IAASB Board Breakouts – March 2017

• Make the standards more “usable”
  – “Tell the story” of the ISAs
  – Use more examples (what does it “look like”)
  – More diagrams?
  – Use “plain English” to draft
  – Keep standards principles based (outcomes based)

• More implementation guidance needed

• Framework for drafting?

**IAASB Actions**

• Pick up in current projects (e.g., ISQC 1, ISA 220, ISA 600)
• Further consider need for a framework
IAASB Board Breakouts re SME Audits

Information Technology

• Standards complex, not easy to navigate

IAASB Actions

• Consider making handbook electronic and interactive

Separate Standard for Audits of SMEs

• Too early to make a decision on a separate standard for audits of SME’s
  – Is it about complexity / non-complexity?
  – Mixed views in Paris, NSS, IFAC Board, IAASB

IAASB Actions

• To explore further; no formal project or commitment to outcome yet
• Likely Discussion Paper in December IAASB meeting
• Preparation by small informal group with NRF support
SMP – Other than Audit

• If an audit not required by law or regulation, is there another service to meet stakeholder needs?
  – Communication about what else may be suitable
  – Is there something else that should be developed to meet stakeholder needs?

IAASB Actions

• IAASB recently undertaken consultations on other services (e.g., EER; AUP (thanks FAR and FSR for AUP comments))
  – Further discussion and consultation about ‘gaps’ (if any) identified on analysis of the responses
  – Re AUP: first revise 4400 – later practical guidance on multi-scope?
  – Re EER: more guidance re use of ISAE 3000?
Proposed ISA 540 (Revised): Exposure Draft (April 2017)

- Subject matter: Auditing Accounting Estimates and Related Disclosures
- 60 comment letters received (not from NRF members); more work to do!
- **Scalability very explicit in paragraph 15 (see Flowchart):**
  - **Inherent risk low?** Then clear overall procedures may be enough
    - One or more of: subsequent events, testing management’s method, developing a point estimate or range
  - **Inherent risk not low?** Then need to design further procedures to address complexity, judgment and estimation uncertainty
  - If relying on controls, or if substantive procedures alone do no provide sufficient appropriate audit evidence at assertion level, then test controls
    - *No change from extant, but controls emphasized due to importance in estimates*
  - Further: Reasonableness of disclosures; stand-back evaluation; possible management bias; written representations; communication with TCWG