



# Project Plan

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<b>Project Title:</b>	ISA / ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>
<b>Project ID:</b>	ASA 315-2018
<b>Project Objective(s):</b>	<ol style="list-style-type: none"><li>1. To provide comments on ED ISA 315</li><li>2. To issue revised ASA 315 and conforming amendments to other standards based on the amended ISA and making appropriate Australian amendments</li></ol>
<b>Priority:</b>	High
<b>Issue/Reason:</b>	Refer AUASB Strategic Direction re adoption of ISAs
<b>Date Prepared:</b>	5 April 2018
<b>Date To Be Approved:</b>	17 April 2018 / TBA (subject to IAASB timelines)
<b>Date Updated: (if applicable)</b>	

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## Project Objectives

1. To provide comments to the IAASB on ED ISA 315 based on stakeholder input (Phase 1).
2. To release a revised ASA 315 and conforming and consequential amendments to impacted standards, based on the amended ISA, after making appropriate Australian amendments to conform to Australian regulatory and statutory requirements, and further amendments where is a compelling reason to do so (Phase 2).

This project plan is for phase 1 only. Phase 2 will be developed once the timing of the issuing of the IAASB ED is confirmed.

## Background

The IAASB is in the process of re-writing ISA 315 with the objective of establishing more robust requirements and appropriately detailed guidance to drive auditors to perform appropriate risk assessment procedures in a manner commensurate with the size and nature of the entity.

At its March 2018 meeting the IAASB indicated it may approve an exposure draft at its June 2018 meeting. This project plan assumes that an ED will be approved at the June meeting.

## **Stakeholders**

- Practitioners – private (large, medium and SMP) and public sector
- Regulators - ASIC, APRA, ACNC
- Entities preparing general or special purpose financial statements that are audited
- Accounting bodies – CA ANZ, CPA Australia & IPA – representing practitioners.
- Users of financial reports including shareholders and investors
- Other Standards Setting Boards – AASB, NZAuASB, IAASB

## **Risks/Issues**

- Issues are not identified and communicated to the IAASB on the ED.
- Final ISA 315 not consistent with feedback from the AUASB (and its stakeholders).
- Proposed amendments to the ISA are made only in accordance with the “compelling reasons” policies and such changes are consistently applied to the relevant standards.
- Proper consideration is given to stakeholder input.

## **Action Plan**

### Phase 1

To provide comments to the IAASB on ED 315 based on stakeholder input. Note this plan is based on the AUASB approving the change in the timing of issuing EDs for standards based on IAASB standards. If this is not approved the ED will be issued after the release of the final IAASB standard.

- Draft AUASB’s ED ASA 315 based on the IAASB’s ED including known Australian amendments. Note there are no “Aus” paras in the extant ASA 315 and in discussions to date there have been no indicators in relation to compelling reasons. Exposure period dependent on the IAASB’s ie. needs to be less than the IAASB’s to allow time to consider comments. Likely to be around 60 days.
- Outreach conducted via roundtables in Sydney and Melbourne in August 2018.
- Consider if further outreach is required ie. Webinar for other states.
- AUASB to review submissions received from Australian stakeholders and the submission to the IAASB at its 12 September 2018 meeting.

### Phase 2

To be developed once the timing of the issuance of the IAASB’s ED is known.

Resources

Justin Reid – Project Specific AUSAB member.

Anne Waters – Project Specific dedicated AUASB technical group member.

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