

Euroai Seminar

10 November 2006



# International Standards on Auditing – a new challenge

Stephen Warren – Head of Technical  
Support



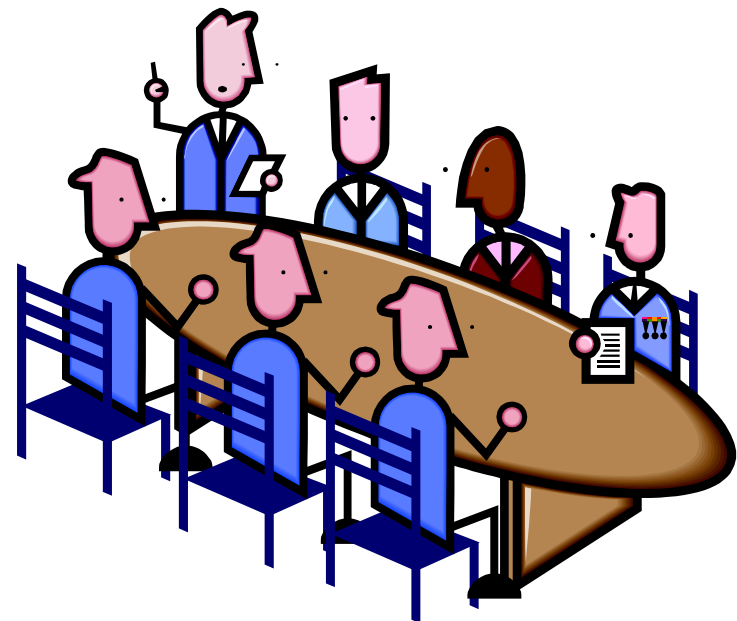
# International Standards on Auditing

- What are they?
- What is different?
- How have we responded?
- What remains to be done?



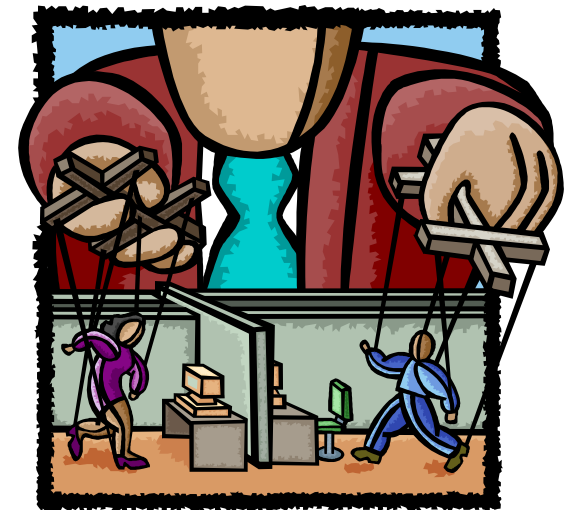
## What are they?

- Standards for the audit of general purpose financial statements
- Promulgated by the International Auditing and Assurance Standards Board (IAASB)
- Adoption by domestic standards setters



## What is different? (1)

- Understanding of the entity and its environment and assessing the risks of material misstatement (ISA 315)



## What is different? (2)

- The auditor's procedures in response to assessed risks (ISA 330)



## What is different? (3)

- The auditor's responsibility to consider fraud at an audit (ISA 240)



## What is different? (4)

- Considering the work of internal audit (ISA 610)



## What is different? (5)

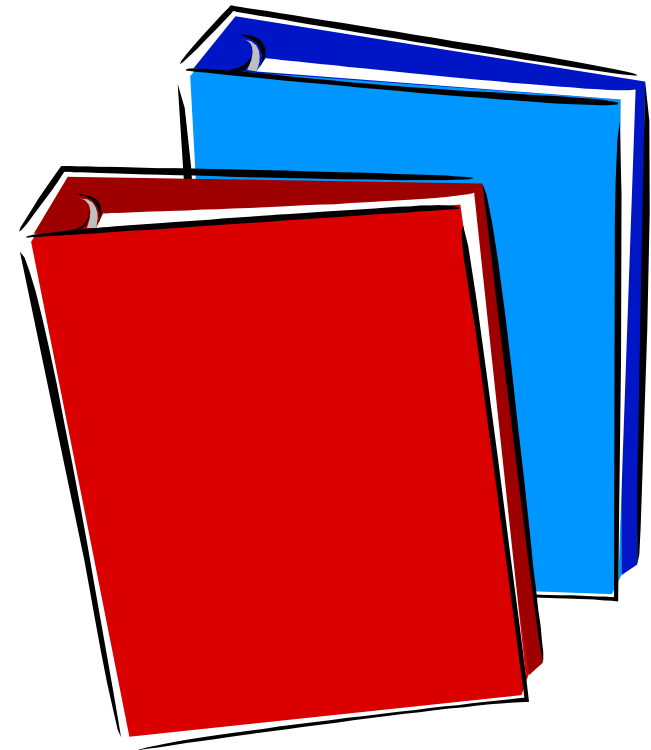
- Audit evidence –  
additional considerations  
for specific items (ISA  
501)





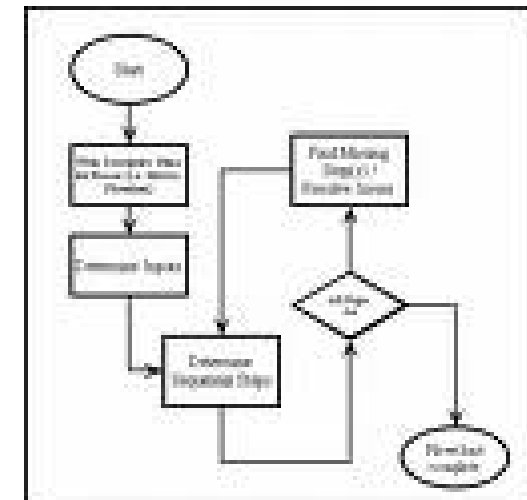
## How have we responded? (1)

- New audit approach
- New audit manual
- Training for staff



## How have we responded? (2)

- More focussed planning
- Focus on “assertions”
- Focus on “intentional mis-statement”
- Focus on systems evaluation and testing



## What remains to be done?

- Shift timing of work forward
- Give people confidence to rely on systems testing
- Embed understanding of assertions
- Embed understanding of systems evaluation and testing



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