



CAG Meeting
SMP Update
September 11, 2017

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IAASB

International Auditing
and Assurance
Standards Board

IAASB Board Breakouts – March 2017

- Make the standards more “usable”
 - “Tell the story” of the ISAs
 - Use more examples (what does it “look like”)
 - More diagrams?
 - Use “plain English” to draft
 - Keep standards principles based (outcomes based)
- More implementation guidance needed
- Framework for drafting?

IAASB Actions

- Pick up in current projects (e.g., ISQC 1, ISA 220, ISA 600)
- Further consider need for a framework

IAASB Board Breakouts re SME Audits

Information Technology

- Standards complex, not easy to navigate

IAASB Actions

- Consider making handbook electronic and interactive

Separate Standard for Audits of SMEs

- Too early to make a decision on a separate standard for audits of SME's
 - Is it about complexity / non-complexity?
 - Mixed views in Paris, NSS, IFAC Board, IAASB

IAASB Actions

- To explore further; no formal project or commitment to outcome yet
- Likely Discussion Paper in December IAASB meeting
- Preparation by small informal group with NRF support

SMP – Other than Audit

- If an audit not required by law or regulation, is there another service to meet stakeholder needs?
 - Communication about what else may be suitable
 - Is there something else that should be developed to meet stakeholder needs?

IAASB Actions

- IAASB recently undertaken consultations on other services (e.g., EER; AUP (thanks FAR and FSR for AUP comments))
 - Further discussion and consultation about ‘gaps’ (if any) identified on analysis of the responses
 - Re AUP: first revise 4400 – later practical guidance on multi-scope?
 - Re EER: more guidance re use of ISAE 3000?

Proposed ISA 540 (Revised): Exposure Draft (April 2017)

- Subject matter: Auditing Accounting Estimates and Related Disclosures
- 60 comment letters received (not from NRF members); more work to do!
- **Scalability very explicit in paragraph 15 (see Flowchart):**
 - Inherent risk low? Then clear overall procedures may be enough
 - One or more of: subsequent events, testing management's method, developing a point estimate or range
 - Inherent risk not low? Then need to design further procedures to address complexity, judgment and estimation uncertainty
 - If relying on controls, or if substantive procedures alone do not provide sufficient appropriate audit evidence at assertion level, then test controls
 - *No change from extant, but controls emphasized due to importance in estimates*
 - Further: Reasonableness of disclosures; stand-back evaluation; possible management bias; written representations; communication with TCWG



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