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IAASB ISSUES FINAL STANDARDS TO IMPROVE AUDITOR'S REPORT

New and Revised Standards Establish 'Step Change' in Auditor Reporting

(New York, New York, January 15, 2015) – The International Auditing and Assurance Standards Board® (IAASB®) today released its [new and revised Auditor Reporting standards](#), designed to significantly enhance auditor's reports for investors and other users of financial statements.

"These changes will reinvigorate the audit, as auditors substantively change their behavior and how they communicate about their work," explained Prof. Arnold Schilder, IAASB Chairman. "Informed by extensive research and global outreach to investors, regulators, audit oversight bodies, national standard setters, auditors, preparers of financial statements, audit committee members, and others, the final International Standards on Auditing (ISAs) represent a momentous—and unprecedented—first step. Now, we must study, promote, and plan for the effective implementation of the new and revised standards."

"The IAASB has responded to calls from investors and others that it is in the public interest for an auditor to provide greater transparency about the audit that was performed," added Dan Montgomery, former IAASB Deputy Chair and Chair of the Auditor Reporting project. "Increasing the communicative value of the auditor's report is critical to the perceived value of the financial statement audit."

The most notable enhancement is the new requirement for auditors of listed entities' financial statements to communicate "Key Audit Matters"—those matters that the auditor views as most significant, with an explanation of how they were addressed in the audit. The IAASB has also taken steps to increase the auditor's focus on going concern matters, including disclosures in the financial statements, and add more transparency in the auditor's report about the auditor's work. Information about the enhancements to auditor reporting and the ISAs that are affected can be found in the [Auditor Reporting Fact Sheet](#).

"The introduction of Key Audit Matters for listed entities is a significant enhancement that will change not only the auditor's report, but more broadly the quality of financial reporting—and therefore the informative value to investors and other key stakeholders," said Linda de Beer, IAASB Consultative Advisory Group (CAG) Chair. "The IAASB CAG, with its diverse membership base, has unanimously supported and encouraged the IAASB's formidable leadership in effecting these changes."

The new and revised Auditor Reporting standards will be effective for audits of financial statements for periods ending on or after December 15, 2016. "While culminating an intense effort over the past six years, the release of the final standards is by no means the end of the IAASB's work on the topic of auditor reporting," noted Kathleen Healy, IAASB Technical Director. "It is essential that the board and staff continue to promote awareness of these standards and facilitate their effective implementation."

To this end, the [auditor reporting section](#) of the IAASB's [website](#) has been redesigned and updated, debuting the first components of an "Auditor Reporting Toolkit." Additional resources will be subsequently released, so users should visit the website frequently to stay abreast of the latest guidance and resource materials. The IAASB also plans to undertake a post-implementation review, which will be critical in assessing whether the standards are achieving their intended effects and whether further changes to auditor reporting are needed in the public interest.

About the IAASB

The [IAASB](#) develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

About IFAC®

[IFAC](#) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of over 175 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

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