



International Auditing & Assurance Standards Board and CAG Oversight Assurance Plan 2016

1. 2015 experience

Overall, the experience with the IAASB and the IAASB CAG was positive during 2015.

The PIOB directly observed the 4 IAASB meetings and 2 CAG meetings held in 2015, that is, 100% of the Board and CAG meetings. This conformed to the oversight plan approved for 2015. The Board added 3 teleconferences during the year, 2 of which as well as the CAG 2 teleconferences were observed by the PIOB.

During 2015, most of the IAASB's activity related to starting its new, top-priority projects under its 2015-2016 Work Program: Quality Control (ISQC 1 and ISA 220), Group Audits (ISA 600); Professional Skepticism, and Special Considerations for the Audits of Financial Institutions (ISA 540). For the first time, the Board worked on a combined Invitation to Comment (ITC) document, which included common issues across the first 3 projects and was approved for exposure in December 2015. The project to revise ISA 540 was removed from the ITC, and a separate project proposal was approved by the Board in December 2015. The IAASB progressed exploratory work with the other new projects: agreed-upon procedures (ISRS 4400), integrated reporting and data analytics; and added a project with limited revisions to ISA 250, "Consideration of Laws and Regulations in an Audit of Financial Statements", mainly to address inconsistencies between this ISA and the IESBA's NOCLAR project. This project is being developed simultaneously with the IESBA's NOCLAR, and is expected to be finalized in September 2016.

In March 2015 the IAASB finalized a number of changes to ISAs related to Disclosures in the Audits of Financial Statements, together with some conforming amendments to other ISAs; and approved in September and December, changes introduced to ISA 800, "Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks", ISA 805, "Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement", and ISA 810, "Summary Financial Statements", mainly to align these standards with the enhancements introduced to the auditor's report.

During the year, PIOB observers at Board and CAG meetings continued providing input to the various debates, including the recommendation by one observer that the IAASB continues coordinating with the IESBA in the case of common projects, to achieve consistency between IAASB and IESBA exposure drafts and requirements (e.g.: NOCLAR).

2. Expected IAASB Activity for 2016

During 2016, the IAASB will continue progressing work on its new projects, although none of them will be finalized during the year. The IAASB agenda for the year will be very challenging, considering that the priority projects, including professional skepticism, relate to complex



subject matters, in areas where stakeholders (MG members, regulators, inspection bodies, investors) have expressed concerns with the work performed by auditors.

The project on ISA 250 could be finalized by September 2016. It will be closely monitored by the PIOB given its subject matter and close relationship with the IESBA’s NOCLAR.

3. Oversight Assurance Team

	Team Leader	Team Member(s)
2016	Karel Van Hulle	Maria Helena Pettersson Chandu Bhawe
2015	Nic Van der Ende	Jane Diplock Karel Van Hulle Chuck Horstmann
2014	Rob Ward (until he left the PIOB)	Julie Galbo

4. Oversight Assurance Model for 2016

Following the IAASB finalization of the Auditor’s Report standards in 2014, several elements advise to notch up the level of oversight intensity from 2014-2015, namely: (i) the PIOB conclusions regarding treatment of going concern in the recent revision of the auditor’s report, (ii) the relevance of the revision of ISA 540 for the audits of financial instruments (IFRS 9), (iii) the impact of the ITC on Group Audits, Quality Control, Professional Skepticism, and (iv) the need to ensure consistency of the revisions to ISA 250 in relation to NOCLAR. All these projects have significant public interest implications and the expectations of key stakeholders are very high. We have concluded that an **Oversight Model 2 (High Intensity)** with 100% direct observation of Board and CAG meetings will apply in 2016.

Appendix I details the PIOB 4 different Oversight Assurance Models.

5. Oversight Activities for 2016

5.1. Direct Observations of Meetings

During 2016, the PIOB will observe the following meetings:

IAASB:

The Board will meet 4 times. Initially, the PIOB will observe the four meetings:

- March 14-18 - NYC
- June 20-24 - NYC
- September 19-23 – Hong Kong
- December 5-9 - NYC



Eventually, based on the specific agenda, any of these meetings may not be subject to DO. Should the IAASB add teleconferences during 2016, the PIOB will also observe them.

IAASB CAG:

The IAASB CAG will meet twice in 2016:

March 8- 9 - Paris
September 12-13 - NYC

Both meetings will be observed by the PIOB as they are held back-to-back with IESBA CAG meetings.

Should the IAASB CAG add teleconferences during 2016, the PIOB will observe them too.

The PIOB Bluebook provides detailed guidance on observations.

5.2. Remote Observations and Monitoring & Reporting

Initially, there will be no remote observations and no monitoring & reporting in 2016.

5.3. Approvals Scheduled for 2016

During 2016, the IAASB expects to approve the following:

Standard	IAASB Approval	PIOB Approval
ISA 250 – NOCLAR (Limited changes)	September 2016	December 2016

5.4. Oversight Analysis

The Secretariat will perform the following analysis over the standard the IAASB will submit for PIOB approval in 2016:

Standard	Type of Oversight Analysis
ISA 250 – NOCLAR (Limited changes)	Extended Review

Throughout the year, the Team Leader and Team members, supported by PIOB staff, will confirm whether the OAM planned for 2016 remains relevant. Should the PIOB determine that a change of OAM is required; the reasons supporting the change will be recorded as part of this plan.

APPENDIX I - OVERSIGHT ASSURANCE MODELS

	INTENSITY of Oversight	WHEN	FEATURES	ASSURANCE
1	Very high	Risk of failure. Low confidence.	100% observations Third party verification	High
2	High	Higher risks in standard development. Medium confidence.	100% observations	High
3	Medium	Lower risk in standard development. Higher confidence.	Medium level of observations	Medium
4	Low	Excellent performance. Highest level of confidence.	Minimal or no observations	Lower