
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

32nd SESSION

4 - 6 November 2015

Room XVIII, Palais des Nations, Geneva

Wednesday, 4 November 2015

Afternoon Session

**Key foundations of high-quality reporting: International
audit and assurance requirements and good practices in their
implementation**

Presented by

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Member

International Auditing and Assurance Standards Board

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International Standards on Auditing

Marek Grabowski, IAASB Member

Geneva, Switzerland

November 4, 2015

Times are Changing

Global momentum **for more transparency in corporate and auditor reporting**

- Release of a **new and revised Auditor Reporting standards** – January 2015

Financial accountability is increasingly supplemented by more context-related information such as strategic information and non-financial information

More interaction between those involved in the full **corporate reporting supply chain**

Independent auditors continue to have a key role in these evolving times, contributing to high quality accountability and setting a basis for **trust**

IAASB's Strategic Objective for 2015–2019

- 1) Ensure that **ISAs** continue to form the basis for **high-quality, valuable and relevant audits** conducted worldwide by responding on a timely basis to issues noted in practice and emerging developments
- 2) Ensure the IAASB's standards evolve as necessary to adequately address the **emerging needs of stakeholders** for **services other than audits of financial statements**
- 3) Strengthen **outreach and collaboration** with key stakeholders in the reporting supply chain on **public interest issues** relevant to audit, assurance and related services

New and Revised Auditor Reporting Standards

Key Features

Auditor Report

Audit Opinion – Required to be presented first

Key Audit Matters – Required for listed entities

Going Concern – Additional focus

Other Information – New section

Responsibilities – In the audit; Independence and ethical obligations; Engagement partner (listed entities)

What Are KAM?

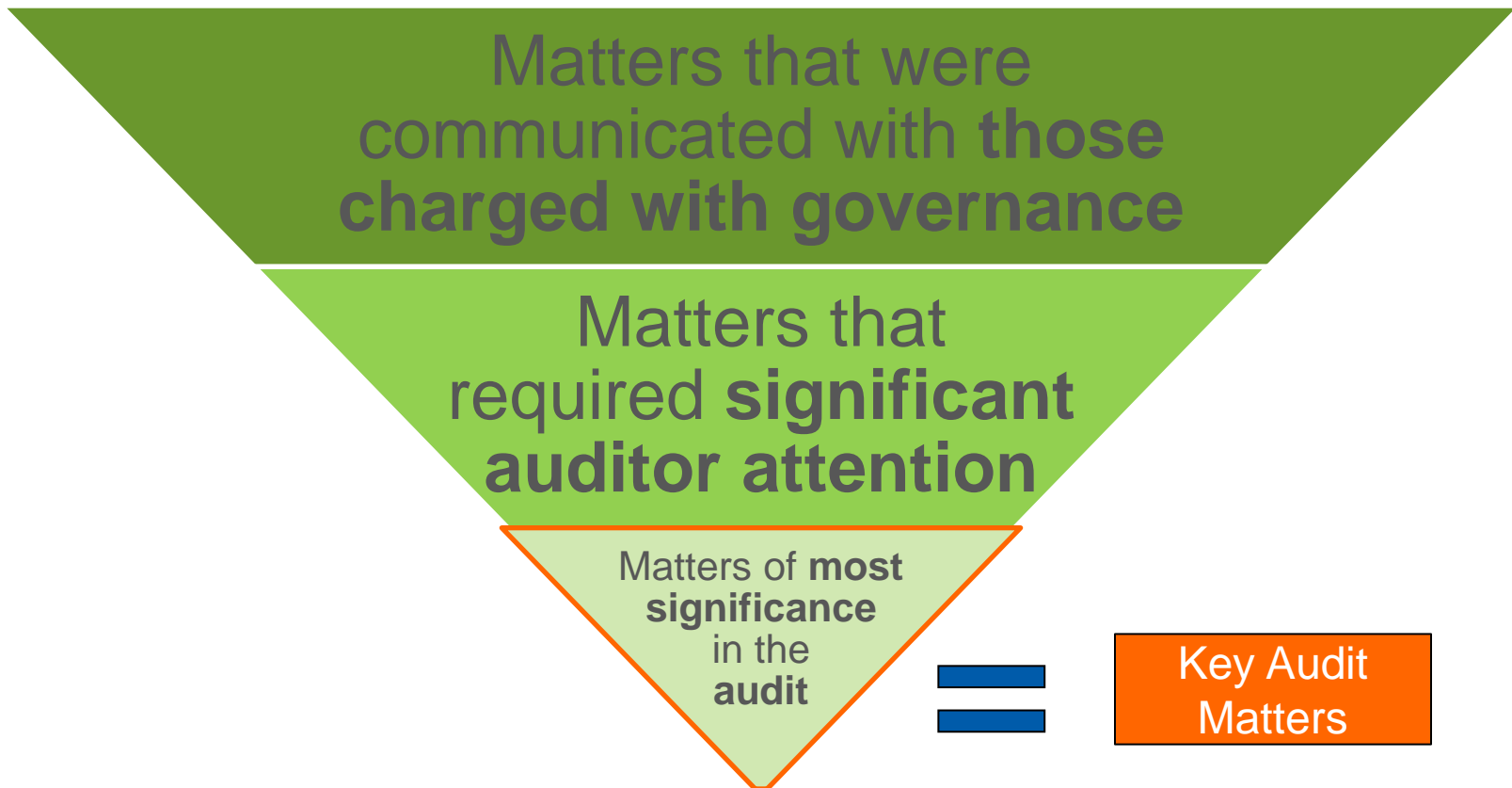
KAM are defined as those matters that, in the **auditor's professional judgment**, were of **most significance** in the audit of the financial statements of the current period

KAM are **selected from matters communicated with TCWG**

Which Auditor's Reports Will Include a KAM Section?

- **KAM is required** to be communicated in the auditor's report **for audits of financial statements of listed entities** in accordance with new ISA 701
 - **Law or regulation may require KAM** for audits of entities other than listed entities (e.g., “public interest entities”, or public sector entities)
 - **Auditors may voluntarily, or at the request of management or TCWG, communicate KAM** in the auditor's report for entities other than listed entities

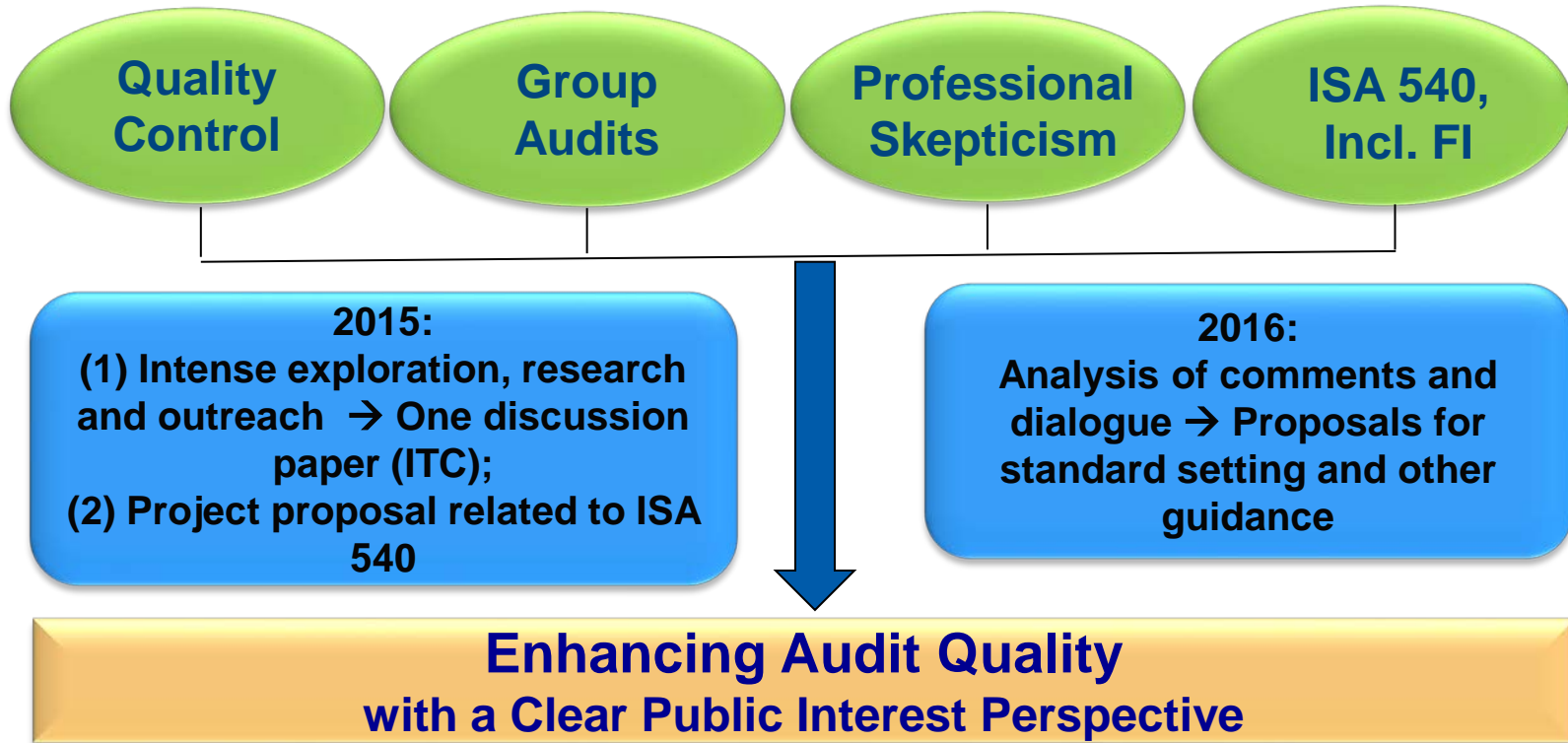
The Decision-Making Framework for KAM



Key Public Interest Areas to Address

- Audit Leadership in the Public Interest
- Transparency and Observability of the Audit
- Independent, Challenging, Skeptical
- Proactive Quality Management Approach (resulting in new ISQC 1 and ISA 220)
- Fit with Evolving and Complex Business Environment and How Audits are Being Carried Out
- Fit for Complexity (Financial Institutions, Groups)
- Communication, Interactions, Documentation
- Networks, Firms, Remediation Processes

Work Plan for 2015–2016 — Priority Projects



Exploring New Developments

- **Innovations Working Group**
 - Monitoring at a high level new and emerging issues
- **Integrated Reporting Working Group**
 - Monitoring the developing demand for assurance engagements designed to enhance the credibility of integrated reporting, and other emerging developments in external reporting. and how and when to respond to these developments most effectively in the public interest
 - Working Group Publication - July 2015
 - Issuance of a discussion paper – second half of 2016
- **Audit Data Analytics Working Group**
 - Considering audit data analytics and effect on the audit, including whether ISAs may be viewed as restricting innovation
 - Issuance of discussion paper or similar document – second half of 2016



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