

AUASB International Update

Subject: AUASB International Update for recent developments up to 17 October 2016 inclusive.

International Federation of Accountants (IFAC)

1. IFAC has published a brochure on [Choosing the Right Service: Comparing Audit, Review, Compilation, and Agreed-Upon Procedure Services](#). The brochure is designed for use by small and medium-sized practices (SMPs), the brochure explains and differentiates the range of audit, review, compilation, and agreed-upon procedures services SMPs can provide and tailor to meet the needs of their small and medium sized entity (SME) clients. It can help current and prospective clients understand the range of services available, as well as their benefits.
2. IFAC has released a press release in relation to being named as the *Accountancy Capacity Building Champion of the Year Award* at the 2016 The Accountant & International Accounting Bulletin awards. Further information in relation to this award is available via the following [link](#).
3. IFAC are calling on their members to submit a response to the [Largest Annual Global SMP Survey](#). Members have until 30 November to respond via the following [link](#).

International Audit and Assurance Standards Board (IAASB)

1. The IAASB has released ISA 250 (Revised) *Consideration of Laws and Regulations in an Audit of Financial Statements*, and conforming amendments to other International Standards, which respond to new requirements in the International Ethics Standards Board for Accountants (IESBA)'s Code of Ethics for Professional Accountants addressing non-compliance with laws and regulations (NOCLAR). Further information and related guidance is available via the following [link](#).
2. The IAASB has released a podcast of highlights from the September 2016 meeting that was held in Hong Kong. Topics discussed included project updates for ISA 540, ISA 315, Audit Quality, Group Audits, Professional Scepticism, Agreed upon Procedures as well as the 2017-2018 Work Plan. The podcast is available via the following [link](#).
3. The IAASB's Integrated Reporting Working Group has released a Discussion Paper: [Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements](#). The Working Group is seeking input from all those involved in the external reporting supply chain to gain a better understanding of how the IAASB—as the global standard setter—can contribute to the quality of different engagements, in the public interest, and where others can or need to play a role.

In addition to the Discussion Paper the IAASB has published an [article](#) on the paper written by Brett James (Deputy Director, IAASB) as well as a [video presentation](#) by Nancy Kamp (former Deputy Director, IAASB).
4. The IAASB's Data Analytics Working Group has released a Request for Input, [Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics](#) to further its work in understanding how the use of technology, and more specifically

data analytics, is able to enhance audit quality. The AUASB will seek stakeholder input in providing a response to this request.

5. The IAASB has published the third edition of the [Guide to Quality Control for Small and Medium Sized Practices](#). The guide features enhancements to the two sample manuals, as well as other refinements for clarity and consistency with the International Standard on Quality Control (ISQC) 1. The guide contains the requirements set out in ISQC 1 in addition to implementation guidance, including discussion material and an integrated case study that can be used as the basis for education and training.

Public Interest Oversight Board of IFAC (PIOB)

1. The PIOB has published a [meeting summary](#) for the meeting held 14-16 September 2016 in New York.
2. The PIOB has published [Two shock waves - Reflections on international accounting and auditing in the early 21st Century](#) - written by former PIOB Member, Prof. Toshiharu Kitamura.

International Ethics Standards Board for Accountants (IESBA)

1. The IESBA has published a podcast of highlights from the 26-30 September 2016 meeting held in New York. Topics discussed include project updates in relation to Safeguards, The Restructure of the IESBA Code, Professional Accountants in Business and Long Association. The podcast is available via the following [link](#).

International Integrated Reporting Council (IIRC)

1. The International Integrated Reporting Council (IIRC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) have published an [Introductory Guide to Integrated Reporting \(<IR> in the public sector](#). The objective of the report is “to explain to public sector leaders and their teams how integrated thinking and reporting can help the sector consider how to make the most of resources, encourage the right behaviours and demonstrate to stakeholders how they are achieving the strategy and creating value over the short and longer term”.

International Organization of Securities Commissions (IOSCO)

1. The Growth and Emerging Markets (GEM) Committee of the International Organization of Securities Commissions (IOSCO) has published a report that seeks to strengthen corporate governance frameworks. [The Report on Corporate Governance in Emerging Markets](#) identifies possible measures and regulatory approaches aimed at strengthening corporate governance in emerging market jurisdictions and aligning regulatory frameworks with internationally recognized standards in this area.

International Forum of Independent Audit Regulators (IFIAR)

1. There have been no significant developments related to audit and assurance to report in the period.

New Zealand

New Zealand Auditing and Assurance Standards Board (NZAuASB)

1. The NZAuASB published on 23 September 2016 its [Communique No. 19](#) announcing the issuance of three revised auditing standards:
 - ISA (NZ) 800 (Revised), *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*;
 - ISA (NZ) 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
 - ISA (NZ) 810 (Revised), *Engagements to Report on Summary Financial Statements*.
2. The NZAuASB published on 19 September 2016 its [Communique No. 18](#) seeking comments on the Proposed Omnibus Standard *Annual Improvements 2016*. The proposed changes arise from local matters, rather than corrections to international standards.
3. The NZAuASB published on 9 September 2016 its [Communique No. 17](#) that describes the highlights of the NZAuASB meeting held on 8 September 2016.

United Kingdom

UK Financial Reporting Council (UK FRC)

1. The Institute of Chartered Accountants Scotland (ICAS) and the UK Financial Reporting Council (FRC) are calling for action to prevent a potential audit skills gap in the future, with the launch of a [new report](#) on 22 September 2016. The report calls for a debate on the future of audit and the skills needed as audit evolves, as expected, beyond the traditional financial statement audit.
2. The UK FRC has issued a [thematic review](#) on the subject of root cause analysis performed by audit firms relating to audit inspection findings. The report is intended to provide insights and aid understanding of firms' procedures, highlight areas of good practice and provide recommendations, to promote continuous improvement in audit quality.

The U.K Competition and Markets Authority (UK CMA)

1. There have been no significant developments related to audit and assurance to report in the period.

Institute of Chartered Accountants in England and Wales (ICAEW)

1. The ICAEW has published a press release on [Audit Insights: Cyber Security](#) which focuses on why change here seems so difficult and highlights how organisations can get on top of their cyber risks.

Institute of Chartered Accountants in Scotland (ICAS)

1. Refer point 1 above under UK FRC.

United States

American Institute of Certified Public Accountants (AICPA / CAQ)

1. The Center for Audit Quality (CAQ) has published a [survey on US capital markets](#). The survey found that investors display healthy levels of confidence in public company auditors (81 percent), independent audit committees (77 percent), audited financial statements (75 percent), and financial advisors (75 percent).
2. A link was published on 5 October 2016 to an article that appeared in the Journal of Accountancy titled [Top considerations for the 2016 audit cycle](#) which is based on feedback from the Center for Audit Quality (CAQ) which is affiliated with the AICPA.

Public Company Accounting Oversight Board (PCAOB)

1. The PCAOB published on 18 August 2016 its fifth [annual report](#) on its interim inspection program (conducted in 2015) for auditors of broker and dealers registered with the SEC. The report found in summary high level of audit deficiencies, at levels similar to that reported in previous years.

Canada

Canadian Chartered Professional Accountants Canada (CPA Canada, formerly CICA)

1. There have been no significant developments related to audit and assurance to report in the period.

Auditing and Assurance Standards Oversight Council (AASOC)

1. There have been no significant developments related to audit and assurance to report in the period.

Canadian Auditing and Assurance Standards Board (CAASB)

1. The CAASB published on 3 October 2015 its [Decision Summary](#) from its meeting held on 12-13 September 2016. The main matters discussed included: Auditing Accounting Estimates, Auditor Reporting, Identifying and Assessing the Risks of Material Misstatement, Agreed-upon Procedures, Association, and Compilation Engagements.

Canadian Public Accountability Board (CPAB)

1. There have been no significant developments related to audit and assurance to report in the period.

Federation of European Accountants (FEE)

1. FEE has published their [response](#) to the IAASB's 2017-2018 work plan and strategic objectives.