms	12	Audit inspection bodies*	6
Public sector	4	Other regulators	1
Professional bodies	7		
Total	23	Total	7

*Two letters included here are joint inspection body / national auditing standard setter submissions.

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Geographical Breakdown

	No of Letters	No of comments	Average
International	12	145	12
North America	3	67	22
South America	1	2	2
Africa	2	58	29
Europe	5	89	18
Asia Pacific	7	82	12
	30	443	15

General Comments – Initial View

- IAASB had generally achieved goals in revising the ISAs
- Many thought the clarified ISAs were clear and understandable
 - Improvement on ISAs that preceded them
- Some had the view that clarified ISAs helped auditors better focus on risk areas
- General consistency within audit firms
 - Consistency within countries influenced by national implementation efforts
 - Consistency between countries influenced by stage of development / translation
- Some emphasized a stable platform – continuing use will improve AQ over time

Prioritization Using Preliminary Criteria

- 336 comments → 99 themes
- General comments – 107; ISA specific comments - 336

Themes Organized

Key	There is a body of evidence to suggest that the ISA is not being consistently understood and applied in a manner that achieves the IAASB's goals in revising it. Changes to the ISAs are likely to have the greatest potential for improving audit quality.	6
Important	There is some evidence to suggest that the ISA is not being consistently understood and implemented in the manner that achieves the IAASB's goals in revising it. Changes to the ISAs may have potential for improving audit quality.	7
Less Important	There is limited evidence to suggest that a change to the ISA may have merit.	38

ISAs Identified with Key Issues (Preliminary views)

- Professional skepticism
- ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*
 - Adequate involvement of the group auditor
 - Component materiality
- ISA 315, *Identifying and Assessing the Risks of Material Misstatements through Understanding the Entity and its Environment*
 - Controls relevant to the audit
 - Identification of significant risks
- ISA 220, *Quality Control for an Audit of Financial Statements*
 - EQCR, including consequential amendments to ISQC 1

Next Steps

- Preliminary report
 - Discuss with IAASB in April 2013
 - Discuss with NSS in May 2013
- IAASB approval of final report at June 2013 IAASB meeting
- Recommendations to IAASB Steering Committee
- IAASB to consult on 2015—2019 Strategy and Work Plan

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