

IAASB eNews: April 2015



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1. New and Revised Auditor Reporting Standards – A Response to Investors' Call for Change

In January 2015, the International Audit and Assurance Standards Board® (IAASB®) released its [new and revised Auditor Reporting standards](#). As noted by IAASB Chairman Prof. Arnold Schilder, the new and revised standards will reinvigorate the audit, as auditors substantively change their behavior and how they communicate about their work.

The most significant enhancement is the new requirement for auditors of financial statements of listed entities to communicate "Key Audit Matters" – those matters that the auditor judges to be of most significance in the current period audit, with an explanation of how they were addressed in the audit. The IAASB has also focused efforts on enhancing auditor attention and communication on matters related to going concern in the auditor's report.

In conjunction with the release of the standards, the IAASB established an [Auditor Reporting Implementation Working Group](#) (WG) to promote the awareness and effective implementation of the standards. The WG's work to date includes the development of an Auditor Reporting Toolkit, featured on "[The New Auditor's Report](#)" [webpage](#), currently comprised of a [Fact Sheet](#), an [At a Glance](#) (including an illustrative auditor's report) and a [slide presentation](#). Topic-specific publications on [Key Audit Matters](#) and [Going Concern](#) have also been developed, the most recent of which includes [illustrated examples of Key Audit Matters](#).

2. IAASB Commences New Work Plan in Support of Its Strategy for 2015–2019

In December 2014, the IAASB released its five-year [Strategy for 2015–2019: Fulfilling Our Public Interest Mandate in an Evolving World](#) and its [Work Plan for 2015–2016: Enhancing Audit Quality and Preparing for the Future](#). Developed after extensive public consultation, these publications reinforce the IAASB's commitment to strengthening public confidence in financial reporting and contributing to the ongoing relevance of the financial statement audit, while staying abreast of emerging developments to ensure its work addresses pertinent public interest matters relevant to its wide range of stakeholders.

Work on the topics of quality control, group audits and special considerations related to financial instruments has commenced and was discussed at the IAASB's most recent meeting.

3. Highlights of the IAASB's Most Recent Meeting

The IAASB last met in Brussels in March 2015. [Meeting highlights](#) and a [podcast](#) summary of key meeting outcomes can be found on the IAASB's [Meetings page](#).

At this meeting, the IAASB unanimously approved [changes to its International Standards on Auditing™ \(ISAs™\) to address disclosures in audits of financial statements](#). The revised ISAs are subject to confirmation by the [Public Interest Oversight Board](#) (PIOB) of [due process](#) followed and are expected to be released in July 2015. A staff publication explaining how the ISAs address disclosures will be released concurrently with the changes to the ISAs.

The IAASB also agreed that amendments to certain of its standards may be necessary as a result of the International Ethics Standards Board for Accountants' project on [Non-Compliance with Laws and Regulations \(NOCLAR\)](#).

4. Outreach and Collaboration

The IAASB has continued its extensive outreach program contemplated in its Strategy. It has compiled a [detailed listing](#) of its outreach activities. Recent activity of note includes:

- Meetings with the Monitoring Group as a whole as well as its member organizations, for example:
 - Increasing dialogue with the [International Forum of Independent Audit Regulators](#) and its Standards Coordination Working Group, and the [International Organizations of Securities Commissions](#) on auditor reporting and new projects.
 - Commencing discussions with international supervisors and prudential regulators in the banking and insurance industries to inform the project relating to special audit considerations relating to financial institutions.
- Continued dialogue with the PIOB, including participating in a joint meeting with the PIOB, the Chairs of the IAASB, [IESBA](#) and [International Accounting Education Standards Boards](#) and their Consultative Advisory Groups (CAGs).
- Semi-annual meeting with the [IAASB CAG](#) to obtain their input on the topics on the IAASB's agenda from both a strategic and technical perspective.
- Country-specific outreach to the UK, including meetings with investors, regulators, accounting firms, professional accountancy organizations and other thought leaders.
- Together with the [Fédération des Experts Comptables Européens](#) (FEE), outreach to audit committee members in Europe to discuss the effects of the enhancements arising from the Auditor Reporting project on audit committees and matters related to audit quality more generally.
- Liaison with the [International Accounting Standards Board](#) to consider challenges arising from new financial reporting standards and the potential implications of these changes on the auditing standards.
- Continued engagement with accounting firms, through meetings with the Global Public Policy Committee (GPPC), [Forum of Firms](#), and [Small and Medium Practices Committee](#), on both strategic and technical matters.

5. Call for Research

Together with the [Institute of Chartered Accountants of Scotland](#) (ICAS) and the [International Association for Accounting Education and Research](#) (IAAER), on March 30, 2015 the IAASB announced a new [global call for research](#) to gather independent academic evidence to inform its standard-setting process. The deadline for submission of proposals is **October 1, 2015**.

6. Adoption and Implementation of the ISAs

The IAASB is pleased that [105 jurisdictions](#) have either adopted or are committed to adopting the clarified ISAs. Of note, IAASB Chairman Prof. Arnold Schilder was the [keynote speaker at a March 4, 2015](#) ceremony in Rome, Italy, marking the nation's official adoption of the clarified ISAs. More information can be found in the [latest edition of the Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili journal Press](#).

7. Investor Advocate Assumes Role of the IAASB CAG Chair

Matthew Waldron, an investor advocate and current Director of the Financial Reporting Policy Group at the CFA Institute, [assumed the role of chair of the IAASB CAG](#) on April 1, 2015. He succeeds Prof. Linda de Beer, who had served as IAASB CAG Chair since September 2010. Mr. Waldron had been the CFA Institute's representative to the IAASB CAG since 2008 and his prior experience includes working for KPMG, PwC, and the Federal Home Loan Mortgage Corporation.

8. Next Meetings

The next IAASB meeting will be held in New York, USA, on [June 15-19, 2015](#). The agenda and meeting materials are posted approximately three to four weeks in advance on the [IAASB Meetings](#) page. Members of the public may register to observe the meetings and registration closes one week before the first day of the meeting.

The next [IAASB CAG](#) meeting is scheduled for September 15-16, 2015 in New York, USA.

Prepared by IFAC's Communications Department. Contact communications@ifac.org for further information.

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