



## AUASB International Update

**Subject:** AUASB International Update for the period 18 May 2015 to 30 June 2015 inclusive.

### International Federation of Accountants (IFAC)

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

### International Audit and Assurance Standards Board (IAASB)

1. The IAASB published on 28 May 2015 a [summary](#) of the roundtable discussions it held with FEE on 23 April 2015 regarding auditor reporting and audit quality.
2. The IAASB published on 2 June 2015 its [intention to consider](#) amendments to its auditing standards in respect to the IESBA's recent proposals related to non-compliance with laws and regulations (NOCLAR). The proposed amendments are planned to be issued in July 2015 and have a 90 day exposure period.

### Public Interest Oversight Board of IFAC (PIOB)

1. The PIOB published its [10<sup>th</sup> Public Report – 2014](#) in May 2015.

### International Ethics Standards Board for Accountants (IESBA)

1. IESBA issued on 6 May 2015 an Exposure Draft [Responding to Non-Compliance with Laws and Regulations](#). The re-exposure seeks to address feedback received on the first exposure draft to better set out the requirements of professional accountants when dealing with suspected non-compliance with laws and regulations (NOCLAR) identified when providing services to clients. Comments are due by 4 September 2015.
2. The IESBA published on 3 June 2015 its [regular e-newsletter for June 2015](#). Of audit significance is that the *2015 Handbook of the Code of Ethics for Professional Accountants* has now been finalised and is available, and the Exposure Draft on *Responding to Non-Compliance with Laws and Regulations* has been issued for comment.

### International Integrated Reporting Council (IIRC)

1. The IIRC issued on 4 June 2015 its [May 2015 newsletter](#).

### International Organization of Securities Commissions (IOSCO)

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

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

## **United Kingdom**

### **UK Financial Reporting Council (UK FRC)**

1. The UK FRC issued on 21 May 2015 a consultation paper on its review of the implementation and operation of the [Audit Firm Governance Code](#) (issued in 2010). Comments are invited by 28 August 2015. The review of the principles-based Code, which provides a “formal benchmark of good governance practice against which firms which audit listed companies can report for the benefit of shareholders in such company’s” seeks stakeholder views on whether the Code’s purpose and intended benefits remain valid.
2. The UK FRC issued on 29 May 2015 a practice aid aimed at audit committees to assist them in meeting the *UK Corporation Governance Code* requirement for them to include in the audit committees’ annual report an assessment of the external audit process effectiveness. Titled [Audit Quality Practice Audit for audit committees](#), the guide focusses particularly on assessing audit quality within that assessment in the context of the company’s business model and strategy, its business risks and the perceptions of the reasonable expectations of the company’s stakeholders.
3. The UK FRC issued on 29 May 2015 its 11<sup>th</sup> annual report on the results of its inspections of firms’ audit quality in the UK. The report, titled [Audit Quality Inspections Annual Report 2014/2015](#) noted that while overall the quality of audit is improving there remains room for further improvements.

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

### **Institute of Chartered Accountants in Scotland (ICAS)**

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

## **United States**

### **American Institute of Certified Public Accountants (AICPA)**

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

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## **Center for Audit Quality (CAQ) (affiliated with AIPCA)**

1. The CAQ published on 28 May 2015 its regular [Snapshot May 2015 newsletter](#).
2. The CAQ published on 2 June 2015 the collaborative, updated tool, for audit committees in both the U.S and worldwide. The publications, titled [External auditor assessment tool: A reference for audit committees U.S](#) and [External auditor assessment tool: A reference for audit committees worldwide](#). The scalable tool is designed to assist audit committees when they perform an evaluation of the quality of the external audit as considering whether to select or recommend the retention of the audit firm.

## **Public Company Accounting Oversight Board (PCAOB)**

1. The PCAOB issued on 28 May 2015 a staff consultation paper [No. 2015-1 The Auditor's Use of the Work of Specialists](#). The consultation paper discusses the “increase in the use and importance of specialists in recent years due, in part, to the increasing complexity of business transactions reported in the company’s financial statements.” It is particularly focused on whether the PCAOB’s standards adequately address auditor’s use of such experts in the conduct of audits. Comments are invited by 31 July 2015.
2. The PCAOB issued on 30 June 2015 a supplementary consultation paper regarding a new [PCAOB Form AP](#). The PCAOB proposes that this form require the disclosure of the audit engagement partner’s name as well as information about certain other audit participants. Comments are invited by 31 August 2015.
3. The PCAOB [issued](#) on 30 June 2015 its long-awaited [Concept Release](#) paper setting out its proposed Audit Quality Indicators (AQIs), measures designed to provide new insights into audit quality for audit committees, audit firms, investors and regulators. The paper intends, through providing 28 potential AQIs, to stimulate discussion and debate about the drivers of audit quality. Three broad categories, audit professionals, audit process and audit results are covered by the AQIs, as follows:
  - “Audit Professionals—measures dealing with the availability, competence, and focus of those performing the audit.
  - Audit Process—measures concerning an audit firm's tone at the top and leadership, incentives, independence, investment in infrastructure needed to support quality auditing, and monitoring and remediation activities.
  - Audit Results—measures relating to financial statements (such as the number and impact of restatements, and measures of financial reporting quality), internal control over financial reporting, going concern reporting, communications between auditors and audit committees, and enforcement and litigation.”

The PCAOB is seeking feedback on the AQI’s identified as well as how they may be best used to promote audit quality. Comments are invited by 28 September 2015.

## **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. The AASOC published on 21 May 2015 the [minutes of its 16 April 2015 meeting](#). Of note are the discussions on the CAASB's deliberations on the auditor reporting, responsibilities auditor's responsibilities relating to other information and the financial statement audit projects.

## **Canadian Auditing and Assurance Standards Board (CAASB)**

### **CAASB Related**

1. The CAASB published on 2 June 2015 its [decision summary of the meeting held on 19 May 2015](#). The only matter discussed was its proposed 2016-2021 strategic plan. The CAASB will continue to discuss this at the June 2015 meeting.
2. The CAASB issued on 15 June 2015 an Invitation to Comment [Implementation Considerations for the New Auditor Reporting Standards](#). This ITC seeks feedback on a number of implementation issues associated with the Canadian adoption of the IAASB's auditor reporting standards including effective date, proposed Canadian amendments to the standards, and contains specific questions for comment. Comments are requested by 30 October 2015.

### [Decisions summary of 8-9 June 2015 meeting published on 18 June 2015](#)

#### Matters considered included:

1. Issues associated with the adoption of the ISAs on auditor reporting as CASs. The CAASB agreed to allow the standards to be early adopted.
2. Issues associated with the IAASB's proposed auditor reporting related revisions to standards covering *Reporting on Audited Financial Statements: Special Considerations*. (ISA 800 (Revised), *Special Considerations — Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* and ISA 805 (Revised), *Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and conforming amendments to other ISAs). The CAASB did not identify any substantive issues.
3. Issues associated with the IAASB's proposed revisions to ISA 810 dealing with engagements to report on summary financial statements. The CAASB did not identify any Canadian issues with the revisions.
4. Issues arising from the IESBA's proposed revisions to the Code related to non-compliance with laws and regulations. The CAASB did not identify any issues.
5. Issues associated to the adoption of the IAASB Auditing Standard ISA 720 *The Auditor's Responsibilities Relating to Other Information* in Canada. Issues identified included defining "annual report" within the Canadian context and questions related to auditor's consent for the auditor's report to be used when the auditor's report references an annual report not required to be included in securities regulatory filings.
6. Issues associated with the adoption of the IAASB's project to revise ISRS 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.
7. Reviewed comments received from Canadian stakeholders on the exposure draft to revise the joint policy statement concerning communications with laws firms regarding claims and possible claims in connection with the preparation and audit of financial statements

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appended to CAS 501 *Audit Evidence-Specific Considerations for Selected Items. Approval*. The CAASB also discussed issues identified and indicated that it expected to approve the final joint policy statement at its October 2015 meeting.

8. The CAASB tentatively agreed to update standards related to audits of public sector entities, as required by legislation and other external auditors. The CAASB intends to review a project proposal for this to be considered and approved at its September 2015 meeting.
9. The CAASB reviewed the draft standard that would replace existing standard, Section 5020 *Association*. Key changes include the redrafting of the standard in clarity format and revising the scope and practitioner's responsibilities regarding matters relating to the use of a practitioner's name or report. The CASB expected to approve the Exposure Draft at its July 2015 meeting.
10. The CAASB reviewed a draft of its Strategic Plan for 2016-2021 and agreed to continue discussions at its July 2015 meeting.
11. The CAASB issued on 27 March 2015 an Exposure Draft of proposed limited revisions to existing standards Section 7150 [\*Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document\*](#). Comments are requested by 1 May 2015.
12. The CAASB issued on 5 May 2015 the [\*Re-exposure draft on Engagements to Review Historical Financial Information\*](#). Comments are invited by 10 July 2015.

#### **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 issued on 16 June 2015 a publication giving a summary of the public oversight of the audit professional for 22 countries. The publication, titled, [\*Organisation of the Publication Oversight of the Audit Profession in 22 European Countries\*](#), is based on a FEE survey of its member bodies in these countries. The summary provides their "assessment of the current state of affairs regarding the organisation of public oversight of statutory auditors and audit firms in European countries; and how the changes included in the new and amended EU provisions have impacted, or are expected to impact, the organisation of public oversight in European countries."
2. FEE issued on 23 June 2015 its press release of the [\*FEE Audit Conference\*](#) held on 22-23 June 2015. The main topics for debate included the future of audit and assurance; how to enhance audit quality and how to improve communications with stakeholders.

#### **European Union (EU)**

##### **Council of the EU (JURI)**

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

**European Parliament (EP) of the EU**

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

**European Commission (EC)**

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