

# ISA 540 (Revised) Post-Implementation Survey

Response ID:366 Data

## 3. Section II: About the Respondent

### 1. Please provide the following information about your organization (if applicable) and other contact information:

Organization (or leave blank if you are completing the survey in your personal capacity) : Auditing and Assurance Standards Board (AUASB)

Name(s) of contact(s) for this submission : Doug Niven

Job title or role : Chair and CEO

E-mail address(es) of contact(s) : dniven@auasb.gov.au

### 2. Please select from the following options the stakeholder group to which you or your organization belongs:

Jurisdictional Standard Setter (JSS) or Other Standard Setter

### Specify the type of accounting firm you represent:

#### Please specify:

### 3. Please select from the following options the geographical region that best matches you or your organization:

Asia Pacific

### 4. Did you undertake outreach activities with other stakeholders outside your organization to inform your responses to this survey?

Yes

### 4A. Please provide further information about your outreach activities, including:

The manner in which the outreach was undertaken. : Virtual roundtable

The nature and number (or estimate thereof) of stakeholders with whom you engaged. : Private and public sector practitioners, accounting professional bodies. Approximately 10 attendees.

### 5. You are welcome to provide any additional information you believe may be relevant to clarify the context in which you are completing the survey, or the circumstances or experiences that have informed your views or perspectives (or you can choose to leave this question blank).

## 4. Section III: Overall Questions

### 6. Please provide overall views about whether ISA 540 (Revised) has achieved its intended purpose and the objectives of the IAASB in developing the revised standard.

ISA 540 (Revised) is clearer, more structured, has a more granular risk assessment, has more targeted procedures to respond to identified risks, and emphasises professional scepticism.

There are still challenges and improvement opportunities outlined in this survey response with this standard.

### 7. Are you aware of the non-authoritative guidance and support tools developed to support the implementation of ISA 540 (Revised)?

Yes

### 7A. Do you agree that the non-authoritative guidance and support tools developed to support the implementation of ISA 540 (Revised) are useful?

3 – Agree

**Comments:** Our outreach has indicated that practitioners are still experiencing difficulties in areas where there is insufficient guidance for example: - Linkages around management's estimates or developing auditors estimates, expected levels of precision, ranges that are multiples of materiality - financial instruments particularly guidance for complex models/provisions - providing examples of a non-complex estimate to better support auditors in scaling the requirements of the standard in a proportionate manner - knowing when to use an auditor's expert, determining the scope of their work and appropriately testing and challenging their work. Partly overlapping the points above, the Australian securities and audit regulator (ASIC) continues to find issues in this area of audit and, where possible, additional guidance may be necessary. Refer to Q15 and Q23 of this survey for more details. Non-authoritative guidance on the IAASB website, including complex and non-complex estimate examples, was issued several years ago and we recommend that the IAASB provides a reminder on these resources, including their nature and content.

## 5. Section IV: Perceived Benefits from ISA 540 (Revised)

8. For each perceived benefit, indicate the extent to which you agree that ISA 540 (Revised) has led to benefits or improvements.

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) Enhanced exercise of professional skepticism when auditing accounting estimates.		X			
(b) Greater consideration of the skills and competencies of the engagement team, including the need to involve specialists or experts.		X			
(c) Greater attention to understanding management's process for making estimates, including the selection of methods, assumptions and data (and the consistency of selection between periods).	X				
(d) Better or more focused assessments of the risks of material misstatements for accounting estimates.	X				
(e) More focus on understanding and testing controls related to accounting estimates.		X			
(f) Increased auditor attention to disclosures related to accounting estimates, including disclosures about estimation uncertainty.	X				
(g) Enhanced interactions and communications between the auditor and management and those charged with governance related to the audit of accounting estimates.		X			
(h) Enhanced quality of financial reporting related to accounting estimates.		X			

8. For each perceived benefit, indicate the extent to which you agree that ISA 540 (Revised) has led to benefits or improvements.

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) Greater attention to understanding management's process for making estimates, including the selection of methods, assumptions and data (and the consistency of selection between periods).					
(b) More focus on understanding and testing controls related to accounting estimates.					
(c) Increased auditor attention to disclosures related to accounting estimates, including disclosures about estimation uncertainty.					
(d) Enhanced interactions and communications between the auditor and management and those charged with governance related to the audit of accounting estimates.					
(e) Enhanced quality of financial reporting related to accounting estimates.					

**8. For each perceived benefit, indicate the extent to which you agree that ISA 540 (Revised) has led to benefits or improvements.**

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) Enhanced interactions and communications between the auditor and management and those charged with governance related to the audit of accounting estimates.					
(b) Enhanced quality of financial reporting related to accounting estimates.					

**9. Are there any additional benefits or positive outcomes arising from the implementation of ISA 540 (Revised) that you would like to highlight?**

Yes

**Please specify:**

The stand back requirements of paragraphs 33-36 are beneficial to audit quality in this area.

**6. Section V: Potential Issues or Challenges Relating to ISA 540 (Revised)**

**10. ISA 540 (Revised) was designed to be capable of being applied to all accounting estimates, and for the nature, timing and extent of the risk assessment and further audit procedures to be varied in relation to the estimation uncertainty and the assessment of the risks of material misstatement. Indicate the extent to which you have experienced or are aware of any issues or challenges related to scalability and proportionality.**

**10. ISA 540 (Revised) was designed to be capable of being applied to all accounting estimates, and for the nature, timing and extent of the risk assessment and further audit procedures to be varied in relation to the estimation uncertainty and the assessment of the risks of material misstatement. Indicate the extent to which you have observed or are aware of any issues or challenges related to scalability and proportionality.**

3 – Moderate Issues or Challenges

**11. Briefly describe these or any other issues or challenges you encountered related to scalability and proportionality.**

**11. Briefly describe these or any other issues or challenges you observed related to scalability and proportionality.**

We understand that scalability continues to be a challenge for smaller entities with simple estimates with low estimation

uncertainty, particularly with regard to the risk assessment. The auditor is required to address each of the aspects of obtaining an understanding in paragraph 13 of the revised standard in order to identify and assess the risks of material misstatement. See also responses to questions 7 and 19 below on scalability.

**12. In your view, are the issues or challenges due to a lack of clarity or insufficiency of the requirements or application material in the standard?**

Yes

**13. What specific suggestions do you have for how the IAASB can best address the issues or challenges you have identified (e.g., standard-setting, non-authoritative guidance, or other actions)?**

The IAASB could consider additional examples and case studies to demonstrate the scalability of the standard. The examples need to be complex enough to be helpful - the current examples in ISA 540 are too simplistic.

**7. Section V: Potential Issues or Challenges Relating to ISA 540 (Revised) (continued)**

**14. Indicate the extent to which you have experienced or are aware of the following issues or challenges in applying ISA 540 (Revised) with respect the auditor exercising professional skepticism when auditing accounting estimates and related disclosures.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Appropriately challenging management's judgments used in making accounting estimates, particularly when they involve complex or subjective inputs.					
(b) Identifying and appropriately responding to potential indicators of management bias in the development of accounting estimates.					
(c) Appropriately considering all relevant audit evidence obtained, whether corroborative or contradictory.					

**14. Indicate the extent to which you have observed or are aware of the following issues or challenges relating to ISA 540 (Revised) with respect the auditor exercising professional skepticism when auditing accounting estimates and related disclosures.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Appropriately challenging management's judgments used in making accounting estimates, particularly when they involve complex or subjective inputs.			X		
(b) Identifying and appropriately responding to potential indicators of management bias in the development of accounting estimates.		X			
(c) Appropriately considering all relevant audit evidence obtained, whether corroborative or contradictory.			X		

**15. Briefly describe these or any other issues or challenges you encountered related to exercising professional skepticism.**

**15. Briefly describe these or any other issues or challenges you observed related to exercising professional skepticism.**

- Where management engages a management's expert, auditors need to be cautious about bias (both auditor's and management's) towards the work of such experts.
- Using management's own internal forecasts for impairment calculations has an inherent bias.
- The Australian securities and audit regulator (ASIC) has noted through audit inspection findings reports that auditors regularly fail to critically assess indicators of possible management bias when estimates repeatedly turn out to be overly optimistic or consistently favour the company's targets. Practitioners find challenges in determining the extent of documentation required.

**16. In your view, are the observed issues or challenges due to a lack of clarity or insufficiency of the requirements or application material in the standard?**

No

**17. What specific suggestions do you have for how the IAASB can best address the issues or challenges you have identified (e.g., standard-setting, non-authoritative guidance, or other actions)?**

The requirements of paragraph 30 of ISA 540 on using the work of a management's expert are not specific enough to facilitate consistency in the audit work required when management has used an expert. In particular the use of the word 'may' in a requirement, could be facilitating an over-reliance on the use of the work of a management's expert. This may require standard setting action.

**8. Section V: Potential Issues or Challenges Relating to ISA 540 (Revised) (continued)**

**18. Indicate the extent to which you have experienced the following issues or challenges in applying ISA 540 (Revised) with respect to *risk assessment procedures and identifying and assessing the risks of material misstatement related to accounting estimates*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) The consideration of inherent risk factors and the interrelationship between them in identifying and assessing risks of material misstatement related to accounting estimates.					
(b) How the understanding of the entity and its environment, and the entity's internal control for accounting estimates, relates to the understanding required by ISA 315 (Revised 2019) (i.e., whether it is clear that the requirements in paragraph 13 of ISA 540 (Revised) relate specifically to accounting estimates and build on the broader requirements in ISA 315 (Revised 2019)).					
(c) Reviewing the outcome of previous accounting estimates or, where applicable, their subsequent re-estimation (i.e., the retrospective review of accounting estimates).					
(d) Understanding management's process for making accounting estimates, including how management identifies and selects relevant methods, assumptions and data, and how management understands and addresses estimation uncertainty.					
(e) The separate assessments of inherent and control risk relating to an accounting estimate.					
(f) Whether any of the assessed risks of material misstatement are significant risks.					

**18. Indicate the extent to which you have observed the following issues or challenges in applying ISA 540 (Revised) with respect to *risk assessment procedures and identifying and assessing the risks of material misstatement related to accounting estimates*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) The consideration of inherent risk factors and the interrelationship between them in identifying and assessing risks of material misstatement related to accounting estimates.				X	
(b) How the understanding of the entity and its environment, and the entity's internal control for accounting estimates, relates to the understanding required by ISA 315 (Revised 2019) (i.e., whether it is clear that the requirements in paragraph 13 of ISA 540 (Revised) relate specifically to accounting estimates and build on the broader requirements in ISA 315 (Revised 2019)).				X	
(c) Reviewing the outcome of previous accounting estimates or, where applicable, their subsequent re-estimation (i.e., the retrospective review of accounting estimates).		X			
(d) Understanding management's process for making accounting estimates, including how management identifies and selects relevant methods, assumptions and data, and how management understands and addresses estimation uncertainty.				X	
(e) The separate assessments of inherent and control risk relating to an accounting estimate.				X	
(f) Whether any of the assessed risks of material misstatement are significant risks.				X	

**18A. Provide additional input, if any, about any issues or challenges regarding the interaction of ISA 540 (Revised) with ISA 315 (Revised 2019) in relation to risk assessment procedures and the identification and assessment of risks of material misstatement for accounting estimates.**

**18B. Indicate the extent to which you agree with the following statements with respect to *reviewing the outcome of previous accounting estimates or, where applicable, their subsequent re-estimation*.** — Strongly Agree

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) The retrospective review process is difficult due to changes in economic conditions or assumptions that make prior-period estimates less comparable.					
(b) The time and effort required to perform a retrospective review outweigh the perceived benefits for audit risk assessment.					

**19. Briefly describe these or any other issues or challenges you encountered related to risk assessment procedures and whether such issues or challenges relate primarily to estimates that have a high degree of estimation uncertainty or complexity.**

**19. Briefly describe these or any other issues or challenges you observed related to risk assessment procedures and whether such issues or challenges relate primarily to estimates that have a high degree of estimation uncertainty or complexity.**

We understand that there is a challenge in applying the risk assessment at the assertion level where the spectrum of risk is

often at a more granular level (e.g. risk may be higher in the cash flows but lower in the discount rate).

The retrospective review process may sometimes result in the auditor performing unnecessary audit work without obtaining useful information – more scalability and guidance in relation to the nature and extent would be helpful.

**20. In your view, are the observed issues or challenges due to a lack of clarity or insufficiency of the requirements or application material in the standard?**

Difficult to Determine

**21. What specific suggestions do you have for how the IAASB can best address the issues or challenges you have identified (e.g., standard-setting, non-authoritative guidance, or other actions)?**

**9. Section V: Potential Issues or Challenges Relating to ISA 540 (Revised) (continued)**

**22. Indicate the extent to which you have experienced the following issues or challenges in applying ISA 540 (Revised) with respect to *responding to the assessed risks of material misstatement***

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
<b>Responses to the Assessed Risks of Material Misstatement</b>					
(a) Determining the most appropriate response(s) to the assessed risks of material misstatement at the assertion level from among the testing approaches in paragraph 18 of ISA 540 (Revised).					
(b) Determining whether to test the operating effectiveness of controls related to an accounting estimate.					
(c) Appropriately applying the testing approach of obtaining audit evidence about events occurring up to the date of the auditor's report, either alone or with another testing approach(es).					
(d) Testing how management made the accounting estimate.					
(e) Developing an auditor's point estimate or range.					
<b>Overall Evaluation</b>					
(f) Determining whether the accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated.					
(g) Evaluating identified misstatements related to accounting estimates, including when the audit evidence supports a point estimate that differs from management's point estimate or a range that does not include management's point estimate, or when the auditor's range is wide (in some cases, multiples of materiality for the financial statements as a whole).					

**22. Indicate the extent to which you have observed the following issues or challenges in applying ISA 540 (Revised) with respect to *responding to the assessed risks of material misstatement***

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
<b>Responses to the Assessed Risks of Material Misstatement</b>				X	
(a) Determining the most appropriate response(s) to the assessed risks of material misstatement at the assertion				X	
(b) Determining whether to test the operating effectiveness of controls related to an accounting estimate.		X			
(c) Appropriately applying the testing approach of obtaining audit evidence about events occurring up to the date of the auditor's report, either alone or with another testing approach(es).				X	
(d) Testing how management made the accounting estimate.		X			
(e) Developing an auditor's point estimate or range.		X			
<b>Overall Evaluation</b>					
(f) Determining whether the accounting estimates and related disclosures are reasonable in the context of the applicable financial reporting framework, or are misstated.		X			
(g) Evaluating identified misstatements related to accounting estimates, including when the audit evidence supports a point estimate that differs from management's point estimate or a range that does not include management's point estimate, or when the auditor's range is wide (in some cases, multiples of materiality for the financial statements as a whole).		X			

**22A. Indicate the extent to which you have experienced the following issues or challenges in applying ISA 540 (Revised) with respect to *testing how management made the accounting estimates*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Testing management's selection of the method, significant assumptions, and data used, including whether management's judgments give rise to indicators of possible management bias.					
(b) Understanding management's application of the method involving complex modelling and testing complex models, including the integrity and completeness of the data used.					
(c) Whether management has taken appropriate steps to understand and address estimation uncertainty, including the selection of an appropriate point estimate and developing related disclosures about estimation uncertainty.					

**22A. Indicate the extent to which you have observed the following issues or challenges in applying ISA 540 (Revised) with respect to *testing how management made the accounting estimates*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Testing management's selection of the method, significant assumptions, and data used, including whether management's judgments give rise to indicators of possible management bias.		X			
(b) Understanding management's application of the method involving complex modelling and testing complex models, including the integrity and completeness of the data used.		X			
(c) Whether management has taken appropriate steps to understand and address estimation uncertainty, including the selection of an appropriate point estimate and developing related disclosures about estimation uncertainty.		X			

**22B. Indicate the extent to which you have experienced the following issues or challenges in applying ISA 540 (Revised) with respect to *developing a point estimate or range*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Determining when it may be appropriate to develop an auditor's point estimate or range.					
(b) Determining that the auditor's range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated to be reasonable in the context of the measurement objectives and other requirements of the applicable financial reporting framework.					
(c) Maintaining objectivity and independence, for example, when material adjustments are made to management's point estimate based on the auditor's point estimate developed using a model or assumptions that were different from management's models and assumptions.					

**22B. Indicate the extent to which you have observed the following issues or challenges in applying ISA 540 (Revised) with respect to *developing a point estimate or range*.**

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
(a) Determining when it may be appropriate to develop an auditor's point estimate or range.		X			
(b) Determining that the auditor's range includes only amounts that are supported by sufficient appropriate audit evidence and have been evaluated to be reasonable in the context of the measurement objectives and other requirements of the applicable financial reporting framework.		X			
(c) Maintaining objectivity and independence, for example, when material adjustments are made to management's point estimate based on the auditor's point estimate developed using a model or assumptions that were different from management's models and assumptions.		X			

**23. Briefly describe these or any other issues or challenges you encountered related to responding to risks of material misstatement and whether such issues or challenges relate primarily to estimates that have a high degree of estimation uncertainty or complexity.**

**23. Briefly describe these or any other issues or challenges you observed related to responding to risks of material misstatement and whether such issues or challenges relate primarily to estimates that have a high degree of estimation uncertainty or complexity.**

In relation to auditor's expert:

- When to use such an expert (i.e. determining when an auditor doesn't have the appropriate skills or knowledge).
- How to determine which expert to use, particularly where management has also used an expert and the industry has a limited number of appropriate experts.
- Clarifying the scoping of the expert's work – particularly who is responsible for testing the underlying data.
- Over-reliance on the use of the expert's work (bias), insufficient testing and challenge of the expert's findings.

Where the work of a management's expert is used:

- Where management engages their own expert, auditors need to be cautious about bias (both auditors and management) towards the work of such an expert.
- Using management's own internal forecasts for impairment calculations has an inherent bias and ASIC has observed a "tick-box" approach where auditors accept management's valuations without independently assessing the inputs or the competence and objectivity of management's valuation experts.

Testing management's estimate / developing auditor's estimate:

- Auditors may be reluctant to develop a point estimate owing to independence considerations as well as concern regarding the expected levels of precision.
- Auditor's estimate not matching management's estimate and having ranges that are multiples of materiality.
- Offsetting valuation errors in a sample of derivatives in a large population.

Other ASIC inspection findings in this area:

- Auditors often fail to sufficiently test the forecast cash flows, discount rates, growth rates, and other key assumptions in impairment models
- Auditors frequently do not adequately challenge the economic scenarios, historical data adjustments, and probability weightings used by management to estimate loan and receivable provisions.
- Auditors regularly fall short in reviewing the completeness and appropriateness of data and variables used to calculate complex provisions (e.g. insurance claims, environmental restoration).

**24. In your view, are the observed issues or challenges due to a lack of clarity or insufficiency of the requirements or application material in the standard?**

Difficult to Determine

**25. What specific suggestions do you have for how the IAASB can best address the issues or challenges you have identified (e.g., standard-setting, non-authoritative guidance, or other actions)?**

Non authoritative guidance could be developed in these areas, such guidance could provide more extensive practical examples.

**10. Section V: Potential Issues or Challenges Relating to ISA 540 (Revised) (continued)**

**26. Indicate the extent to which you have experienced the following issues or challenges in applying ISA 540 (Revised) with respect to *communication, specialized skills or knowledge, including using the work of an auditor's expert, and documentation.***

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
<b>Communication</b> (a) Determining the matters, if any, to communicate related to accounting estimates, (including about significant qualitative aspects of the entity's accounting practices and significant deficiencies in internal control).					
<b>Specialized Skills or Knowledge, Including Using the Work of an Auditor's Expert</b> (b) Determining when it is appropriate to involve an auditor's expert(s) (an internal or external expert) and using the work of an auditor's expert(s) in auditing an accounting estimate(s).					
<b>Documentation</b> (c) Preparing appropriate audit documentation in accordance with the requirements in paragraph 39 of ISA 540 (Revised).					

**26. Indicate the extent to which you have observed the following issues or challenges in applying ISA 540 (Revised) with respect to *communication, specialized skills or knowledge, including using the work of an auditor's expert, and documentation.***

	4 – Significant Issues or Challenges	3 – Moderate Issues or Challenges	2 – Minor Issues or Challenges	1 – No Issues or Challenges	0 – No Response
<b>Communication</b> (a) Determining the matters, if any, to communicate related to accounting estimates, (including about significant qualitative aspects of the entity's accounting practices and significant deficiencies in internal control).				X	
<b>Specialized Skills or Knowledge, Including Using the Work of an Auditor's Expert</b> (b) Determining when it is appropriate to involve an auditor's expert(s) (an internal or external expert) and using the work of an auditor's expert(s) in auditing an accounting estimate(s).	X				
<b>Documentation</b> (c) Preparing appropriate audit documentation in accordance with the requirements in paragraph 39 of ISA 540 (Revised).			X		

**27. Briefly describe these or any other issues or challenges you encountered or observed related to communications,**

specialized skills or knowledge (including using the work of an auditor's expert) and documentation.

Refer paragraph 23 above.

**28. In your view, are the observed issues or challenges due to a lack of clarity or insufficiency of the requirements or application material in the standard?**

Difficult to Determine

**29. What specific suggestions do you have for how the IAASB can best address the issues or challenges you have identified (e.g., standard-setting, non-authoritative guidance, or other actions)?**

### 11. Section V: Impacts of ISA 540 (Revised)

**10. Since the effective date of ISA 540 (Revised), indicate the extent to which you agree with the following statements about specific impacts relating to the auditing of accounting estimates as part of the audit engagement.**

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) There has been an increase in dialogue with the auditor and requests for additional documentation and evidence to support how we develop accounting estimates and related disclosures.					
(b) The interactions with the auditor about our process for making accounting estimates has led us to further challenge our approach to the selection of the method, assumptions and data used.					
(c) The interactions with the auditor about our process for making accounting estimates has led to further consideration about the disclosures related to accounting estimates, including disclosures about estimation uncertainty.					
(d) The interactions with the auditor related to accounting estimates has influenced our decisions about the need to involve a management's expert.					

**11. Describe your views about these or any other impacts you have observed or become aware of, related to the application of ISA 540 (Revised) by auditors.**

**12. What specific suggestions do you have for how the IAASB can best address any issues or challenges related to auditing accounting estimates (e.g., standard-setting, non-authoritative guidance, or other actions)?**

### 12. Section V: Impacts of ISA 540 (Revised)

**10. From your interactions with auditors or those charged with governance of entities, or from your analysis of entities' financial reporting, indicate the extent to which you agree with the following statements about specific impacts relating to the auditing of accounting estimates as part of the audit engagement.**

	4 – Strongly Agree	3 – Agree	2 – Disagree	1 – Strongly Disagree	0 – No Response
(a) The quality of the entity's disclosures in the financial statements related to accounting estimates has improved.					
(b) The communications in the auditor's report (e.g., Key Audit Matters related to accounting estimates) have improved in terms of describing the matter(s) and how the auditor has addressed the matter(s) in the audit.					
(c) Auditors are devoting appropriate attention to the entity's accounting estimates as part of the financial statement audit.					
(d) There is greater consistency in how audit firms approach the audit of accounting estimates since ISA 540 (Revised) has been effective.					

**11. Describe your views about these or any other impacts you have observed or become aware of, related to the application of ISA 540 (Revised) by auditors.**

**12. What specific suggestions do you have for how the IAASB can best address any issues or challenges related to auditing accounting estimates (e.g., standard-setting, non-authoritative guidance, or other actions)?**