

## ISA 315 (Revised)

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Working Group Chair

IAASB Meeting

June 2016

Agenda Item 7

# Overview

- Objectives of discussion
- Working Group's (WG's) thinking to date
- WG's Preliminary views on a Project Proposal
- Major Issues to be Addressed in ISA 315 (Revised) Project Proposal
  - Drivers of Risk Diagram
- Way Forward
- Other

## Objectives of discussion

- (a) Obtain input from the Board on the ISA 315 (Revised) WG's preliminary views on a project proposal; and
- (b) Obtain input from the Board on the WG's identification of major issues to be addressed in a ISA 315 (Revised) Project Proposal.

# Working Group's Thinking to Date



## WG's Preliminary views on a Project Proposal

- Propose revisions to address the need for ISA 315 (Revised) to
  - Reflecting the current business and audit environments
  - Facilitate improvements in application of the standard, including scalability
  - Set an enhanced risk assessment foundation for other standards (such as ISA 540 and ISA 600)
- Consider improvements in organization, structure and workflow of the standard
- Consider revisions that would emphasize the importance of the appropriate application of professional skepticism at the risk assessment phase
- Determine whether consequential amendments are needed to other standards
- Determine whether non-authoritative guidance and support tools should be developed to supplement revisions to ISA 315 (Revised)

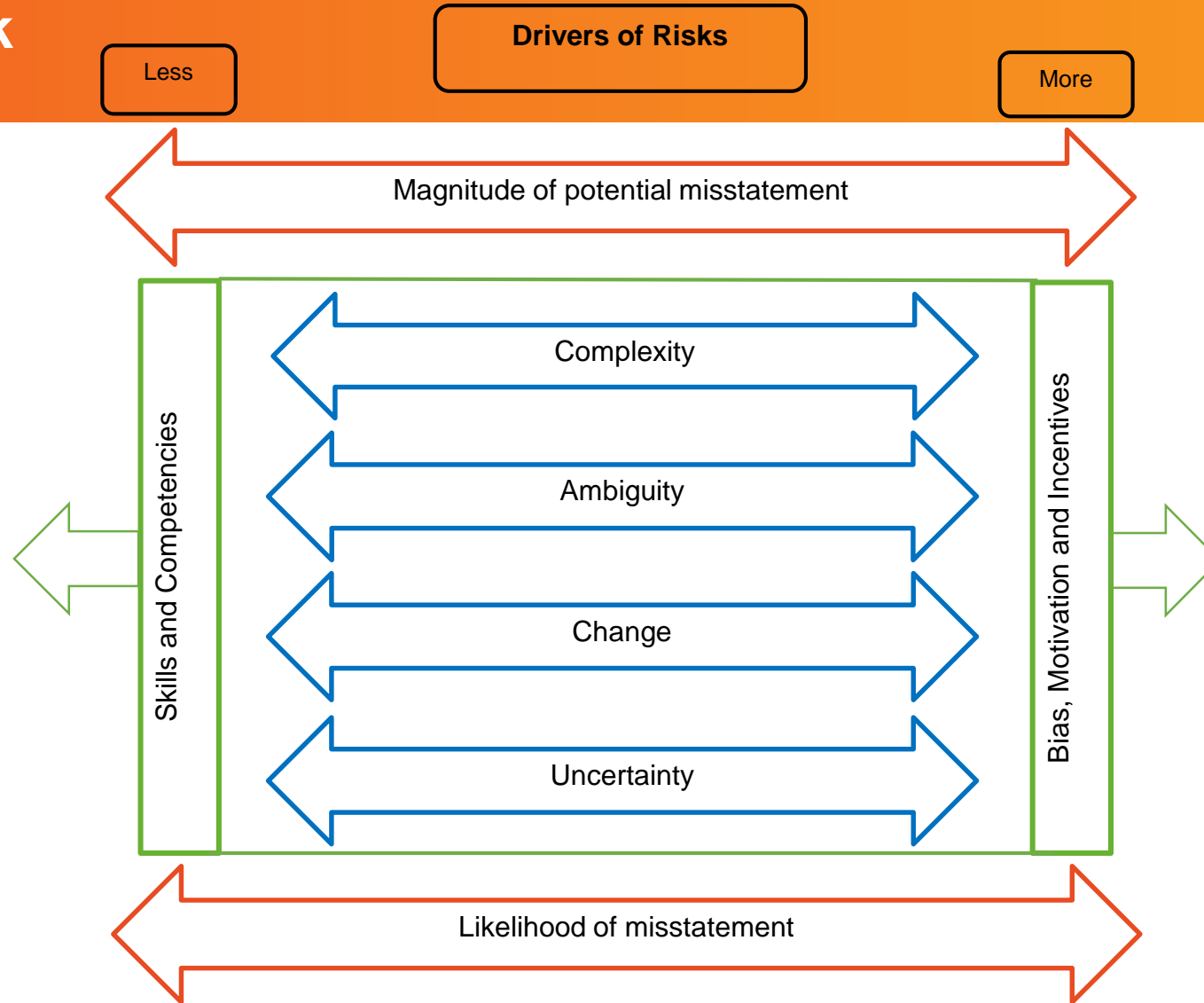
## Matters for IAASB Consideration

1. Do Board members agree with the possible project objectives (paragraph 10 of Agenda Item 7–A )? If not, please explain why.

## Major Issues to be Addressed in ISA 315 (Revised) Project Proposal

- Understanding the Entity's Business and its Environment (18-24)
- The Risk Assessment Process, and Identification of Higher Risk (25-28)
- Internal Control and Control Activities (29-39)
- Modernizing and Future-proofing (40-42)
- Documentation of Risk Assessment Procedures (43)
- Definitions, Language and Structure of the Standard (44-47)
- Professional Skepticism (48-50)
- Connection to Other Standards (51-56)

# Drivers of Risk





## Matters for IAASB Consideration

2. Do Board members agree with the identification of the major issues (in **Section III of Agenda Item 7–A**)? If you do not agree with a particular aspect, please explain why. Are there any major issues that have not been identified?

## Way Forward

- The WG will physically meet in August 2016 to discuss the Board's feedback and further its thinking on prioritization of specific issues for the September 2016 IAASB CAG and IAASB meetings.
- The WG will liaise with the ISA 540 TF and develop a strategy to address the specific issues relevant to ISA 540 as a priority.
- The WG will also develop a timeline and a project proposal for approval by the Board at either the September 2016 or December 2016 meeting.

## Matters for IAASB Consideration

3. Do Board members agree with the WG's proposed way forward, including the proposed timing for presentation of a project proposal for the Board's approval, taking into account that it may be beneficial to the ISA 540 TF for certain issues to be advanced prior to the approval of a ISA 315 (Revised) project proposal?

## Other Matters for IAASB Consideration

4. Are there any specific considerations for SMPs or those that perform audits of SMEs related to the identified issues that have not been described in this paper? If so, please provide details and views about these matters.

5. Are there any specific public sector considerations related to the issues described in this paper? Are there any other public sector considerations of which we should be aware? If so, please provide details and views about these matters.

6. Are there any:

- Additional outreach activities the WG should consider?
- Other specific matters or actions the WG should take into account? If yes, please provide details.

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