



IAASB Update

Wendy Stevens, Mazars
IAASB Member

Presentation at the January 2022 ASB Meeting

Key Items

- December 2021 IAASB Meeting Highlights
 - Matters approved
 - ISA 600
 - 2022-2023 workplan
 - Fraud project proposal
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Summary of IAASB Significant Projects*

Topic	Status	Main Objective
Audits of LCEs	Comment letters due January 31, 2022	Develop a separate standard for financial statement audits of LCEs to address issues and challenges related to complexity, understandability, scalability and proportionality
Group Audits	Awaiting PIOB approval (expected 1 st half of 2022)	Revised Extant ISA 600 to: <ol style="list-style-type: none"> 1) strengthen approach to planning and performance of a group audit 2) clarify interaction with other ISAs 3) The revised standard will be effective for periods beginning on or after December 15, 2023
Audit Evidence	Working toward ED in September of 2022	Exposure draft timing change: March 2022 to September 2022; Focus is to modernize for IT, address the sufficiency and appropriateness of audit evidence and improve professional skepticism
Definition of Listed Entities and PIEs	ED planned 2022	Develop and finalize narrow-scope amendments for changes made by IESBA in its project to achieve convergence as much as possible
CUSP	Recommendations March 2022	Address the complexity, understandability, scalability, and proportionality of the ISAs by developing drafting principles and guidelines
Fraud	March 2022 agenda item, ED planned for June 2023	Approved in December 2021, the project is expected to addresses the revision of extant ISA 240 and the conforming and consequential amendments to other relevant ISAs to enhance or clarify the auditor's responsibilities on fraud in an audit of financial statements
Going Concern	Project Proposal Targeted for March 2022 IAASB approval	Project proposal expected to address revisions to extant ISA 570 to enhance or clarify the auditor's work related to management's assessment of an entity's ability to continue as a going concern in the audit of financial statements and enhance transparency

*As of January 25, 2022

Work Plan 2022-2023

- Unanimously approved in December 2021
 - Key planned actions for projects underway
 - Planned 2022 exposure drafts: Audit Evidence, Going Concern, and the Definition of Listed and Public Interest Entities
 - CSUP drafting principles and guidelines targeted for 2022
 - One or two new projects expected to commence during the Work Plan period
 - The IAASB agreed to dedicate capacity and resources to the assurance of sustainability/ESG reporting
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Audits of Less Complex Entities

- July 23, 2021 - IAASB issued the exposure draft of the proposed ISA for LCEs
 - Intended to address the challenges of applying the ISAs in audits of LCEs and to address CUSP in the ISAs
 - IAASB issued documents that illustrate how requirements from the ISAs map to the Exposure Draft
 - IAASB consultation survey closed January 14, 2022
 - Comments are due January 31, 2022
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Group Audits

- The IAASB unanimously approved ISA 600 (Revised) as a final standard
 - The IAASB will formally release the standard after confirmation is received from the PIOB that due process was followed
 - The revised standard will be effective for periods beginning on or after December 15, 2023
 - In finalizing the standard, the IAASB clarified scope, enhanced certain procedures, and improved auditor communication requirements
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Fraud

- The project will be focused on specific standard-setting actions aimed at enabling consistent and improved auditor behavior
 - The project will seek to clarify the auditor's responsibilities and enhance the robustness of the required auditor's procedures and reporting on fraud in an audit of financial statements
 - March 2022 IAASB meeting
 - Focus on specific proposed actions included in the scope of the project addressing key issues identified regarding the role and responsibilities of the auditor, risk identification and assessment, and transparency
 - Expected exposure draft: June 2023
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Going Concern

- Anticipated project proposal:
 - Similar in structure to the Fraud project proposal
 - Objectives, in addition to strengthening the auditor work and transparency, may also include more robust linkage to risk identification and assessment procedures
 - Continued dialogue with others in the financial reporting ecosystem expected, including the IASB
 - Project proposal to be brought to IAASB in March 2022
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Other Major Projects

- Audit Evidence
 - CUSP
 - Definition of Listed Entity and Public Interest Entities (PIE)
 - In December 2021 IESBA unanimously approved revisions to the definitions of “listed entity” and “public interest entity” (awaiting PIOB approval)
 - The IAASB PIE Working Group will present a project proposal for discussion and approval at the March 2022 IAASB meeting
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Other Activities

- Conforming Amendments to QM Standards
 - Released in January 2022 and become effective as of December 15, 2022
 - Two new board member appointments; 3 renewed (November 2021)
 - First Digital Handbook Published (December 2021)
 - FAQ: using automated tools and techniques when planning the audit (December 2021)
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Thank you