

TOOLS AND RESOURCES

IAASB Clarity Center

www.iaasb.org/clarity-center

ISAs and ISQC 1

- Standards available free of charge at IAASB Clarity Center
- Basis for Conclusions for each standard

ISA Modules: Short Videos and Slides

- Introduction to the Clarity Project
- The Clarified ISAs, Audit Documentation, and SME Audit Considerations (ISA 200 and ISA 230)
- ISA 260, Communication with Those Charged with Governance
- ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
- ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
- ISA 550, Related Parties
- ISA 600, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)
- Materiality, Misstatements and Reporting: Parts I, II & III (ISA 320, ISA 450 and ISA 700)
- ISA 580, Written Representations
- ISA 620, Using the Work of an Auditor's Expert

IAASB Staff Publications

Practice Alerts

- Emerging Practice Issues Regarding the Use of External Confirmations in an Audit of Financial Statements
- Audit Considerations in Respect of Going Concern in the Current Economic Environment
- Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment

Questions & Answers

- Applying ISAs Proportionately with the Size and Complexity of an Entity
- Auditor Considerations Regarding Significant Unusual or Highly Complex Transactions
- XBRL: The Emerging Landscape
- First Time Adoption of International Financial Reporting Standards - Guidance for Auditors on Reporting Issues

Frequently Asked Questions

- How should the clarified ISAs effective date provision be applied in the first year of implementation to audits of financial statements for periods of less than one year?
- How do the clarified standards affect the audits of small- and medium-sized entities?
- How do the clarified standards affect the audits of public sector entities?

Other Publications

- Clarity Project Update
- Effective Date for IAASB's Clarified International Standards on Auditing

Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements

Handbook of the Code of Ethics for Professional Accountants

IFAC Translations and Permissions

IFAC SMP Committee Publications (Clarified ISAs and Quality Control Guides)

PROVIDING DIRECTION

About the IAASB

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by IFAC.

About IFAC

IFAC is the global organization for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of 159 members and associates in 124 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

Contacts at the IAASB:

Prof. Arnold Schilder arnoldschilder@iaasb.org
James Gunn jamesgunn@ifac.org



IAASB INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD

545 Fifth Avenue, 14th Floor, New York, New York 10017 USA
Tel +1 (212) 286-9344 Fax +1 (212) 856-9420 www.iaasb.org

THE CLARIFIED INTERNATIONAL STANDARDS ON AUDITING

AN OVERVIEW & GUIDE TO RESOURCES

ENHANCING AUDIT QUALITY



International Federation of Accountants
545 Fifth Avenue, 14th Floor, New York, NY 10017 USA
Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

THE CLARIFIED STANDARDS

The Clarified Standards Are Comprised of:

- One new International Standard on Auditing (ISA) addressing communication of deficiencies in internal control;
- 16 ISAs that contain new and revised requirements;
- 19 ISAs that have been redrafted to apply new conventions and address clarity issues; and
- International Standard on Quality Control (ISQC) 1, which has been redrafted

The Clarity Project Aimed to:

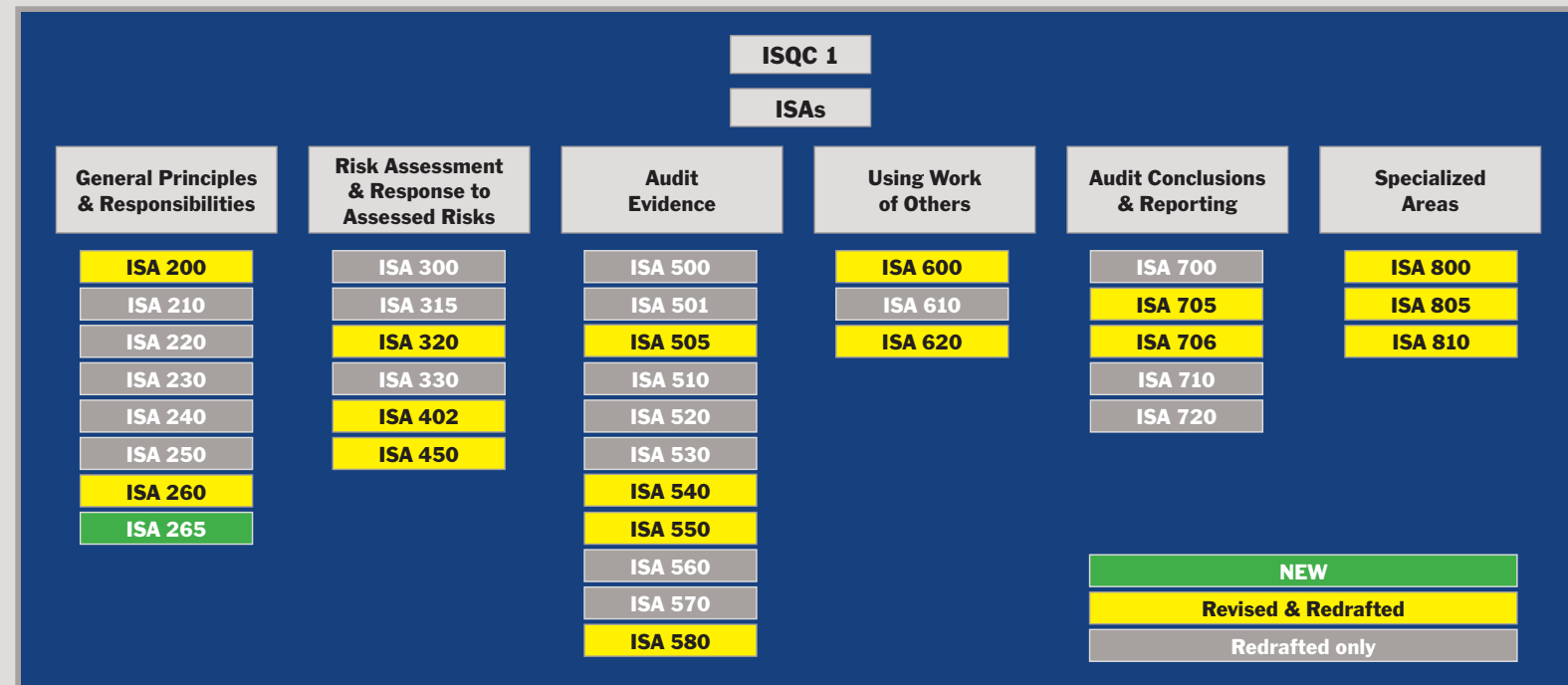
- Identify the auditor's overall objectives when conducting an audit in accordance with ISAs;
- Set an objective in each ISA and establish the auditor's obligation in relation to that objective;
- Clarify the obligations imposed on auditors by the ISAs' requirements and the language used to communicate these requirements;
- Eliminate any possible ambiguity about the requirements an auditor needs to fulfill; and
- Improve the overall readability and understandability of the ISAs through structural and drafting improvements.

Auditors and others should look to ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing, for assistance in understanding the purpose and scope of an audit. This ISA describes how the objectives, requirements, and guidance in all ISAs are to be understood.

Effective Date

The Clarified ISAs are effective for audits of financial statements for periods beginning on or after December 15, 2009.

AREAS OF CHANGE



ENSURING RELEVANCE

STRUCTURE OF THE ISAs

The Clarified ISAs have a new structure, in which information is presented in separate sections: Introduction, Objective, Definitions, Requirements, and Application and Other Explanatory Material.

Introduction

Introductory material may include the purpose, scope, and subject matter of the ISA, in addition to the responsibilities of the auditors and others in the context in which the ISA is set.

Objective

Each ISA now contains a clear statement of the objective of the auditor in the audit area addressed by that ISA.

Definitions

For greater understanding of the ISAs, applicable terms have been defined in each ISA.

Requirements

Each objective is supported by clearly stated requirements. Requirements are always expressed by the phrase "the auditor shall."

Application and Other Explanatory Material

The application and other explanatory material explains more precisely what a requirement means or is intended to cover, or includes examples of procedures that may be appropriate under given circumstances.

ENHANCEMENTS IN CLARIFIED ISAs

The Clarified ISAs include requirements and guidance that aim to strengthen practice in the following areas:

- Materiality in planning and performing an audit, and its use in evaluating misstatements.
- Risk assessment, and the gathering and evaluation of audit evidence, in relation to:
 - Accounting estimates (including fair value accounting estimates) and related disclosures
 - Related party relationships and transactions
 - An entity's use of a third-party service organization
- Audit evidence considerations in relation to:
 - External confirmations
 - Written representations (including implications for engagement acceptance considerations)
- Using the work of others, in relation to:
 - Audits of group financial statements, including the work of component auditors
 - Work of an auditor's expert
- Communication with those charged with governance
- Communicating deficiencies in internal control
- Auditor reporting, in relation to:
 - Modifications to the auditor's opinion
 - Emphasis of Matter paragraphs in the auditor's report
- Audit and reporting consideration in the context of special engagements