ISA 540 (Revised) Post-Implementation Survey

Response ID:352 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) : BSF
Name(s) of contact(s) for this submission : Ahmed Alawami
Job title or role : Manager - Financial Reporting
E-mail address(es) of contact(s) : aalawami@bsf.sa

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

Preparer or Issuer of Financial Statements (Including Public Sector Organizations), or Those Charged with Governance (TCWG)

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

Middle East

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

No

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.

We believe the subjective nature of accounting estimates and the complexity of the business environment, in spite of the existence of robust financial reporting standards (IFRS), contain inherent risks that auditors would need to address in their audit activities in order to gain comfort in the adequacy of their procedures and to arrive at their opinion. ISA 540 presents auditors with the appropriate framework to address inherent risks such as subjectivity, estimation uncertainty, and business complexity in their procedures over the estimates themselves and their related disclosures in the financial statements

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

No

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) 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				
(b) More focus on understanding and testing controls related to accounting estimates.	X				
(c) Increased auditor attention to disclosures related to accounting estimates, including disclosures about estimation uncertainty.	X				
(d) Enhanced interactions and communications between the auditor and management and those charged with governance related to the audit of accounting estimates.	X				
(e) Enhanced quality of financial reporting related to accounting estimates.	X				

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

No

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.	X				
(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.	X				
(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.	X				
(d) The interactions with the auditor related to accounting estimates has influenced our decisions about the need to involve a management's expert.	X				

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.

The additional scrutiny into accounting estimates, specifically related to risks uncertainty, complexity, and subjectivity encourages issuers of financial statements to not only come up with higher quality estimates in considering additional factors that were thought unnecessary in the past, but also document assumptions and methodologies in estimate working files in a more comprehensive way.

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)?

Sharing findings, as well as any resulting actions/projects, with the public from this post implementation review of the various stakeholder survey responses.