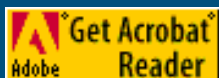


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IAASB Advances Project on Clarity of International Standards; Issues First Set of Final ISAs in New Style

(New York/January 9, 2007) -- The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), has issued the first four final [International Standards on Auditing](#) (ISAs) redrafted as part of its comprehensive program to enhance the clarity of its standards. It has also approved amendments to the *Preface to International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services*, which establishes the conventions to be used by the IAASB in drafting future ISAs and the obligations of auditors who follow those standards. A report developed by the IAASB staff on the status of the IAASB's clarity project was also released summarizing these and other developments.

New ISAs

The IAASB has issued the following four redrafted standards:

- ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
- ISA 300, *Planning an Audit of Financial Statements*;
- ISA 315, *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment*; and
- ISA 330, *The Auditor's Responses to Assessed Risks*.

The four redrafted ISAs and the amended Preface were exposed for public comment in October 2005. The IAASB refined its clarity drafting

conventions based on the comments received to the exposure drafts and after extensive consultation with interested parties, such as the IAASB's Consultative Advisory Group and national auditing standard setters. In developing these final standards, the IAASB improved the consistency with which the conventions were applied to the ISAs and considered the need for them to be applicable to audits of entities of all sizes.

"The release of these final ISAs in the new drafting style represents an important milestone for the IAASB as it works to improve the clarity of its international standards," states John Kellas, IAASB Chairman. "The IAASB is satisfied that these four redrafted ISAs are clearer and the expectation of consistent application by professional accountants worldwide has been strengthened. We are now proceeding with the application of the clarity conventions to all the ISAs."

The four redrafted ISAs have a provisional effective date for audits of financial statements for periods beginning on or after December 15, 2008. While the final common effective date for all redrafted ISAs will be determined as the IAASB's agenda progresses, it will not be earlier than December 15, 2008.

The amended Preface contains important statements about the authority of the IAASB's standards. In order to embed these within the ISAs themselves, the IAASB intends to revise ISA 200, *Objective and General Principles Governing an Audit of Financial Statements* to incorporate relevant provisions of the amended Preface. When ISA 200 is revised and exposed for public comment in 2007, respondents will be invited to comment on the material derived from the amended Preface in that new context.

Clarity Project Update

Progress that the IAASB has made so far and the direction it plans to take as it continues to redraft standards is outlined in the report [Status of the IAASB's Work to Improve the Clarity of Its Standards](#). This staff report describes the main changes to the IAASB's standards arising from the application of its clarity drafting conventions and explains the IAASB's approach to implementing the conventions to all ISAs.

How to Access

The four ISAs and the Preface may be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store>. They will also be included in the 2007 *Handbook of International Auditing, Assurance, and Ethics Pronouncements*. The status report on the clarity project may be downloaded from the IAASB's website at <http://www.iaasb.org>.

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 worldwide 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 155 members and associates in 118 countries, 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.

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