

# Risk Response Workstream

IAASB Meeting

March 21, 2024

Agenda Item 6

# Meet the Project Team

## Technical Team



Ana  
Espinal-  
Rae



Megan  
Leicht



Isabelle  
Raiche



Hanken-  
son  
Jane  
Talatala

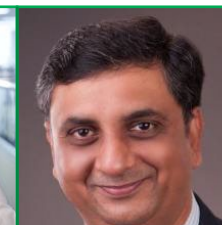


Jasper  
van den  
Hout

## Focus Group Members



Julie  
Corden



Vishal  
Doshi



Sachiko  
Kai



Edo  
Kienhuis



Warren  
Maroun

# Agenda



## Information-Gathering Results and Discussion

09:00 – 10:30



## Break

10:30 – 11:00



## Private Workshop Session

11:00 – 12:30

# Integrated Project

Integrated Approach to Audit Evidence and Risk Response,  
Including Focus on Technology and Internal Controls

## Audit Evidence Workstream



Proposed ISA 500 (Revised), *Audit Evidence*

## Risk Response Workstream



ISA 330, *The Auditor's Responses to Assessed Risks*



ISA 520, *Analytical Procedures*

Technology Position

# Information Gathering to Date



## Review of responses to prior consultations

- ED-315
- ED-500
- Strategy and Work Plan for 2024-2027
- Work Plan for 2022-2023



## Review of initial selection of recent inspection reports

- CPAB
- CEAOB
- FRC
- IFIAR



## Coordination Activities

- Audit Evidence Task Force (AETF)
- Technology Consultation Group



## Focus Group Meeting

Builds on the work already undertaken by the AETF on proposed ISA 500 (Revised)  
Discussions amongst Focus Group members and Technical Staff

# Drivers for Revising ISA 330

1

Aligning with ISA  
315 (Revised 2019)

2

Aligning with  
proposed ISA 500  
(Revised) and other  
issues relating to an  
integrated approach

3

Addressing the use  
of technology in  
responding to  
assessed risks of  
material  
misstatement  
(ROMMs)

4

Enhancing the  
auditor's work effort  
relating to internal  
controls



# Alignment with ISA 315 (Revised 2019)

## ISSUES IDENTIFIED

- 1 Scope of work related to ISA 330, paragraph 18
- 2 Impact of separately assessing inherent risk and control risk on the auditor's response to ROMMs
- 3 Unclear how to make ISA 330 scalable

# Alignment with ISA 315 (Revised 2019)

## Matters for Board Consideration



The Board is asked for its views on whether:

The issues identified in **Section B-I** related to the alignment with ISA 315 (Revised 2019) are issues that should be explored in the revision of ISA 330

They are aware of other issues that should be explored related to the alignment with ISA 315 (Revised 2019)



# Alignment with Proposed ISA 500 (Revised)

## ISSUES IDENTIFIED

- 4 Lack of linkages in ISA 330 to the description of the term automated tools and techniques (ATT) in proposed ISA 500 (Revised)
- 5 Lack of linkages in ISA 330 to the explanation of the interrelationship of the sufficiency, appropriateness and persuasiveness of audit evidence in proposed ISA 500 (Revised)
- 6 Questions about the need to apply an integrated lens to the objectives of ISA 330 and proposed ISA 500 (Revised)
- 7 Questions about the need to apply an integrated lens to a stand-back requirement relating to the sufficiency and appropriateness of audit evidence

# Alignment with Proposed ISA 500 (Revised)

## Matters for Board Consideration



The Board is asked for its views on whether:

The issues identified in **Section B-II** related to the alignment with proposed ISA 500 (Revised) are issues that should be explored in the revision of ISA 330

They are aware of other issues that should be explored related to the alignment with proposed ISA 500 (Revised)

# Addressing the Use of Technology

## Issues identified that call for more fundamental revisions in ISA 330

### Issue #8

Insufficient guidance when the use of ATT allows for multi-purpose procedures

### Issue #9

Ambiguity relating to whether substantive procedures using ATT are considered tests of details or substantive analytical procedures

### Issue #10

Ambiguity relating to whether audit data analytics is a type of audit procedure or a type of ATT

### Issue #15

Need to clarify audit considerations relating to the use of new or emerging technologies by the entity or the auditor

## Issues identified relevant to both performance and reference framework aspects

### Issue #11

Lack of requirement(s) addressing the use of ATT

### Issue #12

Insufficient guidance relating to the use of ATT when selecting items for testing

### Issue #13

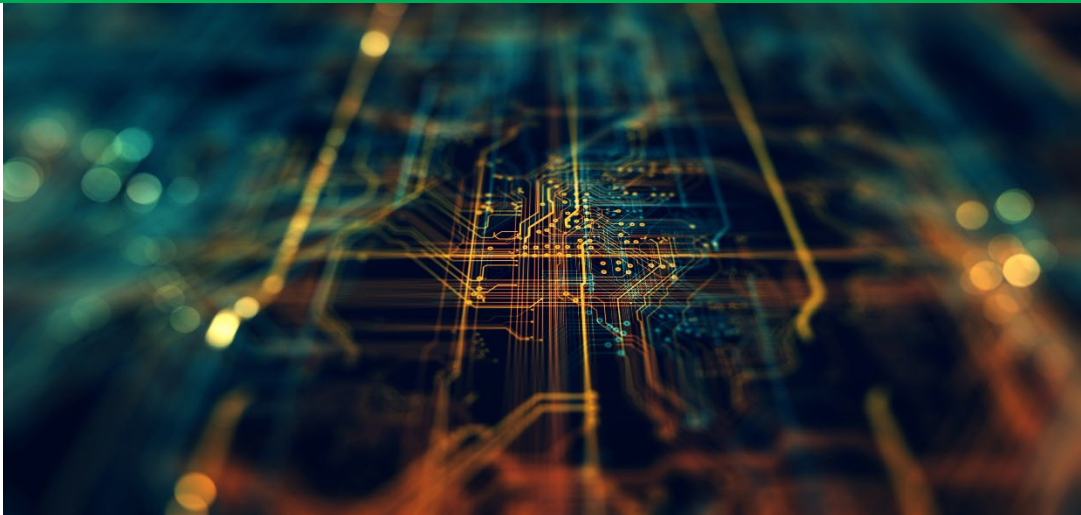
Insufficient guidance addressing exceptions / outliers identified when using ATT

### Issue #14

Need to clarify the expected audit documentation when using ATT

# Addressing the Use of Technology

## Matters for Board Consideration



The Board is asked for its views on whether:

The issues identified in **Section B-III** related to technology, in the context of ISA 330, are issues that should be explored in the revision of ISA 330, subject to being further informed by the Board's Technology Position

They are aware of other issues that should be explored related to technology

# Addressing Work Effort on Internal Controls

## Issues identified relating to insufficient clarity, ambiguity or misalignment

**Issue #16**

When to test relevant controls where substantive procedures alone cannot provide sufficient appropriate audit evidence

**Issue #17**

Requirement to obtain more persuasive audit evidence when placing greater reliance on the effectiveness of controls

**Issue #18**

Level of requirements to understand the entity's system of internal control and the control testing required

**Issue #19**

How to obtain sufficient appropriate audit evidence as to the operating effectiveness of controls

**Issue #20**

How to perform and document dual-purpose tests appropriately

**Issue #21**

Requirements relating to the sufficiency of audit evidence when testing controls at an interim period

**Issue #22**

How to use audit evidence about the operating effectiveness of controls obtained in previous periods

**Issue #23**

How to evaluate the operating effectiveness of controls

# Addressing Work Effort on Internal Controls

## Matters for Board Consideration



The Board is asked for its views on whether:

The issues identified in **Section B-IV** related to internal controls are issues that should be explored in the revision of ISA 330

They are aware of other issues that should be explored related to internal controls



# Drivers for Revising ISA 520

## Issues identified relevant to the scope and clarity of the standard

### Issue #24

Varying uses of the term analytical procedures throughout the ISAs

### Issue #25

Ambiguous requirements and application material relating to developing expectations

### Issue #26

Ambiguous requirements and application material relating to investigating of the results of variances

## Issues identified relevant to the use of technology in performing analytical procedures

### Issue #27

Ambiguity relating to whether audit data analytics is a type of audit procedure or a type of ATT

### Issue #28

Lack of requirement(s) addressing the use of ATT

### Issue #29

Insufficient guidance addressing exceptions / outliers identified when using ATT

# Drivers for Revising ISA 520

## Matters for Board Consideration



The Board is asked for its views on whether:

The issues identified in **Section C** related to drivers for revising ISA 520 are issues that should be explored in a revision of ISA 520

They are aware of other issues that should be explored related to ISA 520

# Way Forward – Information Gathering

## Matters for Board Consideration



The Board is asked for its views on whether:

They are aware of any initiatives that may be of interest for the purpose of the information gathering for the Risk Response Workstream.

# Way Forward – Timeline

Information-gathering, including outreach activities

**April–August 2024**

Discussion of draft project proposal  
Targeted IAASB approval of project proposal

**December 2024**

**September 2024**

Information-gathering results and discussion  
Development of project proposal

# Private Workshop Session

## Objective

To have more in-depth discussions, and obtain deeper insights, on selected issues identified to contribute to the information gathering phase of the **Risk Response Workstream**



# Private Workshop Session

## Group 1

Conference Room A

Facilitator: Isabelle Raiche

Tom Seidenstein

Vishal Doshi

Neil Morris

Kai Morten Hagen

Amy Groves

Jamie Shannon

Kalina Shukarova Savovska

## Group 2

Conference Room B

Facilitator: Jasper van den Hout

Josephine Jackson

Sachiko Kai

Chrystelle Richard

Eric Turner

Wolf Böhm

Ida Diu

## Group 3

Conference Room C+D

Facilitator: Ana Espinal-Rae

Julie Corden

Robert Koethner

Wendy Stevens

Rene Herman

Claire Revenig

Kazuko Yoshimura

Fadi Mansour

## Group 4

Conference Room E

Facilitator: Hankenson Jane L.  
Talatala

Hernán Casinelli

Bill Edge

Edo Kienhuis

Susan Jones

Misha Pieters

Angelo Giardina

## Group 5

Conference Room F

Facilitator: Willie Botha

Sue Almond

Sami Alshorafa

Greg Schollum

Thokozani Nkosi

Brian Wilson

Antoine Boitard



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