

Meeting: IAASB
Meeting Location: New York, United States of America
Meeting Date: September 18–22, 2017

Agenda Item

9

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

Objective of Agenda Item

The objectives of this agenda item are to:

- Update the Board on the Task Force's preliminary analysis of the responses to the ISA 540 (Revised)¹ Exposure Draft; and
- Obtain the Board's preliminary view on the direction to be taken on some matters that the Task Force has identified in the comment letters.

Task Force Membership

2. The Task Force membership has been updated and now comprises the following members:
 - Rich Sharko (Task Force Chair, IAASB Member) (supported by Jamie Shannon, IAASB Technical Advisor)
 - Marc Pickeur (Task Force Co-Chair, IAASB Member)
 - Marek Grabowski (IAASB Member) (supported by Keith Billing)
 - Ron Salole (IAASB Member)
 - Jean-Jacques Dussutour (representing the International Association of Insurance Supervisors)Barbara Vanich, who is representing the United States Public Company Accounting Oversight Board, and Claire Greene, who is representing the Basel Committee on Banking Supervision's Accounting Experts Group, are official observers to the Task Force. Abhijit Bandyopadhyay (IAASB Member) is a correspondent member to the Task Force.
3. The staff supporting the Task Force consists of Jasper van den Hout (Principal) and Brett James (Deputy Director), with the advice and support of Dan Montgomery.
4. A summary of recent Task Force activities and outreach is included in **Appendix A**.

¹ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

Activities since March 2017 IAASB Meeting

5. In April 2017, the IAASB published the exposure draft of ISA 540 (Revised).² As of September 1, 67 responses have been received from stakeholders across a wide range of entities and different jurisdictions. **Appendix B** provides a list of the respondents by stakeholder group.
6. The IAASB is asked to note that four Monitoring Group members responded to the exposure draft: the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Forum of Independent Audit Regulators, and the International Organization of Securities Commissions. These comment letters, as well as the letters of other respondents, are available on the IAASB's website.³
7. The Task Force has commenced analyzing the comment letters and further analysis will be performed. The results will be shared with the Board in the October 2017 meeting.

Material Presented

Agenda Item 9-A	Presentation
Agenda Item 9-B	Selection of Comment Letters

Action Requested

8. The Task Force's preliminary analysis is summarized in the presentation (**Agenda Item 9-A**).
9. To assist members in beginning to become familiar with the responses on the Exposure Draft, **Agenda Item 9-B** contains a selection of the comment letters that the Task Force has referred to in its deliberations. These letters illustrate perspectives and issues that the Task Force has identified in its preliminary analysis. Of course, members need to be familiar with the content of all the letters in time but, at a minimum, this selection of letters is intended to assist members in preparing for the September 2017 IAASB meeting given the short amount of time since the comment letters were received. In addition, a compilation of comments has been prepared by staff and will be available as a **supplement to this Agenda Item**.
10. For certain key areas, the Task Force is asking the IAASB for its preliminary views on the issues raised by respondents and the direction that the IAASB would recommend the Task Force to investigate. These matters for IAASB consideration are included in **Agenda Item 9-A**.

² www.ifac.org/publications-resources/proposed-international-standard-auditing-540-revised-auditing-accounting

³ www.ifac.org/publications-resources/proposed-international-standard-auditing-540-revised-auditing-accounting

Appendix A

Task Force Activities Including Outreach and Coordination with Other IAASB Task Forces and Working Groups

1. The following sets out the recent activities of the Task Force, including outreach with others and coordination with other IAASB Task Forces and Working Groups relating to the ISA 540 project.

Task Force Activities since the last IAASB Discussion

2. The ISA 540 Task Force has held two teleconferences since the last IAASB discussion in March 2017.

Outreach

3. After the publication of the exposure draft, the ISA 540 leadership presented the IAASB's proposal to certain stakeholders: the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the Financial Stability Board, the Forum of Firms, Crowe Horwath International, and the Royal Netherlands Institute of Chartered Accountants.

Appendix B

List of Respondents to ISA 540 (Revised) Exposure Draft

NOTE: MEMBERS OF THE MONITORING GROUP ARE SHOWN IN BOLD BELOW.

#	Abbrev.	Respondent ()	Region
Investors and Analysts (1)			
1.	CFA	CFA Institute	GLOBAL
Those Charged with Governance (1)			
2.	AICD	Australian Institute of Company Directors	AP
Regulators and Oversight Authorities (9)			
3.	BCBS	Basel Committee on Banking Supervision	GLOBAL
4.	CEAOB	Committee of European Auditing Oversight Bodies	EU
5.	EBA	European Banking Authority	EU
6.	ESMA	European Securities and Markets Authority	EU
7.	IAIS	International Association of Insurance Supervisors	GLOBAL
8.	IFIAR	International Forum of Independent Audit Regulators	GLOBAL
9.	IOSCO	International Organization of Securities Commissions	GLOBAL
10.	IRBA	Independent Regulatory Board for Auditors (South Africa)	MEA
11.	UKFRC	Financial Reporting Council – UK	EU
National Auditing Standard Setters (9)			
12.	AUASB	Australian Auditing and Assurance Standards Board	AP
13.	CAASB	Canadian Auditing and Assurance Standards Board	NA
14.	CNCC-CSOEC	Compagnie Nationale des Commissaires aux Comptes and the Conseil Superieur de l'Ordre des Experts-Comptables	EU
15.	HKICPA	Hong Kong Institute of Certified Public Accountants	AP
16.	IDW	Institut der Wirtschaftspruefer	EU
17.	JICPA	The Japanese Institute of Certified Public Accountants	AP
18.	MAASB	Auditing and Assurance Standards Board of Malaysian Institute of Accountants	AP
19.	NBA	Nederlandse Beroepsorganisatie van Accountants	EU
20.	NZAuASB	New Zealand Auditing and Assurance Standards Board	AP

Accounting Firms (10)⁴			
21.	BDO*	BDO International Limited	GLOBAL
22.	CHI*	Crowe Horwath International	GLOBAL
23.	DTT*	Deloitte Touche Tohmatsu Limited	GLOBAL
24.	EYG*	Ernst & Young Global Limited	GLOBAL
25.	GTI*	Grant Thornton International Ltd	GLOBAL
26.	KPMG*	KPMG IFRG Limited (Network)	GLOBAL
27.	PKF*	PKF International Limited	GLOBAL
28.	PWC*	PricewaterhouseCoopers International Limited	GLOBAL
29.	RSM*	RSM International	GLOBAL
30.	SRA	SRA (Samenwerkende Register Accountants) (Netherlands Network)	EU
Public Sector Organizations (8)			
31.	ACAG	Australasian Council of Auditors-General	AP
32.	AGA	Auditor General of Alberta	NA
33.	AGC	Auditor General Canada	NA
34.	AGNZ	Auditor General of New Zealand	AP
35.	CIPFA	Chartered Institute of Public Finance & Accountancy	GLOBAL
36.	GAO	United States Government Accountability Office	NA
37.	INTOSAI	Financial Audit and Accounting Subcommittee of INTOSAI	GLOBAL
38.	PAS	Provincial Auditor Saskatchewan	NA
Preparers of Financial Statements (1)			
39.	ABA	American Bankers Association	NA
Member Bodies and Other Professional Organizations (25)			
40.	ACCA- CAANZ	Association of Chartered Certified Accountants - Chartered Accountants Australia and New Zealand	GLOBAL
41.	AE	Accountancy Europe	EU
42.	AICPA	American Institute of Certified Public Accountants	NA
43.	ANAN	Association of National Accountants of Nigeria	MEA
44.	CAI	Chartered Accountants Ireland – Audit and Assurance Committee	EU
45.	CAQ	Center for Audit Quality	NA

⁴ Forum of Firms members are indicated with a *. The Forum of Firms is an association of international networks of accounting firms that perform transnational audits.

46.	CPAA	CPA Australia	AP
47.	CRUF	Corporate Reporting Users' Forum	GLOBAL
48.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
49.	FACPCE	Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professionals Councils of Economic Sciences)	SA
50.	IAA	International Actuarial Association	GLOBAL
51.	IAAA	Interamerican Accounting Association	SA
52.	IBRACON	Instituto dos Auditores Independentes do Brasil	SA
53.	IBR-IRE	Institut des Réviseurs d'Entreprise/ Instituut van de Bedrijfsrevisoren	EU
54.	ICAEW	Institute of Chartered Accountants in England and Wales	EU
55.	ICAG	Institute of Chartered Accountants (Ghana)	MEA
56.	ICAP	The Institute of Chartered Accountants of Pakistan	AP
57.	ICAS	Institute of Chartered Accountants of Scotland	EU
58.	ICAZ	Institute of Chartered Accountants of Zimbabwe	MEA
59.	ISCA	Institute of Singapore Chartered Accountants	AP
60.	ICPAK	Institute of Certified Public Accountants of Kenya	MEA
61.	KICPA	Korean Institute of Certified Public Accountants	AP
62.	NASBA	National Association of State Boards of Accountancy	NA
63.	SAICA	South African Institute of Chartered Accountants	MEA
64.	SMPC	IFAC Small and Medium Practices Committee	GLOBAL
Academics (1)			
65.	GC	Steven Glover (Brigham Young University) and Brant Christensen (University of Missouri)	NA
Individuals and Others (2)			
66.	CYGNUS ATRATUS	Cygnus Atratus	EU
67.	NDEG	New Delhi Expert Group	AP