

IAASB Update

Prof. Arnold Schilder, IAASB Chairman

**World Bank Ministerial Conference Panel #1
The Role of International Standards in
Economic and Financial Integration
Vienna, Austria
November 27, 2018**

Clarified ISAs—Global Adoption

Jurisdictions Using Clarified ISAs Already, or Committed to Using Them in the Near Future (128)

Europe (44): Albania, Armenia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France (Experts Comptables), FYR Macedonia, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

Americas (20): Argentina, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico (private companies), Trinidad and Tobago, Uruguay, USA (private companies)

Asia and Oceania (23): Australia, Bangladesh, Bhutan, China, Hong Kong, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Uzbekistan (listed entities), Vietnam

Africa/Middle East (41): Bahrain, Benin, Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Malawi, Mali, Mauritius, Morocco, Namibia, Niger, Nigeria, Palestine, Republic of the Congo, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, United Arab Emirates (Abu Dhabi and Dubai), Zambia, Zimbabwe

The New Auditor's Report

Continued **relevance** of audit

Improve **audit quality** and professional skepticism

Enhance **communicative value** to users



Stimulate more robust **auditor interactions and user engagement**

Enhance preparer focus on key financial statement risk areas and disclosures

Improve users' understanding of what an audit is and what the auditor does

Communication in **KAMS** : entity specific, relevant, focused, helpful to users

ISA 540 (Revised) – Auditing Accounting Estimates

- **Enhanced approach to auditing accounting estimates— important for financial stability**
 - Focus on effect of inherent risk factors including complexity, subjectivity, estimation uncertainty and other factors such as change or misstatement due to management bias or fraud
 - Introduced **objectives-based requirements to respond to assessed risks of material misstatement**, directed to:
 - Methods (including when complex modelling is involved)
 - Assumptions
 - Data
 - Emphasize importance of understanding and testing controls
 - Embedded professional skepticism including a stand-back requirement
 - Enhanced requirements to obtain **audit evidence about whether the related disclosures are “reasonable”**

Current Work Plan – Context for Future Work

Project / Initiative	Status
ISA 540 (Revised)	Final standard published October 2018
ISA 315 (Revised)	Final standard expected to be approved June 2019
ISQM 1	Approval of Exposure Draft expected Dec 2018
ISQM 2	Approval of Exposure Draft expected Dec 2018
ISA 220	Approval of Exposure Draft expected Dec 2018
Agreed-Upon Procedures	Final standard expected second half 2019
Emerging Forms of External Reporting	Proposed draft Guidance finalized early 2019
Group audits	Recommences 2019 – priority project (ED Dec 2019)
Audits of less complex entities	Discussion paper expected March 2019
Audit Evidence (incl. professional skepticism, data analytics)	Scoping of project expected to commence 2019

Strategy Survey (76 Responses) – What We Heard

- Global issues, trends or developments
 - Advances in technology
 - Changing reporting *needs of stakeholders* (integrated reporting, sustainability reporting)
 - Changing environment for *small and medium sized practices* (importance of scalable standards)
 - *Future of the profession*, including the perceived value of the audit and the competencies and training of audit personnel
- **Key challenges**
 - *MG consultation* and changes therefrom
 - *Timeliness* of standard-setting
 - Demands from *different stakeholder groups*





**International Auditing
and Assurance
Standards Board®**

www.iaasb.org

IAPN.

ISA.

ISAE.

ISQC.

ISRE.

ISRS.

For copyright, trademark, and permissions information, please go to [permissions](#) or contact permissions@ifac.org.