



International Auditing & Assurance Standards Board and CAG Oversight Assurance Plan 2017

1. 2016 experience

During the year, the PIOB directly observed the 4 IAASB meetings and 2 CAG meetings held, that is, 100% of the Board and CAG meetings. This agreed with the oversight plan approved for 2016. The Board added 4 teleconferences to its regular meetings and the CAG added 2, which were observed by the PIOB.

In 2016, the IAASB focused mostly on its “Invitation to Comment: Enhancing Audit Quality in the Public Interest” (ITC) consultation paper, which was exposed for comments during most of the first half of the year. The ITC grouped three priority projects: Quality Control (ISQC 1 and ISA 220), Group Audits (ISA 600); and Professional Skepticism (PS). A total 87 comment letters were received to the ITC, including from 4 MG members¹. The IAASB discussed the comments received in June and September 2016.

The expectation is that the three projects included in the ITC could be finalized in 2019.

Another important project the IAASB progressed during 2016 was the revision of ISA 540, “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures”, which would include revisions related to ECL estimations, in view of new financial reporting standards becoming in force, e.g., IFRS 9 in January 2018. The approval of the ED has been postponed to March 2017.

Other IAASB projects in 2016 included: (i) ISA 315, “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment”; (ii) Integrated Reporting; (iii) Data Analytics; and (iv) ISRS 4400, “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information”. These projects are mostly in the initial discussions/consultation stages of development.

In June, the Board finalized its project on ISA 250-NOCLAR, which the PIOB approved in September 2016, and in December, approved its 2017-2018 Work Program (WP), following consultation of the Program. The WP will be tabled for PIOB approval in February 2017.

During the year, PIOB observers at Board and CAG meetings and teleconferences continued providing input to the various debates.

2. Expected IAASB Activity for 2017

During 2017, the Board will progress work on its current projects, but none of the projects will be finalized. ISA 540, originally scheduled for final approval in December 2017, will be approved in March 2018. The ED of ISA 540 is planned for March 2017. The EDs for Quality Control and Group

¹ The IAIS, BCBS, IOSCO and IFIAR.



Audits are expected during 2017 and 2018, respectively. A draft of the ED for ISA 315 may be ready during the second half of the year.

In relation to PS, the IAASB is planning to consider PS-related revisions for each one of the ISAs included in the current and new projects (e.g.: ISA 540, ISA 315, ISA 600, etc.). Bilateral and trilateral coordination on this project is expected between the IAASB, the IESBA and IAESB during 2017.

The IAASB 2017-2018 Work Plan includes a new project on “Audit Evidence”, which would include Data Analytics, PS and ISA 500, “Audit Evidence”; and will consider revisions to ISA 230, “Audit Documentation”; ISA 520, “Analytical Procedures”; and ISA 530, “Audit Sampling”, and could commence later in 2017.

It is expected that the IAASB will meet with IFIAR and regulators (e.g.; Basel and IOSCO) during 2017, to discuss progress and details of its priority projects. Similarly, liaison with the IASB on matters related to disclosures and materiality; ISA 540; Audit Quality and Professional Skepticism could take place during the year.

In 2017 expires the term of Professor Arnold Schilder as the IAASB’s Chair. The process to select his successor will be overseen by the PIOB.

3. Oversight Assurance Team in 2017

	Team Members
IAASB	Karel Van Hulle – Michael Holm
IAASB CAG	Maria Helena Pettersson

4. Oversight Assurance Model for 2017

Several elements advise keeping an **Oversight Model 1 (High Intensity) in 2017**, with 100% direct observation of all Board and CAG meetings. Specifically: (i) the number of significant projects under development is high. They are projects with interrelated issues which deal with areas where stakeholders (MG members, regulators, inspection bodies, investors) have expressed concerns with the work performed by auditors; (ii) the number and complexity of the projects could create some tensions in the Board, in terms of resources available; the need for additional time to discuss the projects and produce exposure drafts; and the need to move



forward at a pace that will ensure timely delivery of the final outcomes, while not compromising quality; and (iii) several of the projects will require effective and timely coordination between IAASB Task Forces, and with the IESBA and the IAESB. On top of this, the IAASB plans to consider activities on a new project (Audit Evidence), under its 2017-2018 Work Program.

Appendix I details the PIOB 4 different Oversight Assurance Models.

5. Oversight Activities for 2017

5.1. Direct Observations of Meetings

During 2017, the PIOB will observe the following meetings:

IAASB:

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

March 13-17 – Lima
June 19-23 - NYC
September 18-22 – NYC
October 24-26 - NYC
December 11-15 - NYC

The IAASB plans to add several conference calls during the year, to accommodate the high level of activity expected. The PIOB will observe them too.

IAASB CAG:

The IAASB CAG will meet twice in 2017:

March 7-8 - NYC
September 11-12 – Madrid

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 2017, the PIOB will observe them too.

The PIOB Bluebook provides detailed guidance on observations.

Throughout the year, Team Members, supported by PIOB staff, will confirm whether the OAM planned for 2017 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

Model	Intensity of PIOB Oversight	When	PIOB Observations
1	High	Higher risk to public interest protection	100% observations
2	Medium	Medium risk to public interest protection	Medium level of observations
3	Low	Low risk in public interest protection	Minimal or no observations