

Meeting: IAASB
Meeting Location: Hong Kong
Meeting Dates: September 19–23, 2016

Agenda Item 3

ISA 315 (Revised)¹

Objective of Agenda Item

- (a) The objectives of this agenda item are to:
- (a) Inform the Board on the Working Group's activities since the June 2016 IAASB meeting;
 - (b) Approve a project proposal (**Agenda Item 3-A**) on revisions to ISA 315 (Revised); and
 - (c) Obtain input from the Board on the issues and working group recommendations in **Agenda Item 3-B**.

ISA 315 (Revised) Working Group

2. The IAASB's ISA 315 (Revised) Working Group comprises the following members:
- Fiona Campbell, IAASB Member and Chair of the Working Group (supported by Denise Weber, IAASB Technical Advisor)
 - Marek Grabowski, IAASB Member (supported by Josephine Jackson, IAASB Technical Advisor)
 - Chun Wee Chiew, IAASB Technical Advisor
 - Hiram Hasty, IAASB Technical Advisor
 - Susan Jones, IAASB Technical Advisor
 - Jamie Shannon, IAASB Technical Advisor
 - Isabelle Tracq-Sengeissen, National Auditing Standard Setter-France

Activities of the Working Group

3. The Working Group has had one physical meeting and two teleconferences to develop **Agenda Item 3-A** and **Agenda Item 3-B** since the June 2016 IAASB meeting.
4. Other outreach activities and coordination since the June 2016 IAASB meeting include:
- Working Group Chair participation in the August 2016 ISA 540² Task Force meeting discussions related to risk assessment; and
 - Working Group Chair and IAASB staff meeting with a representative of the Institute of Chartered Accountants of England and Wales (ICAEW) and other contributors to the ICAEW's publication, [Risk Assessment and Internal Controls: Continuing Challenges for Auditors](#).

¹ International Standard on Auditing (ISA) 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

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

Project Proposal

5. The draft project proposal has been reviewed by both the Working Group and the IAASB Steering Committee, and will be discussed with the IAASB Consultative Advisory Group at its September 2016 meeting. The project objectives are outlined in paragraph 11 of the project proposal. The project scope is outlined within paragraphs 12 to 18 of the project proposal.
6. Taking into account the feedback received on **Agenda Item 7-A** from the IAASB at its June 2016 meeting, input received from the IAASB Steering Committee's review on a previous draft of the project proposal and the Working Group's discussions since June 2016, the following is a summary of the more significant revisions to **Agenda Item 7-A** of the IAASB's June 2016 meeting in developing the project proposal (**Agenda Item 3-A** of the IAASB's September 2016 meeting):
 - (a) Added discussion throughout the project proposal of the IAASB's completed disclosures project and the IAASB's ongoing quality control project, and their respective linkages to ISA 315 (Revised);
 - (b) Enhanced the background section to better convey the drivers of the project to revise ISA 315 (Revised);
 - (c) Provided more clarity and granularity in the project objectives and project scope sections;
 - (d) Inserted sections as follows:
 - (i) How the Project Serves the Public Interest;
 - (ii) Impact Analysis Considerations;
 - (iii) Implications for Any Specific Persons or Groups;
 - (iv) Development Process, Project Timetable and Project Output; and
 - (v) Resources Required.
 - (e) Clarified various items in the background, project objectives, project scope and major issues that will be addressed sections.

Action Requested

7. The IAASB is asked to:
 - (a) Approve the project proposal as presented in **Agenda Item 3-A**; and
 - (b) Share its views on the Working Group's recommendations presented in **Agenda Item 3-B**.

Material Presented

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| Agenda Item 3-A | Project Proposal—Revision of ISA 315 (Revised) |
| Agenda Item 3-B | ISA 315 (Revised)—Issues and Recommendations |