Conforming and Consequential Amendments to ISA 300

This agenda item shows the conforming and consequential amendments to ISA 300 resulting from the projects to revise ISA 600 and ISA 220. Conforming and consequential amendments resulting from the project to revise ISA 600 are highlighted in light grey.

ISA 300, PLANNING AN AUDIT OF FINANCIAL STATEMENTS

Requirements

Planning Activities

7. The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.

8. In establishing the overall audit strategy, the auditor shall:
   (a) Identify the characteristics of the engagement that define its scope;
   (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
   (c) Consider the factors that, in the auditor’s professional judgment, are significant in directing the engagement team’s efforts;
   (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
   (e) Ascertain the nature, timing and extent of resources necessary to perform the engagement. (Ref: Para. A8–A11)

9. The auditor shall develop an audit plan that shall include a description of:
   (a) The nature, timing and extent of the planned direction and supervision of engagement team members and the review of their work. (Ref: Para. A16–A17)
   (ab) The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315 (Revised).^4
   (bc) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330.^5

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^4 ISA 315 (Revised 2019), Identifying and Assessing the Risks of Material Misstatement

^5 ISA 330, The Auditor’s Responses to Assessed Risks
ISA 600 and ISA 220 — Conforming and Consequential Amendments to ISA 300
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(ed) Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs. (Ref: Para. A12-A14)

10. The auditor shall update and change the overall audit strategy and the audit plan as necessary during the course of the audit. (Ref: Para. A15)

11. The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A16–A17)

11A. The engagement partner shall review the overall audit strategy and audit plan.

Documentation

12. The auditor shall include in the audit documentation.6

(a) The overall audit strategy;

(b) The audit plan; and

(c) Any significant changes made during the audit engagement to the overall audit strategy, and the audit plan, including any changes to the planned nature, timing and extent of the planned direction and supervision of engagement team members and the review of their work, and the reasons for such changes. (Ref: Para. A18–A21)

…

Application and Other Explanatory Material

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Documentation (Ref: Para. 12)

A18. The documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and to communicate significant matters to the engagement team. For example, the auditor may summarize the overall audit strategy in the form of a memorandum that contains key decisions regarding the overall scope, timing and conduct of the audit.

A19. The documentation of the audit plan is a record of the planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks. It also serves as a record of the proper planning of the audit procedures that can be reviewed and approved prior to their performance. The auditor may use standard audit programs or audit completion checklists, tailored as needed to reflect the particular engagement circumstances.

A20. A record of the significant changes to the overall audit strategy and the audit plan, and resulting changes to the planned nature, timing and extent of audit procedures, explains why the significant changes were made, and the overall strategy and audit plan finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit.

A20A. Documentation of the direction and supervision of engagement team members and review of their work in accordance with proposed ISA 220 (Revised) may also provide a record of the significant changes to the planned nature, timing and extent of the direction, supervision and review.

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6 ISA 230, Audit Documentation, paragraphs 8–11, and A6

6A Proposed ISA 220 (Revised), paragraphs 27–30 and A102A