



Auditor Reporting Post Implementation Review (PIR) - Update

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IAASB Meeting March 2020
Agenda Item 7



International Auditing
and Assurance
Standards Board

ARIWG Activities (*since June 2019*)



Survey

Information gathering on the global implementation of the Auditor Reporting Standards and ISA 720 (Revised)



Project Update

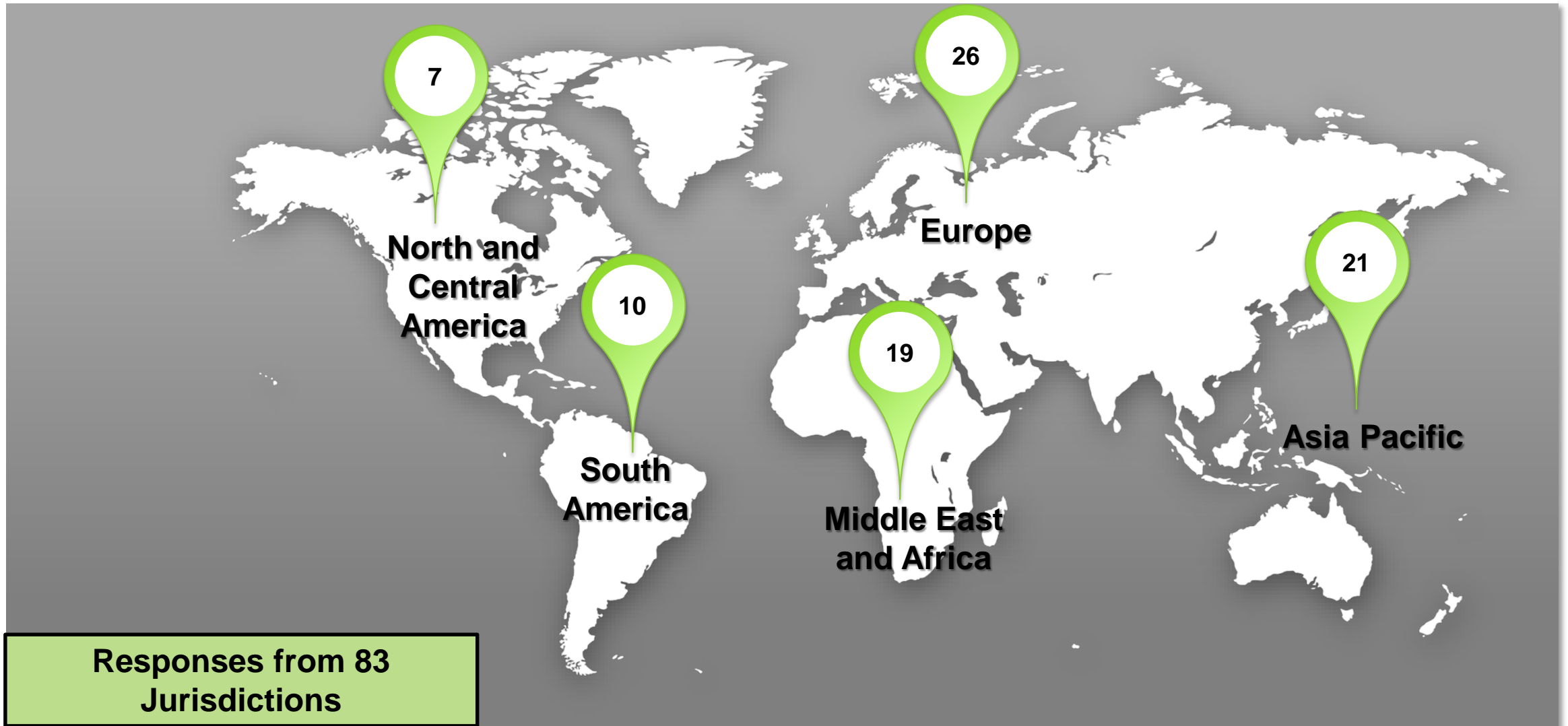
External Communique to keep stakeholders informed on the PIR project



PIR Plan

Plan of activities, outreach and timing in respect of the PIR

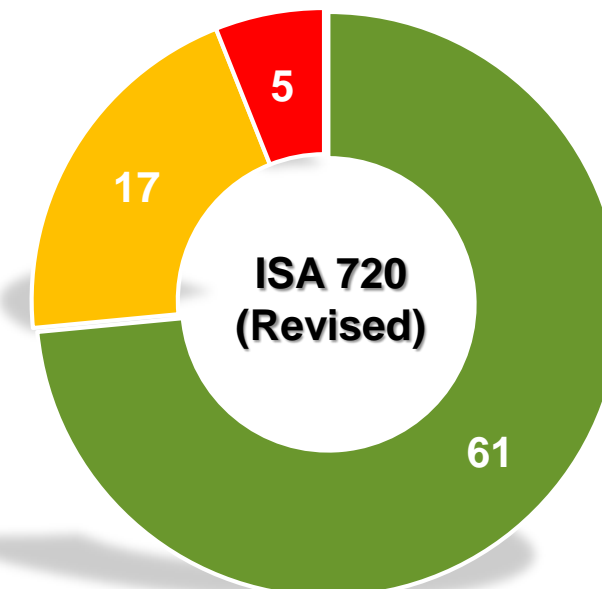
Survey: Overview of Respondents



Survey: Overview of Results



- Most respondents implemented or plan to implement the standards without modifications
- Respondents who indicated modifications to standards pointed out jurisdictional laws and regulations as the main reasons for the modifications
- Respondents who indicated that the standards are not implemented pointed out delay with translations as main reason



- Responses where the jurisdictions have indicated that they are planning to adopt ISA 720 (Revised) will do so in the next 2 years
- Jurisdictions who have not implemented or are not planning to implement ISA 720 (Revised) indicated a number of reasons, including uncertainty about what is included in “other information”, other priorities and ongoing impact studies

Project Update

- To keep stakeholders informed, the ARIWG published an [Auditor Reporting PIR Project Update](#) in January 2020.
- The Project Update:
 - Sets out the objectives of the PIR
 - Provides a high-level explanation of the PIR activities and timing
 - Presents the high-level results of the Survey on global implementation of the Auditor Reporting Standards and ISA 720 (Revised)

Auditor Reporting
Post Implementation Review
Project Update
January 2020

Enhancing Transparency, Audit Quality, and Information Value

This communiqué is an update on the work of the International Auditing and Assurance Standards Board's (IAASB) Auditor Reporting Implementation Working Group (ARIWG) on the post implementation review (PIR) of the Auditor Reporting Standards¹ that were issued in January 2015, and became effective for audits of financial statements for periods ending on or after December 15, 2016.

Why is the IAASB Undertaking a PIR?
The IAASB committed to undertake a PIR when the Auditor Reporting Standards were issued in 2015. A key consideration for the IAASB at the time was to obtain input from stakeholders on the disclosure of key audit matters (KAM) in the revised auditor's report. The IAASB also wanted input from various stakeholders on the form and structure of the revised auditor's report. The IAASB will use the information from the PIR to determine what actions, if any, need to be taken by the IAASB regarding auditor reporting. The information from the PIR will also be published in a public Feedback Statement.

What will the PIR Entail?
The PIR activities will comprise three information-gathering and research workstreams:
► Targeted outreach activities with particular stakeholder groups that engage with auditors or use auditor's reports, such as investors and other users, those charged with governance and preparers;
► A formal survey that aims to solicit input from all stakeholder groups, including regulators and oversight bodies, national standard setters, practitioners and professional accountancy organizations; and
► Reviewing academic research.

When will the PIR Activities be Undertaken?
The PIR activities will be undertaken during 2020, with the findings of the PIR targeted to be presented to the IAASB at its December 2020 meeting.

Objectives of the PIR
• Determine whether the Auditor Reporting Standards are being consistently understood and implemented in a manner that achieves the IAASB's intended purpose
• Identify how practical challenges and concerns are being addressed
• Understand the extent of global demand for additional information in the auditor's report to improve the transparency of the audit
• Understand the extent of global demand for wider application of the requirements that currently apply only to audits of financial statements of listed entities

"The inclusion of KAM in the auditor's report is intended to highlight, 'through the eyes of the auditor', matters of most significance in the audit that was performed."

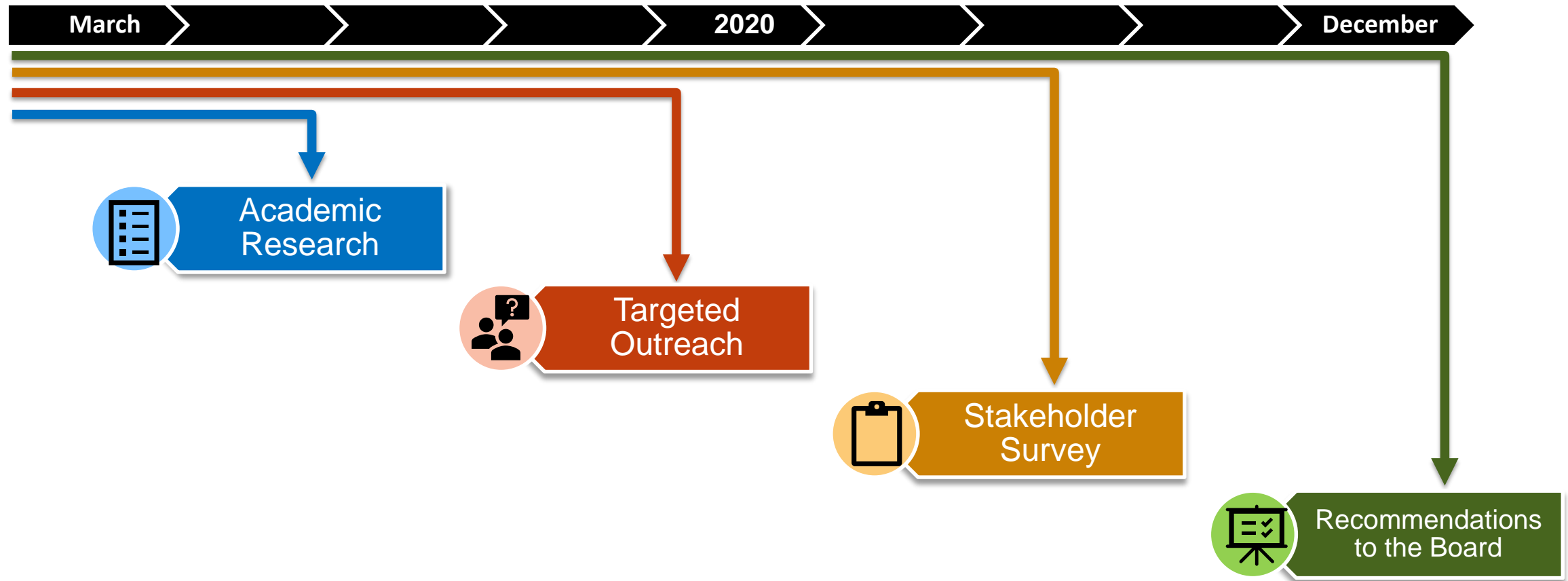
Click here for more on the Auditor Reporting Standards

¹ The Auditor Reporting Standards comprise: ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements; ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report; ISA 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report; ISA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report; ISA 570 (Revised), Going Concern; ISA 260 (Revised), Communication with Those Charged with Governance; and conforming amendments to other ISAs. The PIR will also include ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information (issued in April 2015).

What Informed the PIR Plan?

- Key points of reference:
 - Activities undertaken by the IAASB and other global Standard Setting Bodies in respect of post-implementation reviews of standards
 - Lessons learned from the information gathering and targeted outreach activities undertaken by the Audit Evidence Working Group (AEWG)
 - The IAASB's Draft Strategy 2020-2023, in particular the draft Framework for Activities
- Need to collaborate with other stakeholders in soliciting feedback:
 - National Standard Setters (NSS)
 - Professional Accountancy Organizations (PAOs)

PIR Activities and Timetable



Academic Research



Academic Research

- ARIWG has already performed a desktop analysis of relevant available research and publications (presented to the Board in June 2019)
- Ongoing review of academic research (between February – April 2020)
- No intention at this stage to solicit new academic research

Targeted Outreach



Targeted Outreach

- Information gathering with stakeholder groups who would less likely respond to a formal public consultation:
 - Investors
 - Those Charged With Governance
 - Preparers
- Various mechanisms for information gathering (e.g. videoconferences, surveys, meetings, participating at stakeholder events)

Stakeholder Survey



Stakeholder Survey

- Request for Input in an online Survey format targeted mid April/May 2020 with a 60-day response period
- Survey open to all stakeholders
- Tailored questions for each stakeholder group

Matter for IAASB Consideration

The ARIWG welcomes members' reflections regarding any matters the ARIWG should consider as it continues its work toward presenting findings to the IAASB as a basis for determining possible further actions (if any).



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