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

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Morning Session

**High-level Segment: Major trends and challenges towards
high-quality corporate reporting**

Presented by

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Trends in corporate reporting

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overseeing international audit, ethics and education standards for the accounting profession



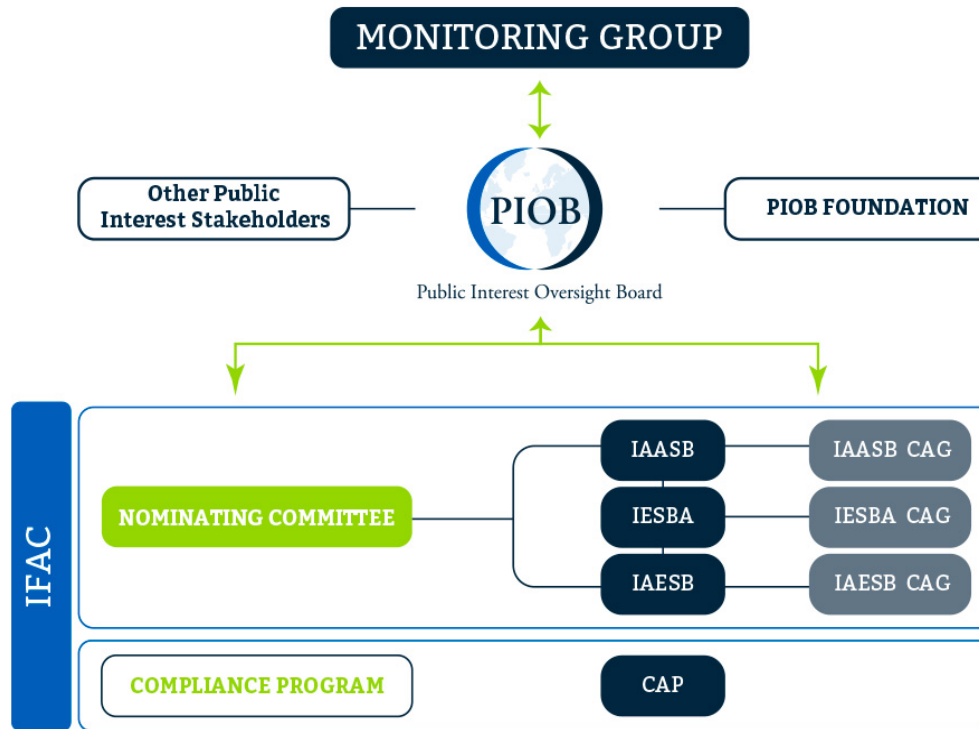
Why a PIOB?

- Legal requirement to have an audit is imposed in the public interest, i.e. audit plays a key role in (financial) markets
- There will always be an expectation gap
- World has changed after Enron – public authorities have taken a more active interest in the audit function
- PIOB looks at public interest issues in the standard setting process (nominations, due process) and in the content of the standards (is the focus right)





OVERSIGHT ARCHITECTURE





Corporate Reporting post 2015

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- High quality reporting remains a core objective
- High volatility resulting from low interest rate environment is particularly challenging
- Need for international harmonisation of accounting and auditing standards is now fully recognised (G 20, FSB)
- Increasing worry about the impact of non-financial risks on business entities (misconduct risk, market conduct risk, governance failures)





Some trends in auditing

- Increasing formalisation of auditor independence requirements (e.g., EU audit reform)
- Introduction of a specific regime for public interest entities (e.g., EU and US)
- Questions are raised about the auditability of certain accounting standards (e.g., IFRS 9)
- Impact of technology on audit framework (cyber-security, big data, data analysis)





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Consistent implementation of internationally agreed standards

- Absence of a global enforcement body
- Issue higher on IFAC's agenda (CAP)
- Consistent implementation encouraged by PIOB because it is in the public interest
- Importance of consistent implementation in audit networks (group audit – IAASB)
- Increasing role of bodies such as EAIG, IFIAR and PCAOB in ensuring enforcement of auditing standards





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Environment, social, governance

- Increasing importance attached to non-financial reporting
- Traditional audit model is being questioned: is there a role for auditors in this area?
- IAASB has started work on integrated reporting and is exploring other areas where there is a need for assurance engagements
- Governance of audit firms is also an area for consideration

