

Meeting: IAASB
Meeting Location: New York, United States
Meeting Dates: September 21–25, 2015

Agenda Item 7

Special Audit Considerations Relevant to Financial Institutions

Objective of Agenda Item

1. The objectives of the IAASB discussion at its September 2015 meeting are:
 - (a) To discuss the results of the Financial Institutions Working Group's (WG) analysis of the gaps between IFRS 9¹ and ISA 540.²
 - (b) To consider the WG's proposed way forward, which includes:
 - Publishing an update on the IAASB's activities in the area and the planned activities over the coming years;
 - Development of an Exposure Draft of targeted changes to ISA 540 to address the key challenges for IFRS 9 for financial institutions and an associated International Auditing Practice Note; and
 - A broader revision of ISA 540 to include the matters covered in the Discussion Paper, as well as other issues such as the treatment of third-party pricing sources.

Financial Institutions Working Group

2. The FIWG is comprised of the following members:
 - Rich Sharko (WG Chair, IAASB Member) (supported by Jamie Shannon, IAASB Technical Advisor)
 - Marc Pickeur (WG Co-Chair, IAASB Member)
 - Ron Salole (IAASB Member, Non-Practitioner, Canada)
 - Abhijit Bandyopadhyay (National Standard Setter, India)
 - Emilio Pera (Practitioner, South Africa)
 - Pat Sucher (Regulator, United Kingdom)

The WG expects to add a member from an insurance background in the future.

¹ International Financial Reporting Standard (IFRS) 9, *Financial Instruments*

² ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

Activities since June 2015 IAASB Meeting

3. Since the June 2015 Board meeting, the WG met four times by teleconference and once physically. The leadership of the WG also met with the Global Public Policy Committee Banking Working Group via teleconference.
4. The WG will continue its outreach in the lead up to the IAASB's September meeting, and will provide a verbal update on those activities to the IAASB.

Presentation on IFRS 9

5. As part of the continued efforts to inform the Board about financial institution related auditing issues Mr. Saket Modi has been asked to provide the IAASB with a presentation on specific IFRS 9 issues. Mr. Modi is a financial trainer based out of London and specialized in matters relating to accounting, financial reporting and analysis in particular as regards IFRSs, financial instruments and corporate finance.

Action Requested

6. The IAASB is asked to provide views on the proposals presented in **Agenda Item 7-A**.

Material Presented

Agenda Item 7-A	Issues and Working Group Recommendations
Agenda Item 7-B	Gap Analysis of ISA 540 and Identified Audit Issues Arising From IFRS 9 and Others
Agenda Item 7-C	List of Possible Topics to be Included in Invitation to Comment