

Note to Users of This Table

In September 2013, the 2013 edition of *Handbook of International Quality Control, Auditing Review, Other Assurance, and Related Services Pronouncements* (2013 Handbook) was published. To assist users, this Consolidated Table of Changes outlines editorial and formatting changes made in finalizing the 2013 Handbook.

The 2013 Handbook can be accessed free-of-charge from the IAASB Publications and Resources site under the Handbooks filter: www.ifac.org/auditing-assurance/publications-resources.

Consolidated Table of Changes

Changes to All Pronouncements	
Location	Change
Numerous ISAs, ISAEs and ISREs	Updated cross-references to extant ISA 315 and extant ISA 610 to align with ISA 315 (Revised) and ISA 610 (Revised)), including reference to "Revised", as the revised standards are coming into effect

Changes to Part I

Changes to Glossary of Terms	
Location	Change
New or amended definitions of: applicable criteria, applicable financial reporting framework, assertions, base year, cap and trade, comparative information, compilation engagement, emissions, emissions deduction, emissions factor, emissions trading scheme, further procedures, internal audit function, misstatement, organizational boundary, performance materiality, practitioner, pro forma adjustments, pro forma financial information, prospectus, published financial information, purchased offset, quantification, relevant ethical requirements, removal, significant facility, sink, source, type of emission, and unadjusted financial information	Incorporated definitions as the following new or revised standards are coming into effect: ISA 610 (Revised), ISAE 3410, ISAE 3420, and ISRS 4410 (Revised)
Definitions of environmental matters and environmental performance report	Deleted due to the withdrawal of IAPS 1010
Definition of internal auditors	Removed *, as definition is no longer included in ISA 610 (Revised), but remains relevant for other assurance standards

Changes to ISA 240	
Location	Change
Paragraph 19	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>19. For those entities that have an internal audit function, the auditor shall make inquiries of <u>appropriate individuals within the function</u> internal audit to determine whether it <u>they</u> has <u>have</u> knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud.</p>
Paragraph A18	<p>Paragraph and sub-heading above changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p><i><u>Inquiries of the Internal Audit Function</u></i> (Ref: Para. 19)</p> <p>A18. ISA 315 (Revised) and ISA 610 (Revised) establish requirements and provide guidance <u>relevant to</u> in audits of those entities that have an internal audit function.¹ In carrying out the requirements of those ISAs in the context of fraud, the auditor may inquire about specific <u>activities of the function</u> internal audit activities including, for example:</p> <ul style="list-style-type: none"> • The procedures performed, if any, by the internal auditors <u>function</u> during the year to detect fraud. • Whether management has satisfactorily responded to any findings resulting from those procedures.
Appendix 1	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>Examples of Fraud Risk Factors</p> <p>Internal control components are deficient as a result of the following:</p> <ul style="list-style-type: none"> • Inadequate monitoring of controls, including automated controls and controls over interim financial reporting (where external reporting is required). • High turnover rates or employment of <u>staff in</u>

¹ ISA 315 (Revised), paragraphs 6(a) and 23, and ISA 610 (Revised), *Using the Work of Internal Auditors*

	accounting, internal audit, or information technology, or the internal audit function staff that are not effective.
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Changes to ISA 260	
Location	Change
Paragraph A14	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A14. Other planning matters that it may be appropriate to discuss with those charged with governance include:</p> <ul style="list-style-type: none"> • Where the entity has an internal audit function, the extent to which how the external auditor will use the work of internal audit, and how the external and internal auditors can best work together in a constructive and complementary manner, <u>including any planned use of the work of the internal audit function.</u>² • ...
Paragraph A33	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A33. Before communicating matters with those charged with governance, the auditor may discuss them with management, unless that is inappropriate. For example, it may not be appropriate to discuss questions of management's competence or integrity with management. In addition to recognizing management's executive responsibility, these initial discussions may clarify facts and issues, and give management an opportunity to provide further information and explanations. Similarly, when the entity has an internal audit function, the auditor may discuss matters with the appropriate individuals within the function internal auditor before communicating with those charged with governance.</p>
Paragraph A43	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p>

² ISA 610 (Revised), paragraph 18

	<p>A43. As noted in paragraph 4, effective two-way communication assists both the auditor and those charged with governance. Further, ISA 315 identifies participation by those charged with governance, including their interaction with <u>the internal audit function</u>, if any, and external auditors, as an element of the entity's control environment.³ Inadequate two-way communication may indicate an unsatisfactory control environment and influence the auditor's assessment of the risks of material misstatements. There is also a risk that the auditor may not have obtained sufficient appropriate audit evidence to form an opinion on the financial statements.</p>
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Changes to ISA 265	
Location	Change
Paragraph A24	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A24. If the auditor has communicated deficiencies in internal control other than significant deficiencies to management in a prior period and management has chosen not to remedy them for cost or other reasons, the auditor need not repeat the communication in the current period. The auditor is also not required to repeat information about such deficiencies if it has been previously communicated to management by other parties, such as <u>the internal auditors function</u> or regulators. It may, however, be appropriate for the auditor to re-communicate these other deficiencies if there has been a change of management, or if new information has come to the auditor's attention that alters the prior understanding of the auditor and management regarding the deficiencies. ...</p>

Changes to ISA 300	
Location	Change
Appendix	Paragraph changed to reflect conforming

³ ISA 315 (Revised), paragraph A7770

	<p>amendment arising from ISA 610 (Revised) as follows:</p> <p>Characteristics of the Engagement</p> <p>...</p> <ul style="list-style-type: none"> • The need for a statutory audit of standalone financial statements in addition to an audit for consolidation purposes. • The availability of the work of internal auditors and the extent of the auditor's potential reliance on such work <u>Whether the entity has an internal audit function and if so, whether, in which areas and to what extent, the work of the function can be used for purposes of the audit.</u> <p>...</p>
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Changes to ISA 315 (Revised)	
Location	Change
Paragraph 23, footnote 1	Cross-reference to ISA 610 (Revised) changed from paragraph 14 to paragraph 12

Changes to ISA 402	
Location	Change
Paragraph A1	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A1. Information on the nature of the services provided by a service organization may be available from a wide variety of sources, such as:</p> <ul style="list-style-type: none"> • User manuals. • System overviews. • Technical manuals. • The contract or service level agreement between the user entity and the service organization. • Reports by service organizations, <u>the internal auditors function</u> or regulatory authorities on controls at the service organization. • Reports by the service auditor,

	including management letters, if available.
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Changes to ISA 500	
Location	Change
Paragraph A51	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A51. In some cases, the auditor may intend to use information produced by the entity for other audit purposes. For example, the auditor may intend to make use of the entity's performance measures for the purpose of analytical procedures, or to make use of the entity's information produced for monitoring activities, such as internal auditor's reports of <u>the internal audit function</u>. In such cases, the appropriateness of the audit evidence obtained is affected by whether the information is sufficiently precise or detailed for the auditor's purposes. For example, performance measures used by management may not be precise enough to detect material misstatements.</p>
Paragraph A57	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A57. Obtaining audit evidence from different sources or of a different nature may indicate that an individual item of audit evidence is not reliable, such as when audit evidence obtained from one source is inconsistent with that obtained from another. This may be the case when, for example, responses to inquiries of management, <u>internal auditors</u>, and others are inconsistent, or when responses to inquiries of those charged with governance made to corroborate the responses to inquiries of management are inconsistent with the response by management. ISA 230 includes a specific documentation requirement if the auditor identified information that is inconsistent with the auditor's final conclusion regarding a significant matter.⁴</p>

⁴ ISA 230, *Audit Documentation*, paragraph 11

Changes to ISA 550	
Location	Change
Paragraph A15	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A15. Others within the entity are those considered likely to have knowledge of the entity's related party relationships and transactions, and the entity's controls over such relationships and transactions. These may include, to the extent that they do not form part of management:</p> <ul style="list-style-type: none"> • Those charged with governance; • Personnel in a position to initiate, process, or record transactions that are both significant and outside the entity's normal course of business, and those who supervise or monitor such personnel; • <u>The internal auditors function</u>; • In-house legal counsel; and • The chief ethics officer or equivalent person.
Paragraph A17	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A17. In meeting the ISA 315 (Revised) requirement to obtain an understanding of the control environment,⁵ the auditor may consider features of the control environment relevant to mitigating the risks of material misstatement associated with related party relationships and transactions, such as:</p> <ul style="list-style-type: none"> • Internal ethical codes, appropriately communicated to the entity's personnel and enforced, governing the circumstances in which the entity may enter into specific types of related party transactions. • ... • Periodic reviews by <u>the internal auditors function</u>, where applicable. • ...
Paragraph A22	Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as

⁵ ISA 315 (Revised), paragraph 14

	<p>follows:</p> <p>A22. During the audit, the auditor may inspect records or documents that may provide information about related party relationships and transactions, for example:</p> <ul style="list-style-type: none"> • Third-party confirmations obtained by the auditor (in addition to bank and legal confirmations). ... • Internal auditors' reports of the internal audit function. ...
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Changes to ISA 600	
Location	Change
Paragraph A27	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>A27. The auditor is required to identify and assess the risks of material misstatement of the financial statements due to fraud, and to design and implement appropriate responses to the assessed risks.⁶ Information used to identify the risks of material misstatement of the group financial statements due to fraud may include the following:</p> <ul style="list-style-type: none"> • ... • Responses of those charged with governance of the group, group management, <u>appropriate individuals within the internal audit function</u> (and if considered appropriate, component management, the component auditors, and others) to the group engagement team's <i>inquiry</i> whether they have knowledge of any actual, suspected, or alleged fraud affecting a component or the group. • ...
Paragraph A51	<p>Paragraph changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p>

⁶ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

	<p>A51. The group engagement team's decision as to how many components to select in accordance with paragraph 29, which components to select, and the type of work to be performed on the financial information of the individual components selected may be affected by factors such as the following:</p> <ul style="list-style-type: none"> • ... • Whether <u>the internal audit function</u> has performed work at the component and any effect of that work on the group audit. • ...
<p>Appendix 2</p>	<p>Appendix 2 changed to reflect conforming amendments arising from ISA 610 (Revised) as follows:</p> <p>Examples of Matters about Which the Group Engagement Team Obtains an Understanding</p> <p>The examples provided cover a broad range of matters; however, not all matters are relevant to every group audit engagement and the list of examples is not necessarily complete.</p> <p>Group-Wide Controls</p> <ol style="list-style-type: none"> 1. Group-wide controls may include a combination of the following: <ul style="list-style-type: none"> • ... • Monitoring of controls, including activities of <u>the internal audit function</u> and self-assessment programs. • ... 2. <u>The internal audit function</u> may be regarded as part of group-wide controls, for example, when the internal audit function is centralized. ISA 610 (Revised)⁷ deals with the group engagement team's evaluation of the whether the internal audit function's <u>organizational status and relevant policies and procedures adequately supports the competence and objectivity of the internal auditors, the level of competence of the internal audit function, and whether the function applies a systematic and disciplined approach where the group engagement team expects it plans to use their the</u>

⁷ ISA 610 (Revised), *Using the Work of Internal Auditors*, paragraphs 13

	<u>function's work.</u>
Appendix 5	<p>Appendix 5 changed to reflect conforming amendment arising from ISA 610 (Revised) as follows:</p> <p>Required and Additional Matters Included in the Group Engagement Team's Letter of Instruction</p> <p>Matters that are relevant to the conduct of the work of the component auditor:</p> <ul style="list-style-type: none"> • ... • The findings of <u>the internal audit function</u>, based on work performed on controls at or relevant to components...

Changes to ISA 610 (Revised)	
Location	Change
Paragraph A14	<p>Last sentence amended as follows to correct a drafting error:</p> <p>The IESBA Code discusses the prohibitions that apply in certain circumstances and the threats and the safeguards that can be applied to reduce the threats to an acceptable level in other circumstances.</p>

Changes to ISA 610 (Revised 2013)	
Location	Change
Paragraph A14	<p>Last sentence amended as follows to correct a drafting error:</p> <p>The IESBA Code discusses the prohibitions that apply in certain circumstances and the threats and the safeguards that can be applied to reduce the threats to an acceptable level in other circumstances.</p>

Changes to Part II

Changes to ISAE 3410	
Location	Change
Heading above paragraph A81	Amended from "(Ref: Para. 33L(b)-33R(b))" to "(Ref: Para. 33L(b)-33R(b))"

Changes to ISRE 2400 (Revised)	
Location	Change
Paragraph 17(d)	Amended the definition as follows to correct an error: <i>General purpose framework</i> —A financial reporting framework designed to meet the common financial <u>information</u> needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.