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IAASB ISSUES SEVEN REVISED ISAs, INCLUDING UPDATED STANDARD ON SCOPE OF AUDIT AND AUDITOR'S ROLE

(New York/October 2, 2008) – The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), today released seven International Standards on Auditing (ISAs) following the consideration and approval of due process by the Public Interest Oversight Board (PIOB). The ISAs are in the new style following the conventions developed in the IAASB's project to improve the clarity, and therefore the application, of its standards. Some of the standards released today have been substantively revised, while others have been redrafted to apply the new conventions. The standards will provide further momentum toward achieving convergence and contribute to enhancing understanding of the purpose and scope of audits, and their effective conduct.

The New Standards

The clarified ISAs include ISA 200 (Revised and Redrafted), *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*. This fundamental ISA contains an overview of an audit to aid in understanding its purpose and scope; defines the respective authority of the requirements and guidance in ISAs; and contains the most fundamental requirements for auditors. It emphasizes the importance of sound and consistent professional judgment by the auditor, and the necessity for sufficient audit evidence to support the auditor's opinion.

John Kellas, IAASB Chairman, explained, "The issuance of ISA 200 (Revised and Redrafted) is a milestone for the IAASB in that it codifies the principles underpinning the interpretation of standards drafted using the clarity conventions. As the overarching standard to all other ISAs, ISA 200 (Revised and Redrafted) establishes the basic objective and obligations of the auditor, and sets out how the objectives, requirements and guidance in all ISAs are to be understood."

In addition to ISA 200 (Revised and Redrafted), the IAASB also released:

- ISA 320 (Revised and Redrafted), *Materiality in Planning and Performing an Audit*;
- ISA 450 (Revised and Redrafted), *Evaluation of Misstatements Identified during the Audit*;
- ISA 530 (Redrafted), *Audit Sampling*;
- ISA 610 (Redrafted), *Using the Work of Internal Auditors*;

- ISA 705 (Revised and Redrafted), *Modifications to the Opinion in the Independent Auditor's Report*, and
- ISA 706 (Revised and Redrafted), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

"In clarifying the ISAs, the IAASB aimed to eliminate any possible ambiguity within the extant standards and to drive more consistent application by auditors. The revisions released today in particular upgrade the standards in the important areas of materiality and misstatements and reporting by the auditor," noted Mr. Kellas.

These ISAs form part of the IAASB's program to redraft existing standards following the clarity drafting conventions. * To date, the IAASB has released 22 final clarity redrafted ISAs. The IAASB is on track to finalize its complete set of clarified ISAs by the end of this year. All clarified ISAs will be effective from a single date, 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>.

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 (www.ifac.org) 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 157 members and associates in 123 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.

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* Key elements of the clarity 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.