IAASB NEARS FINALIZATION OF THE CLARITY PROJECT WITH THE ISSUANCE OF EIGHT STANDARDS

(New York/December 15, 2008) – The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), moves closer to completion of its Clarity Project* today with the release of seven clarified International Standards on Auditing (ISAs) and one clarified International Standard on Quality Control (ISQC), following the consideration and approval by the Public Interest Oversight Board (PIOB) of the due process. To date, the IAASB has released 29 final redrafted ISAs and one final redrafted ISQC in the new clarity style.

Titles of the newly issued standards are as follows:

- International Standard on Quality Control (ISQC) 1 (Redrafted), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
- ISA 220 (Redrafted), Quality Control for an Audit of Financial Statements
- ISA 500 (Redrafted), Audit Evidence
- ISA 501 (Redrafted), Audit Evidence—Specific Considerations for Selected Items
- ISA 505 (Revised and Redrafted), External Confirmations
- ISA 520 (Redrafted), Analytical Procedures
- ISA 620 (Redrafted), Using the Work of an Auditor’s Expert
- ISA 710 (Redrafted), Comparative Information—Corresponding Figures and Comparative Financial Statements

The PIOB has also considered and approved the due process of four additional ISAs that were approved by the IAASB at its September 2008 meeting. However, in finalizing ISA 210 (Redrafted), Agreeing the Terms of Audit Engagements, at its meeting last week, the IAASB approved conforming amendments to the following four reporting standards:

- ISA 700 (Redrafted), Forming an Opinion and Reporting on Financial Statements;
- ISA 800 (Revised and Redrafted), Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks;
- ISA 805 (Revised and Redrafted), Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement; and
- ISA 810 (Revised and Redrafted), Engagements to Report on Summary Financial Statements.

The IAASB agreed that these four ISAs will be issued only after the PIOB has considered and approved the due process applied to ISA 210 (Redrafted), which is expected in February 2009. The IAASB recognizes that the four reporting standards present fewer implementation challenges than other ISAs,
and so the interest in issuing a final text including conforming changes outweighs the desire to make them immediately available.

IAASB Chair John Kellas commented on the IAASB’s progress: “The approval of the twelve standards now cleared by the PIOB made the IAASB’s September meeting one of its most productive. It also kept us firmly on our timetable for completion of the Clarity Project by the end of 2008. By issuing eight of these standards today we are fulfilling our commitment to make the standards available as soon as practicable. As noted in the Clarity Project Update, early attention given to implementation of the clarified ISAs is of the utmost importance.”

In addition to ISA 210 (Redrafted), at its meeting last week the IAASB approved new ISA 265, Communicating Deficiencies to Those Charged with Governance and Management, and ISA 402 (Revised and Redrafted), Audit Considerations Relating to an Entity Using a Service Organization. Subject to PIOB approval, these ISAs will be released in March 2009. The IAASB has also agreed to changes in the approved clarified ISAs as a result of a review for consistency and other matters of clarity; they will be made available on the IAASB’s website in early 2009.

The IAASB considers that, with its approval of the final three ISAs (subject to PIOB approval) and its review of consistency, its work in redrafting its international standards under the Clarity Project is now complete.

The complete set of clarified ISAs will be effective for audits of financial statements for periods beginning on or after December 15, 2009. The ISAs can be downloaded free-of-charge from the IFAC online bookstore at http://www.ifac.org/store. The IAASB also plans to publish the set of clarified ISAs in a handbook, expected to be released in April 2009.

About the IAASB and IFAC

The objective of the IAASB is to serve the public interest by setting high quality auditing and assurance standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of practice throughout the world and strengthening public confidence in the global auditing and assurance profession. The Public Interest Oversight Board oversees the activities of the IAASB and, as one element of that oversight, establishes its due process and working procedures.

IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 158 members and associates in 122 countries and jurisdictions, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. In addition to setting international auditing and assurance standards through the IAASB, IFAC, through its independent standard-setting boards, sets international ethics, education, and public sector accounting standards. It also issues guidance to encourage high quality performance by professional accountants in business.
Key elements of the Clarity Project drafting conventions include: establishing an objective for the auditor with respect to the subject matter of each standard; clearly distinguishing requirements from guidance on their application; avoiding ambiguity through eliminating the present tense to describe actions by the auditor and using more imperative language where a requirement was intended; and other structural and drafting improvements to enhance the overall readability and understandability of the standards.