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IAASB Makes Further Progress on Clarification of its Auditing Standards

(New York/May 01, 2007) -- To enhance the quality and consistency of audits, the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), is continuing to advance its project to clarify its auditing standards. At its meeting in April 2007, the IAASB approved for public comment [exposure drafts](#) of proposed International Standard on Auditing (ISA) 200 (Revised and Redrafted), *Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing*; proposed ISA 250 (Redrafted), *The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements*; and proposed ISA 500 (Redrafted), *Considering the Relevance and Reliability of Audit Evidence*. These have all been redrafted in accordance with the IAASB's new drafting conventions designed to enhance the clarity of its pronouncements.

Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with ISAs
The Preface to the International Standards on Quality

Control, Auditing, Review, Other Assurance and Related Services (Preface) was reissued in January 2007 to reflect the effect of the new drafting conventions being used for the purposes of ISAs. It contains important statements about the authority of ISAs and the obligations of auditors who follow those standards. Because the amended Preface may not be adopted in certain jurisdictions, the IAASB decided that these statements should be incorporated within the ISAs themselves. Accordingly, proposed ISA 200 (Revised and Redrafted) incorporates the provisions of the amended Preface relevant to ISAs.

The proposed ISA also describes the nature of an audit of financial statements and related concepts that provide the basis for a proper understanding of the conduct of an audit, the overall objective of the auditor, and the objectives and requirements stated in the ISAs.

"The proposed standard provides a clearer explanation of relevant concepts which should be helpful to auditors and others with an interest in audits and auditing standards. By incorporating the relevant provisions of the Preface into this ISA, we hope to give them greater prominence and to ensure that the obligation of auditors using ISAs to follow all their requirements is directly imposed through the standards themselves," states John Kellas, IAASB Chairman.

Status of the Clarity Project

The proposed ISAs have been drafted in accordance with the IAASB's new drafting conventions. These conventions include the specification of an objective within each ISA and separate sections for requirements and application and other material. With the release of the exposure draft of proposed ISA 200 (Revised and Redrafted), the IAASB has issued a complete list of the objectives to be contained in each ISA for the information of respondents. These are subject to revision as relevant exposure drafts are developed and exposed for comment.

The IAASB has now issued four final ISAs drafted in accordance with the new conventions and, including the three just released, 15 exposure drafts of ISAs. The IAASB expects to issue a further 15 exposure drafts this year, and to complete all 34 ISAs as final standards by the end of

2008. As a result of this project, 21 extant ISAs will have been fully revised or updated and redrafted in the last five years and the remaining 11 will have been redrafted in accordance with the new conventions, providing more clarity as to their requirements and thereby improving the consistency of their application.

Further information on the Clarity project may be obtained from http://www.ifac.org/IAASB/downloads/IAASB_Clarify_Status_Report.pdf.

How to Comment

Comments on the exposure drafts of proposed ISA 200 (Revised and Redrafted) and proposed ISA 500 (Redrafted) are requested by **September 15, 2007**. The comment period for proposed ISA 500 (Redrafted) is tied to that of proposed ISA 200 (Revised and Redrafted), because it is proposed that the requirement of extant ISA 500 for the auditor to obtain sufficient appropriate audit evidence be transferred to proposed ISA 200 (Revised and Redrafted).

Comments on the exposure draft of proposed ISA 250 (Redrafted) are requested by **July 31, 2007**.

The exposure drafts may be viewed by going to <http://www.ifac.org/EDs>. Comments should be submitted by email to EDComments@ifac.org. They may also be faxed to IAASB ED Comments, at +1-212-286-9570 or mailed to IAASB ED Comments at 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website.

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.

Further information about IAASB may be obtained from its website: <http://www.iaasb.org>. The PIOB website address is <http://www.ipiob.org>.

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