Markt/2007/15/F – Study on International Standards on Auditing

Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Final Report
Appendix

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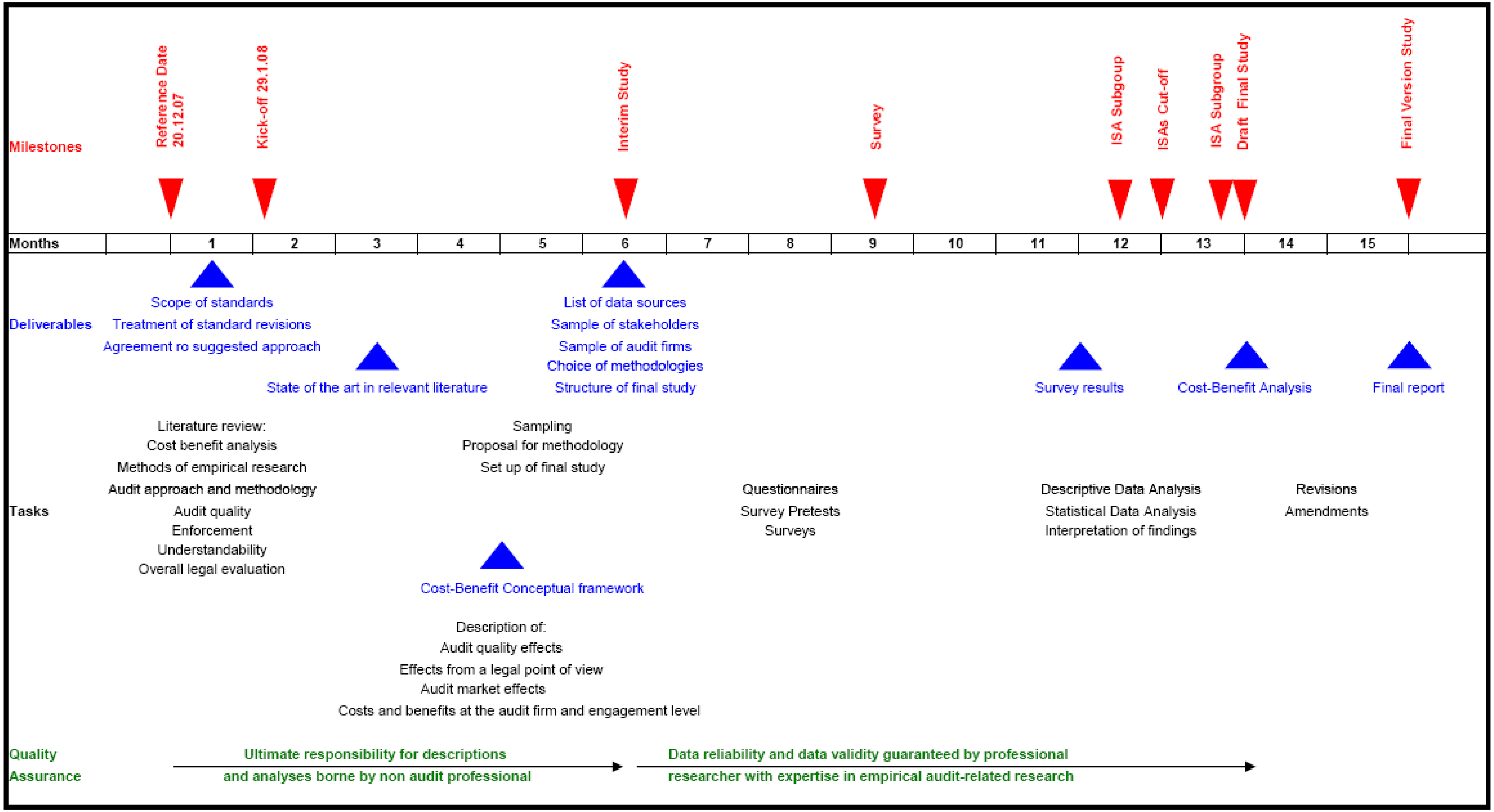
Appendix

Appendix 1: Timetable



Appendix 2: Effect List

Data Source		Effect Category	Effect Level	Question	Type	Subject
Audit firms	National level	Redesign	engagement - auditor perspective	AF 1	recurring	adoption of new audit practices; ISA-specific
				AF 2	one-off	adoption of new audit practices; ISA-specific
				AF 21	-	audit quality; ISA-specific
				AF 22	-	relation audit quality - ISQC 1
				AF 23	-	relation audit quality - introduction of objectives
				AF 24	-	relation audit quality - introduction of application material
			engagement - audit client perspective	AF 3	recurring	adoption of new audit practices; ISA-specific
				AF 4	one-off	adoption of new audit practices; ISA-specific
				AF 16	one-off	technical personnel, facilities, technology etc.
				AF 17	one-off	training department
				AF 18	one-off	opprtunity costs of training audit personnel
				AF 19	one-off	IT department and personnel
				AF 20	recurring	IT department and personnel
			audit firm	AF 8	one-off	technical personnel, facilities, technology etc.
				AF 9	one-off	training department
				AF 10	one-off	opportunity costs of training audit personnel
				AF 11	one-off	IT department and personnel
				AF 12	recurring	IT department and personnel
				AF 13	one-off	quality control department and personnel
				AF 14	recurring	quality control department and personnel
				AF 15 (a)	one-off	external quality assurance
				AF 15 (b)	recurring	external quality assurance
				AF 25	-	audit firm risk situation
				AF 26	-	relation audit firm risk situation - ISQC 1
			audit client	AF 27	-	relation audit quality - financial reporting quality
			audit regulator	AF 28	-	relation audit quality - quality of inspections / reviews
				AF 29	-	relation audit quality - efficiency of inspections / reviews
				AF 30	-	relation quality of inspections / reviews - ISQC 1
				AF 31	-	relation quality of inspections / reviews - introduction of objectives
				AF 32	-	relation quality of inspections / reviews - introduction of application material
			European audit market	AF 33	-	entries into / exits from audit market
				AF 34	-	entries into / exits from audit market - portion
				AF 35	-	relation entries into / exits from audit market - audit quality
				AF 36	-	joining / leave of networks
				AF 37	-	joining / leave of networks - portion
				AF 38	-	relation joining / leave of networks - audit quality

			European capital market	AF 39	-	correlation audit quality - financial reporting credibility
				AF 40	-	correlation financial reporting credibility - financial reporting quality
				AF 41	-	correlation financial reporting credibility - ability of investors to assess risks
				AF 42	-	correlation ability of investors to assess risks - capital market transaction costs
				AF 43	-	correlation ability of investors to assess risks - cost of capital
		Harmonisation	transnational engagement - auditor perspective	AF 44	recurring	adoption of new audit practices; national particularities
				AF 46	one-off	translation
				AF 48	-	relation audit quality - national particularities
				AF 50	-	relation harmonised auditing standards - audit quality
				AF 51	-	relation harmonised auditing standards - audit quality - ISQC 1
				AF 52	-	relation harmonisation audit practices - introduction of objectives
				AF 53	-	relation harmonisation audit practices - introduction of application material
				AF 54	recurring	better coordination due to harmonisation of audit practices
				AF 56	recurring	relation better coordnation due to harmonisation of audit practices - ISQC 1
				AF 58	-	relation harmonised auditing standards - better acceptance of audit reports
				AF 59	-	relation harmonised auditing standards - reduction in standards overload
				AF 60	-	relation harmonised auditing standards - reduction in contradictions
			transnational engagement - audit client perspective	AF 65	one-off	technical personnel, facilities, technology etc.
				AF 66	one-off	economies of scale
				AF 67	recurring	economies of scale
				AF 68	recurring	internal controls
				AF 69	-	reduction of material misstatements
				AF 70	-	better use of audit reporting
				AF 71	-	better access to capital and business opportunities
			audit firm	AF 49	one-off	adoption of new audit practices; national particularities
				AF 61	recurring	technical personnel, facilities, technology etc.
				AF 62	recurring	economies of scale
				AF 63	recurring	uniform audit technology
				AF 64	recurring	ISQC 1
			regulator	AF 72	-	improvement of communication, coordination
				AF 73	-	improvement of acceptance of oversight systems
				AF 74	-	convergence of oversight systems and bodies
				AF 75	-	relation harmonisation of inspections / reviews - ISQC 1
				AF 76	-	relation harmonisation of inspections / reviews - introduction of objectives
				AF 77		relation harmonisation of inspections / reviews - introduction of application material
			European audit market	AF 78	-	labour market within Europe
				AF 79	-	labour market outside of Europe
				AF 80	-	reduced barriers to entry into audit market
				AF 81	-	transnational audit client retention

			European capital market	AF 82	-	increased transparency due to audit reports
				AF 83	-	increased transparency due to financial reporting credibility
				AF 84	-	reduction of international information asymmetries
				AF 85	-	reduction of costs to comprehend audits
				AF 86	-	increase in acceptance of audits and financial reports within EU countries
				AF 87	-	increase in acceptance of audits and financial reports from non-EU countries
				AF 88	-	non-EU investors entering EU capital market
		Regulation	engagement - auditor perspective	AF 89	-	treatment of ISAs as legal rules as well as principles
				AF 90	-	treatment of ISAs as legal rules rather than principles
				AF 91	recurring	relation costs - treatment of ISAs
				AF 92	-	relation treatment of ISAs - audit quality
				AF 98	-	authority of auditors versus audit clients
				AF 99	-	greater legal certainty
				AF 100	-	relation legal certainty - introduction of objectives
				AF 101	-	relation legal certainty - introduction of application material
			engagement - audit client perspective	AF 94	-	documentation costs
			audit firm	AF 93	recurring	compliance management costs
				AF 102	-	relation legal certainty - audit firm risk situation
			audit client	AF 103	-	relation legal certainty - improved basis for legal claims against auditors
				AF 104	-	relation legal certainty - improved access to capital and business opportunities
			regulator	AF 95	-	treatment of ISAs
				AF 96	recurring	quality assurance
				AF 105	-	relation legal certainty - regulator authority
			European audit market	AF 97	-	treatment of ISAs - portion (a)
				AF 106	-	treatment of ISAs - portion (b)
			European capital market	AF 107	-	relation legal certainty - audit quality
	International level	Redesign	network	AFS 1	one-off	technical personnel, facilities, technology etc.
				AFS 2	one-off	training department
				AFS 3	one-off	IT department and personnel
				AFS 4	recurring	IT department and personnel
				AFS 5	one-off	quality control department and personnel
				AFS 6	recurring	quality control department and personnel
		Harmonisation		AFS 7	recurring	cost savings due to harmonisation of audit procedures
				AFS 8	recurring	economies of scale
				AFS 9	recurring	cost savings due to harmonisation of technology
				AFS 10	recurring	ISQC 1
		Regulation		AFS 11	recurring	compliance management costs

Regulators	Redesign	inspection / review	AR 5	recurring	inspection / review effort with / without ISQC 1
			AR 6	one-off	inspection / review effort with / without ISQC 1
		inspector / reviewer	AR 9	one-off	opportunity costs of training inspectors / reviewers with / without ISQC 1
		regulator	AR 7	one-off	technical personnel, facilities, technology etc. with / without ISQC 1
			AR 8	one-off	training department with / without ISQC 1
			AR 10	one-off	IT department and personnel with / without ISQC 1
			AR 11	recurring	IT department and personnel with / without ISQC 1
			AR 19	-	quality of inspections / reviews with / without ISQC 1
			AR 20	-	efficiency of inspections / reviews with / withour ISQC 1
			AR 21	-	relation quality of inspections / reviews - ISQC 1
			AR 22	-	relation quality of inspections / reviews - introduction of objectives
			AR 23	-	relation quality of inspections / reviews - introduction of application material
		European audit market	AR 24	-	entries into / exits from market for statutory audits
			AR 25		entries into / exits from market for statutory audits proportion
			AR 26	-	relation entries into / exits from market for statutory audits - audit quality
			AR 27	-	joining / leave of networks
			AR 28	-	joining / leave of networks - portion
			AR 29	-	relation joining / leave of networks - audit quality
		European capital market	AR 30	-	relation audit quality - financial reporting quality
			AR 31	-	correlation financial reporting credibility - financial reporting quality
			AR 32	-	correlation financial reporting credibility - ability of investors to assess risks
			AR 33	-	correlation ability of investors to assess risks - capital market transaction costs
			AR 34	-	correlation ability of investors to assess risks - cost of capital
	Harmonisation	regulator	AR 40	recurring	adoption of new inspection / review practices; national particularities
			AR 42	-	regulatory competition
			AR 41	one-off	translation
			AR 57	-	improvement of communication, coordination with / without ISQC 1
			AR 58	-	improvement of acceptance of oversight systems with / without ISQC 1
			AR 59	-	convergence of oversight systems and bodies with / without ISQC 1
			AR 60	-	relation harmonisation of inspections / reviews - ISQC 1
			AR 61	-	relation harmonisation of inspections / reviews - introduction of objectives
			AR 62	-	relation harmonisation of inspections / reviews - introduction of application material
		European audit market	AR 63		barriers to entry into audit audit market
			AR 64	-	audit client retention
		European capital market	AR 65	-	increased transparency due to audit reports
			AR 66	-	increased transparency due to financial reporting credibility
			AR 67	-	reduction of international information asymmetries
			AR 68	-	reduction of costs to comprehend audits
			AR 69	-	increase in acceptance of audits and financial reports within EU countries
			AR 70	-	non-EU investors entering EU capital market

		Regulation	regulator	AR 75	-	concern about audit quality and/or compliance
				AR 76	one-off	quality assurance
				AR 86	-	relation legal certainty - deterrent effect
				AR 87	-	relation legal certainty - introduction of objectives with legal sanction
				AR 88	-	relation legal certainty - degree of legal sanction of application material
			European audit market	AR 77	-	treatment of ISAs
				AR 89	-	treatment of ISAs
			European capital market	AR 90	-	relation legal certainty - audit quality
capital market participants		Redesign	European capital market	CM 12	-	relation audit quality - financial reporting quality
				CM 13	-	correlation financial reporting credibility - financial reporting quality
				CM 14	-	correlation financial reporting credibility - ability of investors to assess risks
				CM 15	-	correlation ability of investors to assess risks - capital market transaction costs
				CM 16	-	correlation ability of investors to assess risks - cost of capital
		Harmonisation	European audit market	CM 35	-	reduced barriers to entry into audit market
				CM 36	-	transnational audit client retention
			European capital market	CM 22	-	non-EU investors entering EU capital market
				CM 37	-	increased transparency due to audit reports
				CM 38	-	increased transparency due to financial reporting credibility
				CM 39	-	reduction of international information asymmetries
				CM 40	-	reduction of costs to comprehend audits
				CM 41	-	increase in acceptance of audits and financial reports within EU countries
				CM 42	-	increase in acceptance of audits and financial reports from non-EU countries
				CM 43	-	non-EU investors entering EU capital market
		Regulation	regulator	CM 48	-	concern about audit quality and/or compliance
				AM 56	-	relation legal certainty - deterrent effect
			European audit market	CM 49	-	concern about audit quality and/or compliance - portion
				CM 57	-	treatment of ISAs
			European capital market	CM 58	-	relation legal certainty - audit quality
AF = Audit Firm questionnaire						
AFS = Audit Firm questionnaire supplement						
AR = Audit Regulator questionnaire						
CM = Capital Market Participant questionnaire						

Appendix 3: Detailed Explanation on Why the ISA 800 Series and ISAE 3402 are not Included in the Scope of the Study

(a) ISA 800 (Revised and Redrafted), Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

ISA 800 deals with the special considerations for the audit of special purpose financial statements (financial statements prepared in accordance with a special purpose framework – that is, a framework designed to meet the financial information needs of specific users) and of specific elements, accounts or items of a financial statement.[1] In contrast, the Fourth and Seventh Directive deal, inter alia, with the preparation and presentation of "annual accounts" (annual financial statements) and "consolidated accounts" (annual consolidated financial statements), respectively, of certain types of companies and the audit and publishing of those financial statements. Financial statements prepared, presented and published in accordance with the requirements of the Fourth and Seventh Directives represent general purpose financial statements, since the financial reporting framework prescribed by the Fourth and Seventh Directives are general purpose financial reporting frameworks designed to meet the common financial information needs of a wide range of users[2]. Consequently, ISA 800 does not apply to statutory audits of financial statements prepared and presented pursuant to the Fourth and Seventh Directives. The potential adoption of international auditing standards through the EU is defined by the Statutory Audit Directive, which allows the EU Commission to undertake such adoption, subject to certain conditions.[3] The adoption provisions in the Statutory Audit Directive only apply to the "audit of annual accounts and consolidated accounts insofar as required by Community law"[4]. Therefore, ISA 800 is not relevant to statutory audits of financial statements pursuant to the Statutory Audit Directive.

Nevertheless, ISA 800 may be of relevance to audits of historical information required by other EU Directives (e.g., Directive 2003/71/EC[5] or EU law in relation to audits of financial statements used to determine the appropriate use of EU funds). If ISAs were to be adopted for the purposes of the Statutory Audit Directive, then the EU Commission may wish to determine thereafter whether the benefits of such adoption for other EU directives or laws requiring statutory audits of financial statements is worth the incremental cost. However, this issue exceeds the mandate of the tendered study and therefore will not be covered in this study.

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1 Proposed ISA 800.1 and 7 (Revised and Redrafted).

2 Proposed ISA 200.A3 (Revised and Redrafted).

3 Article 26 of the Statutory Audit Directive.

4 Article 2 (1) of the Statutory Audit Directive.

5 Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (Text with EEA relevance). In Official Journal of the European Union, L 345: 64-89.

(b) ISA 805 (Revised and Redrafted), Engagements to Report on Summary Financial Statements

ISA 805 deals with engagements to report on summary financial statements derived from financial statements audited in accordance with the ISAs by the same auditor that is engaged to report on the summary financial statements.[6] Articles 11, 27, 44 and 45 of the Fourth Directive allow companies to prepare and present "abridged" accounts: however, these "abridged accounts" are not summary financial statements as defined by ISA 805 because the abridged financial statements are not based upon the preparation of full financial statements, whereas summary financial statements as defined by ISA 805 must have been summarised from the full financial statements. Furthermore, the abridged accounts referred to in Article 47 (2) in the Fourth Directive would not qualify as summary financial statements as defined by ISA 805 because even though this paragraph permits the publication of a summary balance sheet and summary notes from the full balance sheet and full notes, respectively, the paragraph also allows the summary balance sheet and notes to be published without the "profit and loss account" or a summary thereof. Consequently, since the abridged accounts referred to in paragraph 2 do not include one of the components of the full set of financial statements, such abridged accounts represent an "extract" from the full financial statements, as opposed to a summary pursuant to ISA 805.

On the other hand, Article 47 (3) in the Fourth Directive permits companies of a certain size as defined in Article 27 of that Directive to publish an abridged balance sheet and abridged notes together with the full profit and loss account. Such abridged accounts would qualify as summary financial statements pursuant to ISA 805. Article 49 of the Fourth Directive provides further disclosure requirements in relation to the auditor's report when such abridged accounts are published, but does not provide any further requirements with respect to auditor reporting, which ISA 805 does address. Without having performed a detailed analysis, there do not appear to be any conflicts between Article 49 and ISA 805. Consequently, ISA 805 is relevant to abridged accounts, derived from full audited accounts, published pursuant to Article 47 (3) in connection with Article 49 of the Fourth Directive.

The question is whether this relevance to the Fourth Directive leads to relevance for the potential ISA adoption as contemplated in the Statutory Audit Directive. It should be noted that ISA 805 deals with the association of the auditor of the audited financial statements with the summary financial statements, not with the audit of the full financial statements. For this reason, it is possible to perform an audit in accordance with ISAs of the full financial statements without complying with ISA 805. Since the Statutory Audit Directive deals with the audit of the full financial statements, one can argue that ISA 805 need not be relevant to ISA adoption by the EU and therefore need not be considered in any cost benefit analysis of ISA adoption. On the other hand, the fact that Article 49 of the Fourth Directive deals with auditor reporting on summary financial statements suggests that the engagement performance and reporting issues addressed in ISA 805 for such summary financial statements are of some

6 ISA 805.1.

importance to the EU and that therefore ISA 805 is relevant to auditor reporting in relation to statutory audits (and is therefore a standard "relevant to the statutory audit" that may be adopted by the EU – see discussion to ISQC 1 in Section 6.1.3.2.) Such reporting using summary financial statements pursuant to Article 49 of the Fourth Directive is an option that may be exercised by companies, and therefore cannot be imposed upon companies. However, the EU can specify in by means of ISA adoption how companies may exercise this option. Therefore, it may be desirable for the EU to also harmonise auditor performance and reporting for this situation when harmonising auditor performance and reporting for statutory audits by having auditors comply Article 49 of the Fourth Directive through the application of ISA 805.

For these reasons, it may be useful to the EU Commission for the study to include a treatment of the costs and benefits of adoption of ISA 805 to determine whether such adoption might be considered, but such a treatment would not be required to determine the costs and benefits of ISA adoption. The EU Commission has signalised that, since adoption of ISA 805 is not necessary for the adoption of the ISAs for statutory audits in the EU pursuant to the Statutory Audit Directive, it is not considering adopting ISA 805 as part of the adoption of the ISAs at the present time and therefore has requested that the Study not include an analysis of the costs and benefits of adopting ISA 805. Therefore the Study will not include such an analysis.

(c) ISAE 3402, Assurance Reports on Controls at a Third Party Service Organization

There is a growing tendency for business enterprises to increasingly outsource important business processes affecting financial reporting. In some cases, such "outsourcing" is done within "groups"; in other cases, such business processes are outsourced to independent third parties. When: 1. the "outsourced function" is performed by "components" of a group (i.e., the "outsourcing" is done within the group) that prepares "group financial statements" as defined by ISA 600; 2. The financial information of a component is included in the group financial statements; and 3. practitioners ("component auditor") other than the group engagement team responsible for the audit of the group financial statements perform work on the financial information of the component, then ISA 600 applies to the group engagement team's use of the work of the component auditor.

However, when business processes affecting financial reporting of the entity being audited ("user entity") are outsourced to independent third parties ("service organizations") outside of the "group", the auditor of the financial statements of the user entity ("user auditor") is required to obtain sufficient appropriate audit evidence about the material transactions and other events occurring in the service organisation that affect the financial reporting of the user entity. In those cases where sufficient appropriate audit evidence cannot be obtained by examining the information provided by the user entity alone, the auditor is required by proposed ISA 402 (Revised and Redrafted) to obtain that audit evidence from the service organisation or from a practitioner performing work for that service organisation ("service auditor") through the user entity. In many cases, the user auditor requires information about the design or operating effectiveness of internal controls at the service organisation that affect financial reporting at the user entity. In these cases, proposed ISA 402 (Revised and Redrafted) requires that the user auditor obtain a report on the design or operation of internal control at the service organisation from the user entity, if it exists, or to perform procedures at the service organisation to obtain the needed audit evidence about the design or operation of controls. This implies that, if adequate for the purposes of the user auditor, the report by the service auditor on the design and operation of internal controls at the service organisation that affect financial reporting at the user entity is used by the user auditor in forming an opinion on the financial statements of the user entity. Where no such report by the service auditor exists, the user auditor would have to perform the audit procedures at the service organisation.

Unlike the situation in ISA 600, in which there is a direct connection between the group and component auditor, there is no such direct connection between the user auditor and the service auditor, even though, much like in ISA 600, the user auditor is using the work of another auditor (the service auditor). This lack of a direct connection complicates the user auditor’s use of the work of the service auditor. For these reasons, it is important to the quality of audits of financial statements of user entities that the work of, and resultant reports by, service auditors on the design or operation of internal controls at service organisations affecting the financial reporting of user entities are of adequate quality to be useful to user auditors. Consequently, the IAASB has issued proposed ISAE 3402, which sets standards for the work of service auditors on such service organisation controls and for their resulting report. It should be noted that the work of service auditors and their reports is of such importance to audits of financial statements that the responsibilities of service auditors are covered in PCAOB Auditing Standards (AU §324) and AICPA Auditing Standards (SAS 70), and are currently covered in cursory fashion in extant ISA 402. Reason for the movement of the treatment of these responsibilities to ISAE 3402 is the fact that the report is an assurance engagement in relation to internal controls, not directly an audit of financial statements, even though the results in the report are used by the user auditor in that auditor’s assessment of the design or operating effectiveness of control relevant to financial reporting of the user entity.

Based upon the treatment of ISQC 1 above, ISAE 3402 represents a “related Standard” to the ISAs and it is “relevant to the statutory audit”. For these reasons, there do not appear to be legal barriers within the Statutory Audit Directive prohibiting the adoption of ISAE 3402 – that is, at first analysis, adoption of ISAE 3402 by the EU appears legally possible. On the other hand, ISA 402 does not require such service auditor engagements to be performed and reported on in accordance with ISAE 3402 – that is, such engagements can be performed and reported in using other (national) standards. For this reason, when assessing the costs and benefits of ISA adoption, it is not necessary to consider the concomitant costs and benefits of the adoption of ISAE 3402, although this may be desirable.

For this reason and based on the analysis above, when assessing the costs and benefits of ISA adoption by the EU, it may be desirable, but not necessary, to also assess the costs and benefits of adopting ISAE 3402 as part of that package. The EU Commission has signalised that, since adoption of ISAE 3402 is not necessary for the adoption of the ISAs for statutory audits in the EU pursuant to the Statutory Audit Directive, it is not considering adopting ISAE 3402 as part of the adoption of the ISAs at the present time and therefore has requested that the Study not include an analysis of the costs and benefits of adopting ISAE 3402. Therefore the Study will not include such an analysis.

Appendix 4: Survey

Appendix 4.1: Questionnaire Audit Firm Perspective

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Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Survey on the cost benefit effects from an audit firm perspective

Dear Madam(s) / dear Sir(s),

the European Commission commissioned a study on the cost and benefit effects of the possible adoption of International Standards on Auditing (ISAs) by the European Commission. The study, conducted under my leadership by the University of Duisburg-Essen, will comprise two major parts: the development of a framework of the economic effects of the possible adoption of ISAs and the description and – if possible – quantification of these effects using a wide-range survey instrument. The empirical part of the study will cover the audit firm perspective as well as other stakeholder perspectives.

Special consideration is to be given to expected implications of adjusting current audit methodology as applied in your practice to future ISAs in their version after the completion of the IAASB "Clarity Project". Therefore, the following questionnaire consists of two parts: Part I focuses current audit methodology; Part II focuses the expected cost benefit effects. I would therefore like to seize the opportunity to ask for your support for this project by asking you to respond to the following questionnaire and return it via e-mail to annette.koehler@uni-due.de

by **October 31, 2008**.

I would like to emphasise, that any information provided to me through this survey or in any discussions about this survey with you will be held strictly confidential: such information will be restricted to those members of my team that need to analyse the information so that it can be aggregated. Only aggregated information from which the responses of individual survey participants are not identifiable will be made available to the European Commission. The information gathered from the survey will be subject to stringent information security measures. These measures include the restriction of access to individual responses to one of my assistants and to me. Others involved in the project and the European Commission will have access only to aggregated data.

Please do not hesitate to contact me if you have any questions or information relevant for the analysis of your data. I would like to express my sincere gratitude in advance.

Prof. Dr. Annette G. Köhler

General instructions for responding to this questionnaire

- The term “statutory audit” refers to those audits of financial statements performed pursuant to the European Union´s Statutory Audit Directive.
- The term “capital market” refers to both the private and public market for capital (i.e., it includes not only publicly listed entities, but the financial market for all entities subject to the Fourth and Seventh EU Directives).
- The terms “medium sized” and “large” companies are defined on the basis of the thresholds set forth by the Fourth EU Directive. However, deviations from these thresholds by EU member states are possible. Nevertheless, we request that you use the following thresholds rather than those applicable in your jurisdiction.

Company segment	**Small**	**Medium-sized**	**Large**
Net turnover	≤ € 8.8mn	≤ € 35.0mn	> € 35.0mn
Balance sheet total	≤ € 4.4mn	≤ € 17.5mn	> € 17.5mn
Number of employees	≤ 50	≤ 250	> 250

- The term “inspections” refers to the performance of external quality assurance at both firm and engagement level through inspectors who are employed by an organisation that is independent of the auditing profession. The term “reviews” refers to performance of both monitored and unmonitored external quality assurance at both firm and engagement level by independent reviewers who may in part be drawn from the profession.
- The term “transnational audit client” or “transnational audit” refers to companies that have subsidiaries, branches, equity investments or joint ventures outside of their home jurisdiction, or companies that are such a subsidiary, branch, equity investment or joint venture.
- Participation in a joint audit should be treated as if it were a separate audit.
- In responding to the questions posed in the survey, please restrict your responses to those potential effects arising from the introduction of the clarified ISAs through their possible adoption by the European Commission. Other effects, such as those resulting from the transposition of the statutory audit directive or the introduction of IFRS, should not been taken into account.
- We recognize that you will not have had any experience in applying the clarified ISAs. However, we hope that you will be able to draw upon your experience in applying the basis for your current audit practices in developing expectations of the potential effects of ISA adoption on your audit practices. To assist you in developing these expectations we have provided you, in the Appendix to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and your current audit practices or your national auditing standards, if any. Your responses to many

of the questions in the survey will be based upon your answers to, or review of, the differences (the new or amended objectives, definitions, and requirements), between the ISAs currently effective and the clarified ISAs as described in the Appendix to the questionnaire.

- Because your responses would be based upon your expectations, we recognize that any estimates that you provide will be imprecise. Nevertheless, for the purpose of this study imprecise estimates are preferable to no response: in these cases please provide a rough best estimate. For this reason, the permitted responses to some of the questions in the questionnaire apply scales that use ranges for quantitative answers. We therefore request that you respond to these questions posed using the scales provided.
- In some cases, the information required for your response may not be available within your particular department. In these cases, it may be necessary to draw upon information available from other departments in your firm. Because the alternative responses can only be seen in electronic form, if you need to distribute the form to other departments this would need to be done electronically using the entire unanswered form.
- This survey is in electronic form. This means that your responses to the questions in the survey must be inserted into the electronic form and the completed form sent to me by e-mail. Unanswered questions on the form are identifiable by the question mark ("?") in the field available for your response. To respond to any particular question, please click on the relevant field to choose from among the available responses or tick the appropriate box, as appropriate. Note that the print format shows only the question mark when unanswered. Please review the entire electronic form after having completed it to ensure that no unanswered questions (identified by the question mark) remain.
- **Please read the questions carefully because the questions differentiate among different effects and are therefore complementary! It may be useful to review the entire questionnaire before responding to the individual questions.**

General questions to enable the aggregate cost benefit analysis across the entire audit market

Please answer the following questions for your national firm, not for your international network, if any.

1. Firm name

2. Address

3. Name and position of contact person and those who completed the questionnaire

   Name:

   Position:

4. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

5. Number of audit personnel (including partners)

   [number]

6. Number of statutory audits performed in the last financial year

   [number]

   Thereof the number of

Medium-Sized (unlisted) audit clients	[number]
Large (unlisted) audit clients	[number]
Publicly listed audit clients	[number]
Banks	[number]
Insurance companies	[number]

7. Total revenues earned from statutory audits performed in the last financial year

   [Euro]

8. Total hours charged by audit personnel for *statutory audits* performed in the last financial year

   [hours]

9. Total hours charged by audit personnel for *all audits* performed in the last financial year

   [hours]

10. Total audit personnel expense in the last financial year

   [Euro]

I. Assessment of current audit practices

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this possible adoption would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

As audit practices may differ between audit firms and countries, the aim of this section is to get an understanding of your audit practices as manifested in your audit methodologies, manuals or programs. Please use your audit practices as a basis for your responses to this questionnaire.

A. If there are national auditing standards in your country, how are they related to the ISAs?

- ☐ National standards are adopted ISAs without translation
- ☐ National standards are adopted ISAs with translation
- ☐ National standards are transposed ISAs (minor differences)
- ☐ National standards are based upon the ISAs (significant differences)
- ☐ National standards not based upon the ISAs

B. Based upon your answer above, what is the basis for your audit practices in your country?

- ☐ Firm audit practices without any reference to national or international auditing standards
- ☐ National auditing standards (as described above)
- ☐ National auditing standards (as described above) and additional firm practices
- ☐ International Standards on Auditing currently effective
- ☐ Both national auditing standards (as described above) and ISAs currently effective
- ☐ Both national auditing standards (as described above) and ISAs currently effective and additional firm practices

C. If your national auditing standards as described in your answer to A above adopt the ISAs with translation, or transpose the ISAs or are based upon the ISAs, when were your national auditing standards last updated to reflect the ISAs that are currently effective?

[month/year]

D. What is your firm or your network firm policy with respect to using clarified ISAs in your audit practices in the future?

- ☐ Firm audit practices will *not* be amended to reflect all clarified ISAs in the future *unless* they are adopted by the EU or incorporated into national auditing standards.
- ☐ Firm audit practices will be amended to *partly* reflect clarified ISAs in the future even if they are *not* adopted by the EU or *not* incorporated in the national auditing standards.
- ☐ Firm audit practices will be amended to reflect *all* clarified ISAs in the future even if they are *not* adopted by the EU or *not* incorporated in the national auditing standards.

II. Your assessment of the potential effects on your audit practices of possible ISA adoption by the EU

As noted above, if the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this possible adoption would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

Before you answer the following questions of this questionnaire, we request that you provide, in the **Appendix** to this questionnaire, an assessment of *recurring cost effects* for each new or amended objective, definition and requirement in each ISA.

A. Potential effects of implementing *clarified ISAs* on your current audit practices

A.1 Potential cost increases or cost reductions

A.1.1 Potential cost increases or cost reductions at audit *engagement level for auditors and audit clients*

In the following estimates, please *include* only those costs that would be incurred or saved in an audit engagement in *your* country (i.e., exclude costs that would be incurred or saved in auditing audit clients´ foreign subsidiaries). <u>Please note that the following questions ask for information about cost effects **per statutory audit** and **by standard**. This means, that your responses will be aggregated for all statutory audits and for ISAs as a whole.</u>

1. Please provide an estimate of how many *more or less mean average hours per statutory audit engagement* would be incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by the auditor when performing audits in the field due to differences between your *current* audit practices and each clarified ISA. Please **disregard** any additional hours that would be incurred from the implementation of the clarified ISAs in their *first year of application* (these are covered in question 2 below).

2. Please provide an estimate of how many *additional mean average hours* would be incurred by the auditor when performing audits in the field *in the first year* of application of each clarified ISA *per statutory audit engagement* to implement the clarified ISAs, due to differences between your *current* audit practices and each clarified ISA.

You may wish to print out the questions above to assist you in filling out the table below.

The potential effects should be assessed using the following scale:

A	=	more than 10.000 hours decrease	G	=	1 – 10 hours increase
B	=	1.001 – 10.000 hours decrease	H	=	11 – 100 hours increase
C	=	101 – 1.000 hours decrease	I	=	101 – 1.000 hours increase
D	=	11 – 100 hours decrease	J	=	1.001 – 10.000 hours increase
E	=	0 – 10 hours decrease	K	=	more than 10.000 hours increase
F	=	no change	L	=	not applicable

	Question 1					Question 2				
ISA	Medium sized (unlisted) client	Large (unlisted) client	Publicly listed client	Bank	Insurance Company	Medium sized (unlisted) client	Large (unlisted) client	Publicly listed client	Bank	Insurance Company
200	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
210	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
220	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
230	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
240	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
250	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
260	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
265	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
300	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
315	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
320	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
330	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
402	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
450	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
500	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
501	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
505	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
510	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
520	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
530	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
540	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
550	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
560	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
570	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
580	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
600	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
610	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
620	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
700	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
705	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
706	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
710	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
720	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -

3. Please provide an estimate of how many *more or less mean average hours per statutory audit engagement* of client staff time (***excluding* time incurred by the clients´ foreign subsidiaries**) would be incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by the audit client when responding to the auditor´s need to comply with the requirements of each clarified ISA. Please **disregard** any additional hours that would be incurred from the audit client´s initial greater preparation effort in their first year of *application* (these are covered in question 4 below).

4. Please provide an estimate of how many *additional mean average hours* per statutory audit of client staff time (***excluding* time incurred by the clients´ foreign subsidiaries**) result from the audit client´s initial greater preparation effort *in the first year* to respond to the auditor´s need to comply with the requirements of each clarified ISA.

You may wish to print out the questions above to assist you in filling out the table below.

The potential effects should be assessed using the following scale:

A	=	more than 10.000 hours decrease	G	=	1 – 10 hours increase
B	=	1.001 – 10.000 hours decrease	H	=	11 – 100 hours increase
C	=	101 – 1.000 hours decrease	I	=	101 – 1.000 hours increase
D	=	11 – 100 hours decrease	J	=	1.001 – 10.000 hours increase
E	=	0 – 10 hours decrease	K	=	more than 10.000 hours increase
F	=	no change	L	=	not applicable

	Question 3					Question 4				
ISA	Medium sized (unlisted) client	Large (unlisted) client	Publicly listed client	Bank	Insurance Company	Medium sized (unlisted) client	Large (unlisted) client	Publicly listed client	Bank	Insurance Company
200	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
210	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
220	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
230	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
240	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
250	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
260	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
265	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
300	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
315	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
320	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
330	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
402	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
450	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
500	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
501	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
505	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
510	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
520	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
530	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
540	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
550	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
560	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
570	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
580	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
600	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
610	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
620	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
700	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
705	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
706	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
710	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
720	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -

5. Please provide an estimate of the *average personnel cost per hour* of *client staff* involved in the financial statement preparation process. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ less than 5 € / hour
- ☐ 5-10 € / hour
- ☐ 11-20 € / hour
- ☐ 21-30 € / hour
- ☐ 31-40 € / hour
- ☐ 41-50 € / hour
- ☐ 51-60 € / hour
- ☐ 61-70 € / hour
- ☐ 71-80 € / hour
- ☐ 81-90 € / hour
- ☐ 91-100 € / hour
- ☐ more than 100 € / hour

Large (unlisted) audit clients:

- ☐ -?-
- ☐ less than 5 € / hour
- ☐ 5-10 € / hour
- ☐ 11-20 € / hour
- ☐ 21-30 € / hour
- ☐ 31-40 € / hour
- ☐ 41-50 € / hour
- ☐ 51-60 € / hour
- ☐ 61-70 € / hour
- ☐ 71-80 € / hour
- ☐ 81-90 € / hour
- ☐ 91-100 € / hour
- ☐ more than 100 € / hour

Publicly listed audit clients:

- ☐ -?-
- ☐ less than 5 € / hour
- ☐ 5-10 € / hour
- ☐ 11-20 € / hour
- ☐ 21-30 € / hour
- ☐ 31-40 € / hour
- ☐ 41-50 € / hour
- ☐ 51-60 € / hour
- ☐ 61-70 € / hour
- ☐ 71-80 € / hour
- ☐ 81-90 € / hour

☐ 91-100 € / hour
☐ more than 100 € / hour

Banks:
☐ -?-
☐ less than 5 € / hour
☐ 5-10 € / hour
☐ 11-20 € / hour
☐ 21-30 € / hour
☐ 31-40 € / hour
☐ 41-50 € / hour
☐ 51-60 € / hour
☐ 61-70 € / hour
☐ 71-80 € / hour
☐ 81-90 € / hour
☐ 91-100 € / hour
☐ more than 100 € / hour

Insurance Companies:
☐ -?-
☐ less than 5 € / hour
☐ 5-10 € / hour
☐ 11-20 € / hour
☐ 21-30 € / hour
☐ 31-40 € / hour
☐ 41-50 € / hour
☐ 51-60 € / hour
☐ 61-70 € / hour
☐ 71-80 € / hour
☐ 81-90 € / hour
☐ 91-100 € / hour
☐ more than 100 € / hour

6. Please provide an estimate of the *proportion of the additional mean average hours* described in question 1 above that would be *charged to the audit client*, or an estimate of the *proportion of the reduced mean average hours* described in question 1 above that would be *passed on to the audit client* through *reduced fees.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %

☐ 61-80 %
☐ 81-100 %
☐ not applicable

Large (unlisted) audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Publicly listed audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Banks:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Insurance Companies:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %

☐ 81-100 %
☐ not applicable

7. Please provide an estimate of the *proportion of the additional mean average hours* described in question 2 above that would be *charged to the audit client.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Large (unlisted) audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Publicly listed audit clients:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Banks:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %

☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

Insurance Companies:
☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %
☐ not applicable

A.1.2 Potential cost increases or cost reductions at *national* audit firm level

Based upon your answers to questions 1 to 7 above, please provide the following estimates. In the following estimates, please *include* only those costs that would be incurred at *your national firm level, i.e.* ***exclude costs that would be incurred at the level of your international network.***

8. *One-off costs* (e.g. costs of technical personnel, facilities, materials, technology, travel) incurred by your *technical audit department or technical audit personnel* to amend your audit practices (audit methodology, audit manuals, or audit programmes) so that your audit practices are in compliance with the clarified ISAs.

☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €

9. *One-off costs* (e.g. costs of trainers, facilities, materials, technology, travel) incurred by your *training department or personnel responsible for training* to train audit personnel (including partners) to use your clarified ISA-compliant amended audit practices.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

10. The *additional mean average hours* required *per member of audit personnel* to be trained to use your clarified ISA-compliant amended audit practices.

- ☐ -?-
- ☐ 0-8 hours
- ☐ 9-16 hours
- ☐ 17-40 hours
- ☐ 41-80 hours
- ☐ 81-120 hours
- ☐ 121-160 hours
- ☐ more than 160 hours

11. *One-off costs* (e.g. costs for personnel and technology) incurred by your *IT department or IT personnel* to *implement* new or amended audit tools, reflecting your clarified ISA-compliant amended audit practices that will be used in the field by audit personnel.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

12. *Additional recurring costs incurred or recurring cost savings gained* (e.g. costs for personnel and technology) by your *IT department or IT personnel* to *maintain* new or amended audit tools, reflecting your clarified ISA-compliant amended audit practices, that are being used in the field by audit personnel.

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease

☐ 101-1,000 € decrease
☐ 1-100 € decrease
☐ no change
☐ 1-100 € increase
☐ 101-1,000 € increase
☐ 1,001-10,000 € increase
☐ 10,001-100,000 € increase
☐ 100,001-1,000,000 € increase
☐ more than 1,000,000 € increase

13. *One-off costs* (e.g. costs for personnel and technology) incurred by your *firm quality control department or personnel responsible for quality control* to *implement* amended firm quality controls policies and procedures over your clarified ISA-compliant amended audit practices.

Under the assumption that ISQC 1 is adopted by the EU:

☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €

Under the assumption that ISQC 1 is *not* adopted by the EU:

☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €

14. *Additional recurring costs incurred or recurring cost savings gained* (e.g. costs for personnel and technology) by your *firm quality control department or personnel responsible for quality control* to *maintain* amended firm quality controls policies and procedures over your clarified ISA-compliant amended audit practices.

Under the assumption that ISQC 1 is adopted by the EU:

☐ -?-
☐ more than 1,000,000 € decrease
☐ 100,001-1,000,000 € decrease
☐ 10,001-100,000 € decrease
☐ 1,001-10,000 € decrease
☐ 101-1,000 € decrease
☐ 1-100 € decrease
☐ no change

☐ 1-100 € increase
☐ 101-1,000 € increase
☐ 1,001-10,000 € increase
☐ 10,001-100,000 € increase
☐ 100,001-1,000,000 € increase
☐ more than 1,000,000 € increase

Under the assumption that ISQC 1 is *not* adopted by the EU:

☐ -?-
☐ more than 1,000,000 € decrease
☐ 100,001-1,000,000 € decrease
☐ 10,001-100,000 € decrease
☐ 1,001-10,000 € decrease
☐ 101-1,000 € decrease
☐ 1-100 € decrease
☐ no change
☐ 1-100 € increase
☐ 101-1,000 € increase
☐ 1,001-10,000 € increase
☐ 10,001-100,000 € increase
☐ 100,001-1,000,000 € increase
☐ more than 1,000,000 € increase

15. *Additional costs* faced or *cost savings gained* by your firm for *external quality assurance* (external reviews or inspections) resulting from the clarified ISAs rather than national auditing standards being used as the criteria for such external quality assurance. Please use the following descriptions of categories applied in the tables below and disregard any costs resulting from the transposition of the statutory audit directive.

(1) Internal Costs = Costs incurred or cost savings gained by your firm to prepare and respond to external quality assurance

(2) External Costs = Additional costs charged, or cost savings passed on to your firm through reduced fees or contributions, by the authority / reviewer / inspector responsible for reviews or inspections

(3) With ISQC 1 = Under the assumption that ISQC 1 is adopted by the EU

(4) Without ISQC 1 = Under the assumption that ISQC 1 is *not* adopted by the EU

Additional costs incurred in the *first year of application* of clarified ISAs as criteria

	(3) With ISQC 1	(4) Without ISQC 1
(1) Internal Costs	☐-?- ☐0-100 € ☐101-1,000 € ☐1,001-10,000 € ☐10,001-100,000 € ☐100,001-1,000,000 € ☐more than 1,000,000 €	☐-?- ☐0-100 € ☐101-1,000 € ☐1,001-10,000 € ☐10,001-100,000 € ☐100,001-1,000,000 € ☐more than 1,000,000 €
(2) External Costs	☐-?- ☐0-100 € ☐101-1,000 € ☐1,001-10,000 € ☐10,001-100,000 € ☐100,001-1,000,000 € ☐more than 1,000,000 €	☐-?- ☐0-100 € ☐101-1,000 € ☐1,001-10,000 € ☐10,001-100,000 € ☐100,001-1,000,000 € ☐more than 1,000,000 €

Additional *recurring* costs incurred, or *recurring cost savings gained*, subsequent to the first year of application of clarified ISAs as criteria

	(3) With ISQC 1	(4) Without ISQC 1
(1) Internal Costs	☐-?- ☐more than 1,000,000 € decrease ☐100,001-1,000,000 € decrease ☐10,001-100,000 € decrease ☐1,001-10,000 € decrease ☐101-1,000 € decrease ☐1-100 € decrease ☐no change ☐1-100 € increase ☐101-1,000 € increase ☐1,001-10,000 € increase ☐10,001-100,000 € increase ☐100,001-1,000,000 € increase ☐more than 1,000,000 € increase	☐-?- ☐more than 1,000,000 € decrease ☐100,001-1,000,000 € decrease ☐10,001-100,000 € decrease ☐1,001-10,000 € decrease ☐101-1,000 € decrease ☐1-100 € decrease ☐no change ☐1-100 € increase ☐101-1,000 € increase ☐1,001-10,000 € increase ☐10,001-100,000 € increase ☐100,001-1,000,000 € increase ☐more than 1,000,000 € increase
(2) External Costs	☐-?- ☐more than 1,000,000 € decrease ☐100,001-1,000,000 € decrease ☐10,001-100,000 € decrease ☐1,001-10,000 € decrease ☐101-1,000 € decrease ☐1-100 € decrease ☐no change ☐1-100 € increase ☐101-1,000 € increase ☐1,001-10,000 € increase ☐10,001-100,000 € increase ☐100,001-1,000,000 € increase ☐more than 1,000,000 € increase	☐-?- ☐more than 1,000,000 € decrease ☐100,001-1,000,000 € decrease ☐10,001-100,000 € decrease ☐1,001-10,000 € decrease ☐101-1,000 € decrease ☐1-100 € decrease ☐no change ☐1-100 € increase ☐101-1,000 € increase ☐1,001-10,000 € increase ☐10,001-100,000 € increase ☐100,001-1,000,000 € increase ☐more than 1,000,000 € increase

A.1.3 Potential cost increases or cost reductions at audit client level

Based upon your answers to questions 1 to 7 above, please provide the following estimates. In the following estimates, please *exclude* costs incurred by the audit clients´ foreign subsidiaries.

16. *Mean average one-off costs* (e.g. costs of technical personnel, facilities, materials, technology, travel) per *audit client* incurred to respond to new audit practices based upon the clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

17. *Mean average one-off costs* (e.g. costs of trainers, facilities, materials, technology, travel) per *audit client* incurred by their *training department or personnel responsible for training* to train client staff to respond to new audit practices based upon clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

18. The *additional mean average hours* required *per member of audit client personnel* to be trained to respond to new audit practices based upon clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-8 hours
- ☐ 9-16 hours
- ☐ 17-40 hours
- ☐ 41-80 hours
- ☐ 81-120 hours
- ☐ 121-160 hours
- ☐ more than 160 hours
- ☐ not applicable

Large (unlisted) audit clients:	☐	-?-
	☐	0-8 hours
	☐	9-16 hours
	☐	17-40 hours
	☐	41-80 hours
	☐	81-120 hours
	☐	121-160 hours
	☐	more than 160 hours
	☐	not applicable
Publicly listed audit clients:	☐	-?-
	☐	0-8 hours
	☐	9-16 hours
	☐	17-40 hours
	☐	41-80 hours
	☐	81-120 hours
	☐	121-160 hours
	☐	more than 160 hours
	☐	not applicable
Banks:	☐	-?-
	☐	0-8 hours
	☐	9-16 hours
	☐	17-40 hours
	☐	41-80 hours
	☐	81-120 hours
	☐	121-160 hours
	☐	more than 160 hours
	☐	not applicable
Insurance Companies:	☐	-?-
	☐	0-8 hours
	☐	9-16 hours
	☐	17-40 hours
	☐	41-80 hours
	☐	81-120 hours
	☐	121-160 hours
	☐	more than 160 hours
	☐	not applicable

19. *Mean average one-off costs* (e.g. costs for personnel and technology) per audit client incurred by their *accounting and IT department or accounting and IT personnel* to *redesign* their internal control over financial reporting, including their information systems, to respond to new audit practices based upon clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Large (unlisted) audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

20. *Additional mean average recurring costs or mean average recurring cost savings gained* (e.g. costs for personnel and technology) per audit client incurred by their *accounting and IT department or accounting and IT personnel* to *maintain* the redesigned internal control over financial reporting, including their information systems, to respond to new audit practices based upon clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase

	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable
Publicly listed audit clients:	☐	-?-
	☐	more than 1,000,000 € decrease
	☐	100,001-1,000,000 € decrease
	☐	10,001-100,000 € decrease
	☐	1,001-10,000 € decrease
	☐	101-1,000 € decrease
	☐	1-100 € decrease
	☐	no change
	☐	1-100 € increase
	☐	101-1,000 € increase
	☐	1,001-10,000 € increase
	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable
Banks:	☐	-?-
	☐	more than 1,000,000 € decrease
	☐	100,001-1,000,000 € decrease
	☐	10,001-100,000 € decrease
	☐	1,001-10,000 € decrease
	☐	101-1,000 € decrease
	☐	1-100 € decrease
	☐	no change
	☐	1-100 € increase
	☐	101-1,000 € increase
	☐	1,001-10,000 € increase
	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable

Insurance Companies:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase
- ☐ not applicable

A.2 Other potential effects

A.2.1 Potential effects at audit engagement level

21. Please fill out the following table using the ranges provided. The table asks for your evaluation of the potential *effects on audit quality* arising from the application of the clarified ISAs different from your current audit practices by different stages of the audit process or aspects of the audit, and by ISA. Please note, that (1) (o) asks for an overall evaluation of the higher or lower probability to detect material misstatements based upon your responses to (1) (a)-(n). The final row requires an overall evaluation for all ISAs in aggregate by audit process or aspect of an audit, as well as for all processes or aspects of an audit (an overall evaluation for all ISAs and processes and aspects of an audit in aggregate). The legend below explains the potential effects attached to each letter and number in the columns on the table. The ISAs are listed in numerical order by row.

You may wish to print out the legend below to assist you in filling out the table.

(1) Changed probability of detecting material misstatements

(a) Changed understanding of nature of an audit and the ISAs and their different levels of obligation

(b) Changed professional scepticism

(c) Changed application of professional judgement due to the use of objectives and the consideration of application material

(d) Changed interpretation and application of the requirements through consideration of application material

(e) Changed engagement quality control

(f) Changed client acceptance procedures

(g) Changed terms of engagement and their clarification of management responsibilities

(h) Changed understanding of the entity (including its internal control relevant to the audit)

(i) Changed understanding of business risks

(j) Changed determination of materiality

(k) Changed assessment of misstatement risks

(l) Changed identification and assessment of significant risks

(m) Changed audit responses to assessed risks to reduce detection risk

(n) Changed audit conclusions about misstatements and their disposition

(o) Overall assessment of changed probability of detecting material misstatements

(2) Change in forming an audit opinion, including reporting material misstatements

(3) Changed audit reporting / communication of audit findings

The potential effects should be assessed using the following scale:

-3	=	major impairment	1	=	slight improvement
-2	=	significant impairment	2	=	significant improvement
-1	=	slight impairment	3	=	major improvement
0	=	no change			

Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

ISA	(1) Changed probability of detecting material misstatements															(2)	(3)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)		
200	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
210	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
220	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
230	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
240	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
250	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
260	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
265	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
300	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
315	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
320	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
330	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
402	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
450	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
500	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
501	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
505	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
510	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
520	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
530	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
540	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
550	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
560	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
570	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
580	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
600	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
610	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
620	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
700	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
705	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
706	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
710	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -
720	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -	- ? -

22. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of *ISQC 1* by the EU on audit quality as described in potential effects in items (1)-(3) above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

23. Please indicate your evaluation of the effect of the introduction of objectives into the ISAs on audit quality as described in potential effects in items (1)-(3) in the table of question 21 above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

24. Please indicate your evaluation of the effect of the application material in the ISAs on audit quality as described in potential effects in items (1)-(3) in the table of question 21 above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

A.2.2 Potential effects at audit firm level

25. Please indicate your expectations of any increase or reduction in the *risk* of professional sanctions, liability risk, and reputational risk due to changed client selection, changed terms of engagement, and changed audit quality arising from the application of the clarified ISAs different from your current audit practices in the table below.

Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

Risks	Changed client selection	Changed terms of engagement	Changed audit quality
Risk of professional sanctions	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Liability risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Reputational risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk

26. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of *ISQC 1* by the EU on the change in risks as described in the previous question.

☐ -?-

☐ major decrease in risk

☐ significant decrease in risk

☐ slight decrease in risk

☐ no change in risk

☐ slight increase in risk

☐ significant increase in risk

☐ major increase in risk

A.2.3 Potential effects at audit client level

27. Based upon your previous responses in questions 21 and 22 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from your current audit practices, please indicate in the table below the potential effects on the quality of financial reporting by audit clients.

Nature of potential effects on financial reporting quality	**Expected extent of potential effects**
Changed use by management and those charged with governance of audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed internal control relevant to financial reporting	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed financial reporting	
(a) Changed incidence of material misstatements in audited financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Change in choice and application of acceptable accounting policies	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Change in accounting estimates within their reasonable range, and their disclosure	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Change in quality of disclosures in the notes of the financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Change in other information containing financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change

	☐ slight improvement ☐ significant improvement ☐ major improvement
Changed management accounting and internal control	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed corporate governance	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

A.2.4 Potential effects at audit regulator level

28. Based upon your previous responses in questions 21 and 22 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from your current audit practices, please indicate your expectations about the effect on the *quality* of inspections or reviews due to inspectors´ or reviewers´ changed understanding of the nature of an audit, of the ISAs and of their different levels of obligation.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

29. Based upon your previous responses in questions 21 and 22 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from your current audit practices, please indicate your expectations about the effect on the *efficiency* (i.e. the costs incurred for a desired quality) of inspections or reviews due to inspectors´ or reviewers´ changed understanding of the nature of an audit, of the ISAs and of their different levels of obligation.

☐ -?-
☐ major impairment

- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

30. Please indicate your evaluation of the effect of the possible adoption of *ISQC 1* on the *quality of reviews or inspections*.
    - ☐ -?-
    - ☐ major impairment
    - ☐ significant impairment
    - ☐ slight impairment
    - ☐ no change
    - ☐ slight improvement
    - ☐ significant improvement
    - ☐ major improvement

31. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the quality of reviews or inspections.
    - ☐ -?-
    - ☐ major impairment
    - ☐ significant impairment
    - ☐ slight impairment
    - ☐ no change
    - ☐ slight improvement
    - ☐ significant improvement
    - ☐ major improvement

32. Please indicate your evaluation of the effect of the *application material* in the ISAs on the quality of reviews or inspections.
    - ☐ -?-
    - ☐ major impairment
    - ☐ significant impairment
    - ☐ slight impairment
    - ☐ no change
    - ☐ slight improvement
    - ☐ significant improvement
    - ☐ major improvement

A.2.5 Potential effects at European audit market level

33. Do you expect any audit firms to enter into or exit from the market for statutory audits in your country because the introduction of the clarified ISAs as required auditing standards will cause the benefits of performing such statutory audits to exceed the costs for those firms or the costs of performing such statutory audits to exceed the benefits for those firms, respectively?

☐ audit firms enter into the market for statutory audits
☐ audit firms exit from the market for statutory audits
☐ no change

34. If any change, what proportion of audit firms do you expect to enter into or exit from that market? (Answer “not applicable” if your response to question 33 above is “no change”.)

☐ -?-
☐ 0-1 %
☐ 2-4 %
☐ 5-7 %
☐ 8-10 %
☐ 11-15%
☐ 16-20 %
☐ 21-30 %
☐ 31-40 %
☐ 41-50 %
☐ more than 50 %
☐ not applicable

35. Do you expect your response to question 34 above to lead to improve or impair audit quality? (Answer “not applicable” if your response to question 33 above is “no change” or your response to question 34 above is “0-1%”.)

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement
☐ not applicable

36. Do you expect audit firms to join or to leave networks or other forms of cooperation due to the implementation of clarified ISAs?

- ☐ join
- ☐ leave
- ☐ no change

37. What proportion of such audit firms do you expect to join or leave networks or other forms of cooperation? (Answer "not applicable" if your response to question 36 above is "no change".)

- ☐ -?-
- ☐ 0-1 %
- ☐ 2-4 %
- ☐ 5-7 %
- ☐ 8-10 %
- ☐ 11-15%
- ☐ 16-20 %
- ☐ 21-30 %
- ☐ 31-40 %
- ☐ 41-50 %
- ☐ more than 50 %

38. Do you expect your response to question 37 above to lead to improve or impair audit quality? (Answer "not applicable" if your response to question 36 above is "no change" or your response to question 37 above is "0-1%".)

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

A.2.6 Potential effects at European capital market level

39. What is your expectation of the degree of correlation between *audit quality* as described in question 21 and *financial reporting credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

40. What is your expectation of the degree of correlation between *financial reporting credibility* and *financial reporting quality* as described in question 27?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

41. What is your expectation of the degree of correlation between *financial reporting credibility* and the *ability of investors to assess investment risks*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

42. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced* c*apital market transaction costs (all costs incurred by investors in preparing, making and carrying out their investment decisions)*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

43. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced costs of capital*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

B. Potential effects of using the *same auditing standards* throughout the EU

B.1 Potential costs

B.1.1 Potential costs at audit engagement level

In the following estimates, please *include* only those costs that would be incurred in an audit engagement in *your* country (i.e., exclude costs that would be incurred in auditing audit clients´ foreign subsidiaries).

<u>Please note that the following questions ask for information about cost effects **per statutory audit**. This means, that your responses will be aggregated for all statutory audits.</u>

44. Please provide an estimate of how many *more mean average hours per statutory audit engagement* would be incurred *on a recurring basis each year by* the auditor when performing audits in the field due to clarified ISAs not taking into account national particularities (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices). Please **disregard** any additional hours to design new audit practices at firm level due to clarified ISAs (these are covered in question 49 below). In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

45. Please provide an estimate of the *proportion of the additional mean average hours* described in question 44 above that would be *charged to the audit client*. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

46. Please provide an estimate of how many additional mean average hours would be incurred by the auditor when performing audits in the field *in the first year of application* of the clarified ISAs per statutory audit engagement to implement the clarified ISAs, due to the additional audit effort required for auditors for whom English is not their mother tongue to understand the clarified ISAs in original English or the translations thereof and any English manual or implementation guidance. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase

- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

47. Please provide an estimate of the *proportion of the additional mean average hours* described in question 46 above that would be *charged to the audit client.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

48. Please indicate the degree to which audit quality is impaired due to harmonised auditing standards not being specifically tailored to take into account national particularities. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight impairment
- ☐ significant impairment
- ☐ major impairment
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight impairment
- ☐ significant impairment
- ☐ major impairment
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight impairment
- ☐ significant impairment

☐ major impairment
☐ not applicable

Banks:
☐ -?-
☐ no change
☐ slight impairment
☐ significant impairment
☐ major impairment
☐ not applicable

Insurance Companies:
☐ -?-
☐ no change
☐ slight impairment
☐ significant impairment
☐ major impairment
☐ not applicable

B.1.2 Potential costs at audit firm level

In the following estimates, please *include* only those costs that would be incurred at *your national firm level, i.e.* ***exclude costs that would be incurred at the level of your international network***.

49. Please provide an estimate of how many total hours by your technical department would be incurred by the firm to design audit practices due to clarified ISAs not taking into account national particularities (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices).

☐ -?-
☐ no change
☐ 1-10 hours increase
☐ 11-100 hours increase
☐ 101-1,000 hours increase
☐ 1,001-10,000 hours increase
☐ more than 10,000 hours increase
☐ not applicable

B.2 Potential benefits

B.2.1 Potential benefits at audit engagement level

50. Please provide your assessment of the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

Source of potential improvement in audit quality	Expected extent of the potential improvement in audit quality
Higher probability to detect material misstatements in transnational audits	
(a) Consistent understanding of nature of an audit and the ISAs and their different levels of obligation	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Consistent application of professional scepticism	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Consistent application of professional judgement due to the use of objectives and the consideration of application material	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Consistent interpretation and application of the requirements through consideration of application material	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Harmonized engagement quality control	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(f) Consistent client acceptance procedures	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(g) Harmonized of engagement and their clarification of management responsibilities	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(h) Consistent understanding of the entity (including its internal control relevant to the audit)	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(i) Consistent assessment of business risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

(j) Consistent determination of materiality	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(k) Coordinated and therefore better assessment of misstatement risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(l) Coordinated and therefore better identification and assessment of significant risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(m) Coordinated and therefore improved audit responses to assessed risks to reduce detection risk	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(n) Coordinated and therefore improved audit conclusions about misstatements and their disposition	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Improvement in forming an audit opinion, including better reporting of material misstatements	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Harmonized audit reporting / communication of audit findings	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

51. Based on the responses in the table above, please indicate your evaluation of the effect of a possible adoption of ISQC 1 by the EU on the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

52. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the harmonization of your current audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

53. Please indicate your evaluation of the effect of the *application material* in the ISAs on the harmonization of your current audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

54. Based on the responses in the table above, please indicate the potential decrease in mean average hours incurred by the group auditor (excluding subsidiary auditor time) per statutory transnational audit resulting from better coordination between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours decrease
- ☐ 11-100 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ more than 10,000 hours decrease

55. Please provide an estimate of the *proportion of the reduced mean average hours* described in question 54 above that would be *passed on to the audit client* through *reduced fees.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

56. Based on the response in the question 54 above, please indicate the potential percentage decrease in mean average hours per statutory transnational audit resulting from the effect of a possible adoption of ISQC 1 by the EU on the improved coordination between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

57. Please provide an estimate of the *proportion of the reduced mean average hours* described in question 56 above that would be *passed on to the audit client* through *reduced fees.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %

- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %

☐ 61-80 %
☐ 81-100 %
☐ not applicable

58. Do you expect the use of the same auditing standards (clarified ISAs) within Europe will lead to *greater acceptance of your firm´s audit reports* outside of your home jurisdiction?

☐ yes, but only within Europe
☐ yes, even outside of Europe
☐ no

59. Please provide an indication of your expectations of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in standards overload* by, among other things, less redundancies among different sets of standards.

Within Europe:		Outside of Europe:	
	☐ -?-		☐ -?-
	☐ no change		☐ no change
	☐ slight reduction		☐ slight reduction
	☐ significant reduction		☐ significant reduction
	☐ major reduction		☐ major reduction

60. Please provide an indication of your expectations of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in contradictions* between different sets of standards, that cause auditors to not be able to comply with one or the other set of applicable standards.

Within Europe:		Outside of Europe:	
	☐ -?-		☐ -?-
	☐ no change		☐ no change
	☐ slight reduction		☐ slight reduction
	☐ significant reduction		☐ significant reduction
	☐ major reduction		☐ major reduction

B.2.2 Potential benefits at national network firm level

This section need only be answered if your firm has transnational audit clients. In the following estimates, please *include* only those cost savings that would be gained at *your national network firm level, i.e.* ***exclude cost savings that would be gained at the level of your international network firm***.

61. Please indicate the *recurring* cost savings (costs of technical personnel, facilities, materials, technology, travel at the technical department level) gained from *designing* and *maintaining* new audit practices due to less technical resources needed at national technical department level resulting from *uniform* rather than *varying* audit practices (less carve-outs and add-ons to ISAs in national auditing practices) when ISAs are adopted by the EU.

☐ -?-
☐ 0-100 €
☐ 101-1,000 €

- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

62. Please indicate the *recurring* cost savings (costs of trainers, facilities, materials, technology, travel) gained from a reduction in costs for training due to economies of scale when ISAs are adopted by the EU.
    - ☐ -?-
    - ☐ 0-100 €
    - ☐ 101-1,000 €
    - ☐ 1,001-10,000 €
    - ☐ 10,001-100,000 €
    - ☐ 100,001-1,000,000 €
    - ☐ more than 1,000,000 €

63. Please indicate the *recurring* cost savings gained from a reduction in costs (cost of technology and personnel) to *implement* and *maintain* a uniform technology for auditors in the field when ISAs are adopted by the EU.
    - ☐ -?-
    - ☐ 0-100 €
    - ☐ 101-1,000 €
    - ☐ 1,001-10,000 €
    - ☐ 10,001-100,000 €
    - ☐ 100,001-1,000,000 €
    - ☐ more than 1,000,000 €

64. Please indicate the *recurring* cost savings (cost of technology and personnel) gained from a reduction in costs to *implement* and *maintain* network quality control if ISQC 1 is adopted by the EU.
    - ☐ -?-
    - ☐ 0-100 €
    - ☐ 101-1,000 €
    - ☐ 1,001-10,000 €
    - ☐ 10,001-100,000 €
    - ☐ 100,001-1,000,000 €
    - ☐ more than 1,000,000 €

B.2.3 Potential benefits at *transnational* audit client level

In the following estimates, please *exclude* costs incurred by the audit clients´ foreign subsidiaries.

65. Please indicate the *mean average one-off cost* savings (cost of technology and technical personnel, facilities, materials, travel at technical department level) per audit client gained from a reduction in costs for the *technical department or technical personnel*, incurred by *transnational* audit clients as preparers of financial statements, resulting from needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €

	☐	100,001-1,000,000 €
	☐	more than 1,000,000 €
	☐	not applicable
Insurance Companies:	☐	-?-
	☐	0-100 €
	☐	101-1,000 €
	☐	1,001-10,000 €
	☐	10,001-100,000 €
	☐	100,001-1,000,000 €
	☐	more than 1,000,000 €
	☐	not applicable

66. Please indicate the *mean average one-off* cost savings (costs of trainers, facilities, materials, technology, travel) per audit client gained from a reduction in costs in *training*, incurred by transnational audit clients as preparers of financial statements, resulting from increasing economies of scale for training due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:	☐	-?-
	☐	0-100 €
	☐	101-1,000 €
	☐	1,001-10,000 €
	☐	10,001-100,000 €
	☐	100,001-1,000,000 €
	☐	more than 1,000,000 €
	☐	not applicable
Large (unlisted) audit clients:	☐	-?-
	☐	0-100 €
	☐	101-1,000 €
	☐	1,001-10,000 €
	☐	10,001-100,000 €
	☐	100,001-1,000,000 €
	☐	more than 1,000,000 €
	☐	not applicable
Publicly listed audit clients:	☐	-?-
	☐	0-100 €
	☐	101-1,000 €
	☐	1,001-10,000 €
	☐	10,001-100,000 €

☐ 100,001-1,000,000 €
☐ more than 1,000,000 €
☐ not applicable

Banks:
☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €
☐ not applicable

Insurance Companies:
☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €
☐ not applicable

67. Please indicate the *mean average recurring* cost savings (cost of technology and technical personnel, facilities, materials, travel) per audit client gained from a reduction in costs *for implementing and maintaining uniform technology*, incurred by transnational audit clients as preparers of financial statements, resulting from increasing economies of scale due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €
☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

68. Please indicate the *mean average recurring* cost savings (cost of technology and technical personnel) per audit client gained from a reduction in costs for *implementing and maintaining uniform internal control* relevant to financial reporting, incurred by transnational audit clients as preparers of financial statements, resulting from increasing economies of scale due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Large (unlisted) audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Publicly listed audit clients:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Banks:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €
- ☐ not applicable

69. Please indicate the extent of the recurring benefit gained by transnational audit clients as preparers of the financial statements from a *reduction of the risk of material misstatements* in the financial statements prior to the audit due to better coordination in the preparation process resulting from harmonized internal control relevant to financial reporting due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Banks:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Insurance Companies:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

70. Please indicate the extent of the recurring benefit gained by transnational audit clients as preparers of the financial statements from *better use of audit reporting or communications of audit findings* by management and those charged with governance within a group due to their needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices in relation to audit reporting or communications of audit findings when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Large (unlisted) audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Publicly listed audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

71. Please indicate the extent of the recurring benefit gained by transnational audit clients as preparers of the financial statements from *better access to capital and business opportunities* due to greater acceptance of audit reporting and therefore of the audit client´s financial statements outside of home jurisdiction (both within and outside of Europe) resulting from uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Banks:	☐	-?-
	☐	no change
	☐	slight increase
	☐	significant increase
	☐	major increase
	☐	not applicable
Insurance Companies:	☐	-?-
	☐	no change
	☐	slight increase
	☐	significant increase
	☐	major increase
	☐	not applicable

B.2.4 Potential benefits at audit regulator level

72. Please provide your assessment of the extent of the *potential improvement in communication, coordination and sharing of resources among audit regulators* both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:	☐	-?-	Without ISQC 1:	☐	-?-
	☐	no change		☐	no change
	☐	slight improvement		☐	slight improvement
	☐	significant improvement		☐	significant improvement
	☐	major improvement		☐	major improvement

73. Please provide your assessment of the extent of the *potential improvement in acceptance of oversight systems, including inspection results,* both within and outside of Europe among audit regulators both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:	☐	-?-	Without ISQC 1:	☐	-?-
	☐	no change		☐	no change
	☐	slight improvement		☐	slight improvement
	☐	significant improvement		☐	significant improvement
	☐	major improvement		☐	major improvement

74. Please provide your assessment of the extent of the *potential convergence of oversight systems and bodies, including inspections,* both within and outside of Europe among audit regulators both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:		Without ISQC 1:	
☐	-?-	☐	-?-
☐	no change	☐	no change
☐	slight improvement	☐	slight improvement
☐	significant improvement	☐	significant improvement
☐	major improvement	☐	major improvement

75. Please indicate your evaluation of the effect of the possible adoption of *ISQC 1* on the harmonization of reviews or inspections.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

76. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the harmonization of reviews or inspections.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

77. Please indicate your evaluation of the effect of the *application material* in the ISAs on the harmonization of reviews or inspections.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

B.2.5 Potential benefits at European audit market level

78. Please indicate the extent to which your audit firm be more likely to *employ* audit assistants, supervisors, and managers *from other EU member states* because these employees would have been educated and trained to apply the ISAs rather than national auditing standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

79. Please indicate the extent to which your audit firm would be more likely to *employ* audit assistants, supervisors, and managers *from countries outside of the EU* because these employees would have been educated and trained to apply the ISAs rather than national auditing standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

80. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to reduced *barriers to entry into the audit market for transnational audit clients* for audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

81. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *better retention of transnational audit clients* by audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2.6 Potential benefits at European capital market level

82. What is your expectation of the degree of correlation between the *use of clarified ISAs by all audit firms in the EU* and *increased transparency* resulting from the use of more comparable audit reports?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

83. What is your expectation of the degree of correlation between the *increased transparency* resulting from the use of more comparable audit reports by all audit firms in the EU and *financial reporting credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

84. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports may lead to a reduction of international information asymmetries between capital market participants.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

85. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to a reduction of costs to comprehend audits by investors from different EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

86. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an increase in acceptance by investors of audit and financial reports within the EU from other EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

87. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an *increase in acceptance* by investors of audit and financial reports from non-EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

88. Please indicate the extent to which you believe that an increase in acceptance by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to more non-EU investors entering the EU capital market.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C. Potential effects resulting from the provision of *legal sanction* for auditing standards through the possible adoption of clarified ISAs

C.1 Potential costs

C.1.1 Potential costs at audit engagement level

89. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your *auditors in the field* (i.e., not necessarily those in your firm) to treat ISAs as legal rules as well as principles and therefore perform procedures required by the ISAs, even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

90. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your *auditors in the field* (i.e., not necessarily those in your firm) to treat ISAs as legal rules rather than principles and therefore disregard the audit objectives, the requirement for additional procedures in ISA 200 and the application material such that the auditors only perform procedures required by the ISAs, even though additional procedures would be necessary for an audit of adequate quality.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

91. Based upon your response to questions 89 and 90 above, please provide an estimate of how many *more or less mean average hours per statutory audit engagement* would be incurred or saved *on a recurring basis each year* by your auditors when performing audits in the field due to the effects described in questions 89 and 90 above. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

☐ -?-
☐ more than 1,000,000 € decrease
☐ 100,001-1,000,000 € decrease
☐ 10,001-100,000 € decrease
☐ 1,001-10,000 € decrease
☐ 101-1,000 € decrease
☐ 1-100 € decrease
☐ no change
☐ 1-100 € increase
☐ 101-1,000 € increase

	☐	1,001-10,000 € increase
	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable
Large (unlisted) audit clients:	☐	-?-
	☐	more than 1,000,000 € decrease
	☐	100,001-1,000,000 € decrease
	☐	10,001-100,000 € decrease
	☐	1,001-10,000 € decrease
	☐	101-1,000 € decrease
	☐	1-100 € decrease
	☐	no change
	☐	1-100 € increase
	☐	101-1,000 € increase
	☐	1,001-10,000 € increase
	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable
Publicly listed audit clients:	☐	-?-
	☐	more than 1,000,000 € decrease
	☐	100,001-1,000,000 € decrease
	☐	10,001-100,000 € decrease
	☐	1,001-10,000 € decrease
	☐	101-1,000 € decrease
	☐	1-100 € decrease
	☐	no change
	☐	1-100 € increase
	☐	101-1,000 € increase
	☐	1,001-10,000 € increase
	☐	10,001-100,000 € increase
	☐	100,001-1,000,000 € increase
	☐	more than 1,000,000 € increase
	☐	not applicable

Banks:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase
- ☐ not applicable

92. Please indicate the extent to which you believe that the reactions described in your responses to questions 89 and 90 will lead to a change in audit quality.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.1.2 Potential costs at audit firm level

93. Please indicate the increase in recurring compliance management costs (e.g., costs of legal department or consultation with legal advisors) that would be incurred by your firm each year through provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

C.1.3 Potential costs at audit client level

94. Based upon your responses to questions 89 and 90, please provide an estimate of how many *more mean average hours per statutory audit engagement* of client staff time (***excluding*** **time incurred by the clients´ foreign subsidiaries**) would be incurred or saved *on a recurring basis each year* by the audit client when responding to the auditor treating ISAs as legal rules as well as principles and therefore perform procedures required by the ISAs, even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 0-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

C.1.4 Potential costs at audit regulator level

95. If ISAs obtain legal sanction through the possible adoption by the EU, do you believe that in your jurisdiction, in performing or monitoring external quality assurance, audit regulators would be more concerned about audit quality than compliance with the ISAs as rules, or more concerned about compliance with the ISAs than audit quality, or equally concerned about both?

- ☐ A. More concerned about compliance with the ISAs as rules
- ☐ B. More concerned about audit quality
- ☐ C. Equally concerned about compliance with the ISAs as rules and about audit quality

96. Based upon your response to question 95 above, please indicate the change in recurring annual external quality assurance (reviews or inspections) costs.

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase

C.1.5 Potential costs at European audit market level

97. If the situation described in question 95 A. were to apply, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 90 as opposed to the behaviour described in question 89?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

C.2 Potential benefits

C.2.1 Potential benefits at audit engagement level

98. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors in the field (i.e., not necessarily those in your firm) to perform needed procedures required by the ISAs that would not have otherwise been performed because of the *greater authority of auditors versus audit clients* when referring to standards with legal sanction.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

99. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors in the field (i.e., not necessarily those in your firm) with a greater incentive to perform needed procedures required by the ISAs that would not have otherwise been performed due *to greater legal certainty* about what audit regulators and the courts will enforce.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

100. Please indicate your evaluation of the effect of the *introduction of objectives*, with legal sanction, into the ISAs on the legal certainty of required audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

101. Please indicate your evaluation of the effect on the legal certainty of required audit practices of *not* adopting the *application material* in the ISAs such that the application material has the *same degree of legal sanction as the degree of obligation for application material in the ISAs*.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.2 Potential benefits at audit firm level

102. Please indicate the extent to which you believe that greater compliance with auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	Change
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction major reduction

C.2.3 Potential benefits at audit client level

103. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would provide an improved basis for legal claims against auditors by audit clients when auditors have not complied with auditing standards that have legal sanction.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

104. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve access to capital and business opportunities due to perceived better quality audits because of the legal sanction for auditing standards.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.4 Potential benefits at audit regulator level

105. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve audit quality due to the ability of audit regulators to apply legally supported sanctions when auditors have not complied with auditing standards that have legal support because legally supported sanctions have a greater deterrent effect.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.5 Potential benefits at audit market level

106. If the situations described in question 95 B or C were to apply in your jurisdiction, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 89 as opposed to the behaviour described in question 90?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

C.2.6 Potential benefits at capital market level

107. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve audit quality.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

D. Conclusion

108. Are there any potential costs of the possible adoption of ISAs by the European Commission that have not been covered by the questionnaire? If any, please specify.

109. Are there any potential benefits of the possible adoption of ISAs by the European Commission that have not been covered by the questionnaire? If any, please specify.

110. Overall, how would you evaluate the relation of costs and benefits of possible adoption of ISAs by the European Commission?

- ☐ Benefits significantly outweigh costs
- ☐ Benefits slightly outweigh costs
- ☐ Benefits and costs are balanced
- ☐ Costs slightly outweigh benefits
- ☐ Costs significantly outweigh benefits

Appendix 4.2: Questionnaire Audit Regulator Perspective

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Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Survey on the cost benefit effects from an audit regulator perspective

Dear Madam(s) / dear Sir(s),

the European Commission commissioned a study on the cost and benefit effects of the possible adoption of International Standards on Auditing (ISAs) by the European Commission. The study, conducted under my leadership by the University of Duisburg-Essen, will comprise two major parts: the development of a framework of the economic effects of the possible adoption of ISAs and the description and – if possible – quantification of these effects using a wide-range survey instrument. The empirical part of the study will cover the audit firm perspective as well as other stakeholder perspectives.

Special consideration is to be given to enforcement issues under the requirements for the study, i.e. the role of the harmonisation of auditing standards for national regulatory and oversight bodies within Europe needs to be examined. As already pointed out during the EGAOB meeting on June 30, the assessments of cost-benefit-related issues from the perspective of the individual European audit oversight authorities are highly relevant for the success of the project. I would therefore like to seize the opportunity to ask for your support for this project by asking you to respond to the following questionnaire and return it via e-mail to annette.koehler@uni-due.de.

by **October 31, 2008**.

I would like to emphasise, that any information provided to me through this survey or in any discussions about this survey with you will be held strictly confidential: such information will be restricted to those members of my team that need to analyse the information so that it can be aggregated. Only aggregated information from which the responses of individual survey participants are not identifiable will be made available to the European Commission. The information gathered from the survey will be subject to stringent information security measures. These measures include the restriction of access to individual responses to one of my assistants and to me. Others involved in the project and the European Commission will have access only to aggregated data.

Please do not hesitate to contact me if you have any questions or information relevant for the analysis of your data. I would like to express my sincere gratitude in advance.

Prof. Dr. Annette G. Köhler

General instructions for responding to this questionnaire

- The term “statutory audit” refers to those audits of financial statements performed pursuant to the European Union´s Statutory Audit Directive.
- The term “capital market” refers to both the private and public market for capital (i.e., it includes not only publicly listed entities, but the financial market for all entities subject to the Fourth and Seventh EU Directives).
- The terms “medium sized” and “large” companies are defined on the basis of the thresholds set forth by the Fourth EU Directive. However, deviations from these thresholds by EU member states are possible. Nevertheless, we request that you use the following thresholds rather than those applicable in your jurisdiction.

Company segment	**Small**	**Medium-sized**	**Large**
Net turnover	≤ € 8.8mn	≤ € 35.0mn	> € 35.0mn
Balance sheet total	≤ € 4.4mn	≤ € 17.5mn	> € 17.5mn
Number of employees	≤ 50	≤ 250	> 250

- The term “inspections” refers to the performance of external quality assurance at both firm and engagement level through inspectors who are employed by an organisation that is independent of the auditing profession. The term “reviews” refers to performance of both monitored and unmonitored external quality assurance at both firm and engagement level by independent reviewers who may in part be drawn from the profession.
- The term “registered statutory audit firm” refers to audit firms (including sole proprietors, partnerships, limited liability partnerships and corporations, and other legal forms) that meet all the requirements for the performance of, and are therefore legally empowered to perform, statutory audits of financial statements pursuant to the EU Statutory Audit Directive in your jurisdiction.
- The term “transnational audit client” or “transnational audit” refers to companies that have subsidiaries, branches, equity investments or joint ventures outside of their home jurisdiction, or companies that are such a subsidiary, branch, equity investment or joint venture.
- Participation in a joint audit should be treated as if it were a separate audit.
- In responding to the questions posed in the survey, please restrict your responses to those potential effects arising from the introduction of the clarified ISAs through their possible adoption by the European Commission. Other effects, such as those resulting from the transposition of the statutory audit directive or the introduction of IFRS, should not been taken into account.
- We recognize that you will not have had any experience in using the clarified ISAs in enforcement or oversight activities. However, we hope that you will be able to draw upon your experience in over-

seeing and enforcing current audit practices in developing expectations of the potential effects of ISA adoption on the audit practices of audit firms in your jurisdiction and on your oversight and enforcement activities. To assist you in developing these expectations we have provided you, in the Appendix to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and current audit practices of audit firms in your jurisdiction or your national auditing standards, if any. Your responses to many of the questions in the survey will be based upon your review of the differences (the new or amended objectives, definitions, and requirements) between the ISAs currently effective and the clarified ISAs as described in the Appendix to the questionnaire.

- Because your responses would be based upon your expectations, we recognize that any estimates that you provide will be imprecise. Nevertheless, for the purpose of this study imprecise estimates are preferable to no response: in these cases please provide a rough best estimate. For this reason, the permitted responses to some of the questions in the questionnaire apply scales that use ranges for quantitative answers. We therefore request that you respond to these questions posed using the scales provided.
- In some cases, the information required for your response may not be available within your particular organisation. In these cases, it may be necessary to draw upon information available from other organisations involved in audit oversight or enforcement in your jurisdiction. In particular, some responses may need to draw upon information only available to team leaders responsible for inspections or reviews. Because the alternative responses can only be seen in electronic form, if you need to distribute the form to other organisations, this would need to be done electronically using the entire unanswered form.
- This survey is in electronic form. This means that your responses to the questions in the survey must be inserted into the electronic form and the completed form sent to me by e-mail. Unanswered questions on the form are identifiable by the question mark ("?") in the field available for your response. To respond to any particular question, please click on the relevant field to choose from among the available responses or tick the appropriate box, as appropriate. Note that the print format shows only the question mark when unanswered. Please review the entire electronic form after having completed it to ensure that no unanswered questions (identified by the question mark) remain.
- **Please read the questions carefully because the questions differentiate among different effects and are therefore complementary! It may be useful to review the entire questionnaire before responding to the individual questions.**

General questions to enable the aggregate cost benefit analysis across the entire audit market

Please answer the following questions relevant to your organization or jurisdiction.

1. Name of organization

2. Address

3. Name and position of contact person and those who completed the questionnaire

   Name:

   Position:

4. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

5. Number of registered statutory audit firms in your jurisdiction

   [number]

6. Number of statutory audits performed in the previous calendar year in your jurisdiction

   [number]; of these the number of

audits of unlisted medium sized clients	audits of unlisted large clients	audits of publicly listed clients
[number]	[number]	[number]
joint audits (if any)	**audits of banks**	**audits of insurance companies**
[number]	[number]	[number]

7. Total fees or contributions charged to audit firms for inspections (excluding reviews) of audit firms in the last financial year

   [Euro]

8. Total hours incurred by inspectors in performing inspections of audit firms in the last financial year

   [hours]

9. Total inspection personnel expense incurred in the last financial year

   [Euro]

10. Total number of reviews (excluding inspections) of auditing firms performed in the last financial year

   [number]

I. Assessment of current audit practices

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on audit practices of this possible adoption would need to consider the differences between *current* audit practices and the *clarified* ISAs.

As audit practices may vary among different jurisdictions, the aim of this section is to get an understanding of audit practices in your jurisdiction. Please use the audit practices of audit firms in your jurisdiction as a basis for your responses to this questionnaire.

A. If there are national auditing standards in your country, how are they related to the ISAs?

- ☐ National standards are adopted ISAs without translation
- ☐ National standards are adopted ISAs with translation
- ☐ National standards are transposed ISAs (minor differences)
- ☐ National standards are based upon the ISAs (significant differences)
- ☐ National standards are not based upon the ISAs

B. Based upon your answer above, what is the basis for the audit practices of audit firms in your country?

- ☐ Firm audit practices without any reference to national or international auditing standards
- ☐ National auditing standards (as described above)
- ☐ National auditing standards (as described above) and additional firm practices
- ☐ International Standards on Auditing currently effective
- ☐ Both national auditing standards (as described above) and ISAs currently effective

C. Using the ranges provided, based upon the results of inspections or reviews of audit practices of audit firms in your jurisdiction, please indicate the percentage of audit firms that have ***not*** fully complied with applicable national auditing standards on all audits reviewed on inspected prior to any remedial action?

- ☐ -?-
- ☐ 0 %
- ☐ 0-1 %
- ☐ 2-3 %
- ☐ 4-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 25-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

D. Using the ranges provided, based upon the results of inspections or reviews of audit practices of audit firms in your jurisdiction, please indicate *the percentage of audit engagements affected* by non-compliance with applicable national auditing standards *for audit firms that do **not** fully comply* with applicable national auditing standards on all audits reviewed or inspected.

- ☐ -?-
- ☐ 0 %
- ☐ 0-1 %
- ☐ 2-3 %
- ☐ 4-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 25-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

E. If your national auditing standards as described in your answer to A above adopt the ISAs with translation, or transpose the ISAs or are based upon the ISAs, when were your national auditing standards last updated to reflect the ISAs that are currently effective?

[month/year]

F. What is the policy of your national auditing standards setter (if there is one) with respect to using clarified ISAs in your national auditing practices in the future?

☐ National auditing standards will *not* be amended to reflect all clarified ISAs in the future *unless* they are adopted by the EU.

☐ National auditing standards will be amended to reflect *partly* clarified ISAs in the future even if they are *not* adopted by the EU.

☐ National auditing standards will be amended to reflect *all* clarified ISAs in the future even if they are *not* adopted by the EU.

G. What are the thresholds defined in your jurisdiction to define small, medium-sized and large companies?

Company segment	**Small**	**Medium**	**Large**
Net turnover	[Euro]	[Euro]	[Euro]
Balance sheet total	[Euro]	[Euro]	[Euro]
Number of employees	[number]	[number]	[number]

II. Your assessment of the potential effects of possible ISA adoption by the EU on the audit practices of audit firms in your jurisdiction

As noted above, if the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects of this possible adoption on the audit practices of audit firms in your jurisdiction would need to consider the differences between their *current* audit practices and the *clarified* ISAs.

We recognize that you will not have had any experience in the clarified ISAs. However, we hope that you will be able to draw upon your experience in overseeing current audit practices in developing expectations of the potential effects of possible ISA adoption on the audit practices of audit firms in your jurisdiction. To assist you in developing these expectations we have provided you, in the **Appendix** to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and the current audit practices of audit firms in your jurisdiction or your national standards, if any.

A. Potential effects of implementing *clarified ISAs* on your current audit practices

A.1 Potential cost increases or cost reductions

A.1.1 Potential cost increases or cost reductions at audit *engagement level for auditors and audit clients*

In the following estimates, please *include* only those costs that would be incurred or saved in an audit engagement in *your* country (i.e., exclude costs that would be incurred or saved in auditing audit clients´ foreign subsidiaries).

<u>Please note that the following questions ask for information about cost effects **per statutory audit**. This means, that your responses will be aggregated for all statutory audits.</u>

1. Please provide an estimate of how many *more or less mean average hours per statutory audit engagement* would be incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by an auditor when performing audits in the field due to differences between the auditor's *current* audit practices and the clarified ISAs. Please **disregard** any additional hours that would be incurred from the *implementation* of the clarified ISAs in their *first year of application* (these are covered in question 2 below).

   - ☐ -?-
   - ☐ more than 10,000 hours decrease
   - ☐ 1,001-10,000 hours decrease
   - ☐ 101-1,000 hours decrease
   - ☐ 11-100 hours decrease
   - ☐ 0-10 hours decrease
   - ☐ no change
   - ☐ 1-10 hours increase
   - ☐ 11-100 hours increase
   - ☐ 101-1,000 hours increase
   - ☐ 1,001-10,000 hours increase
   - ☐ more than 10,000 hours increase

2. Please provide an estimate of how many *additional mean average hours* would be incurred by an auditor when performing audits in the field *in the first year* of application of each clarified ISA *per statutory audit engagement* to implement the clarified ISAs, due to differences between the auditor's *current* audit practices and the clarified ISAs.

- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

3. Please provide an estimate of the *proportion of the additional mean average hours* described in question 1 above that would be *charged to the audit client*, or an estimate of the *proportion of the reduced mean average hours* described in question 1 above that would be *passed on to the audit client* through *reduced fees*. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

4. Please provide an estimate of the *proportion of the additional mean average hours* described in question 2 above that would be *charged to the audit client*, or an estimate of the *proportion of the reduced mean average hours* described in question 2 above that would be *passed on to the audit client* through *reduced fees*. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100%

Large (unlisted) audit clients:	☐	-?-
	☐	0-5 %
	☐	6-10 %
	☐	11-25 %
	☐	26-40 %
	☐	41-60 %
	☐	61-80 %
	☐	81-100%
Publicly listed audit clients:	☐	-?-
	☐	0-5 %
	☐	6-10 %
	☐	11-25 %
	☐	26-40 %
	☐	41-60 %
	☐	61-80 %
	☐	81-100%
Banks:	☐	-?-
	☐	0-5 %
	☐	6-10 %
	☐	11-25 %
	☐	26-40 %
	☐	41-60 %
	☐	61-80 %
	☐	81-100%
Insurance Companies:	☐	-?-
	☐	0-5 %
	☐	6-10 %
	☐	11-25 %
	☐	26-40 %
	☐	41-60 %
	☐	61-80 %
	☐	81-100%

A.1.2 Potential costs or cost savings at audit regulator level

5. Please provide an estimate of how many *more or less mean average hours per inspection or review* would be incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by an inspector or reviewer when performing inspections or reviews in the field due to the higher or lower inspection effort (hours) resulting from the need to examine the compliance of an auditor's audit practices with the clarified ISAs. Please **disregard** any additional hours that would be incurred from the implementation of such examination in the first year (these are covered in question 6 below).

With ISQC 1:
- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

Without ISQC 1:
- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

6. Please provide an estimate of how many *more average hours per inspection or review* would be incurred resulting from the need to implement the examination of compliance of the auditor's audit practices with the clarified ISAs in the first year of such examination.

With ISQC 1:

- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

Without ISQC 1:

- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

7. Please provide an estimate of the o*ne-off costs* (e.g. costs of technical personnel, facilities, materials, technology, travel) incurred by your *technical department or technical personnel* to amend your inspection or review practices to cover new requirements.

With ISQC 1:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

Without ISQC 1:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

8. Please provide an estimate of the *one-off costs* (e.g. costs of trainers, facilities, materials, technology, travel) incurred by your *training department or personnel responsible for training* to train inspection or review personnel to review or inspect whether audit practices are compliant with clarified ISAs.

With ISQC 1:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

Without ISQC 1:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

9. Please provide an estimate of the *additional mean average hours* required *per member of inspection or review personnel* to be trained to review or inspect whether audit practices are compliant with clarified ISAs.

With ISQC 1:

- ☐ -?-
- ☐ 0-8 hours
- ☐ 9-16 hours
- ☐ 17-40 hours
- ☐ 41-80 hours
- ☐ 81-120 hours
- ☐ 121-160 hours
- ☐ more than 160 hours

Without ISQC 1:

- ☐ -?-
- ☐ 0-8 hours
- ☐ 9-16 hours

- ☐ 17-40 hours
- ☐ 41-80 hours
- ☐ 81-120 hours
- ☐ 121-160 hours
- ☐ more than 160 hours

10. Please provide an estimate of the *one-off costs* (e.g. costs for personnel and technology) incurred by your *IT department or IT personnel* to *implement* new or amended inspection or review tools, to review or inspect whether audit practices are compliant with clarified ISAs.

With ISQC 1:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

Without ISQC 1:
- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

11. *Please provide an estimate of the additional recurring costs incurred or recurring cost savings gained* (e.g. costs for personnel and technology) by your *IT department or IT personnel* to *maintain* new or amended inspection or review tools to review or inspect whether audit practices are compliant with clarified ISAs

With ISQC 1:
- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

Without ISQC 1:

- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

A.2 Other potential effects

A.2.1 Potential effects at audit engagement level

12. Please fill out the following table. The table asks for your evaluation of the potential *effects on audit quality* arising from the application of the clarified ISAs and therefore different current audit practices in your jurisdiction by different stages of the audit process or aspects of the audit. Please note, that (1) (p) asks for an overall evaluation of the higher or lower probability to detect material misstatements based upon your responses to (1) (a)-(o). Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

Source of potential improvement in audit quality	**Expected extent of the potential improvement in audit quality**
(1) Higher probability to detect material misstatements in transnational audits	
(a) Changed understanding of nature of an audit and the ISAs and their different levels of obligation	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Changed application of professional scepticism	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Changed application of professional judgement due to the use of objectives and the consideration of application material	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Changed interpretation and application of the requirements through consideration of application material	☐ -?- ☐ major impairment ☐ significant impairment

	☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Changed engagement quality control	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(f) Changed client acceptance procedures	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(g) Changed terms of engagement and their clarification of management responsibilities	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(h) Changed understanding of the entity (including its internal control relevant to the audit)	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(i) Changed assessment of business risks	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(j) Changed determination of materiality	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(k) Changed assessment of misstatement risks	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

(l) Changed identification and assessment of significant risks	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(m) Changed audit responses to assessed risks to reduce detection risk	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(n) Changed audit conclusions about misstatements and their disposition	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(o) Changed audit conclusions about misstatements and their disposition	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(p) Based upon your responses to (a) to (o) above, an overall assessment of the changed probability to detect material misstatements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(2) Change in forming an audit opinion, including better reporting of material misstatements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(3) Changed audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

13. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of ISQC 1 by the EU on audit quality as described in potential effects in items (1)-(3) above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

14. Please indicate your evaluation of the effect of the introduction of objectives into the ISAs on audit quality as described in potential effects in items (1)-(3) in the table of question 12 above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

15. Please indicate your evaluation of the effect of the application material in the ISAs on audit quality as described in potential effects in items (1)-(3) in the table of question 12 above.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

A.2.2 Potential effects at audit firm level

16. Please indicate your expectations of any increase or *reduction in the risk* of professional sanctions, liability risk, and reputational risk due to changed terms of engagement or changed audit quality arising from the application of the clarified ISAs and therefore different current audit practices in the table below.

Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

Risks	**Changed terms of engagement**	**Changed audit quality**
Risk of professional sanctions	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Liability risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Reputational risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk

17. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of *ISQC 1* by the EU on the change in risks as described in the previous question.

☐ -?-

☐ major decrease in risk

☐ significant decrease in risk

☐ slight decrease in risk

☐ no change in risk

☐ slight increase in risk

☐ significant increase in risk

☐ major increase in risk

A.2.3 Potential effects at audit client level

18. Based upon your previous responses in questions 12 and 13 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from current audit practices, please indicate in the table below the potential effects for audit clients.

Nature of potential effects on financial reporting quality	Expected extent of potential effects
Changed use by management and those charged with governance of audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed internal control relevant to financial reporting	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed financial reporting	
(a) Changed incidence of material misstatements in audited financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Change in choice and application of acceptable accounting policies	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Change in accounting estimates within their reasonable range, and their disclosure	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Change in quality of disclosures in the notes of the financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Change in other information containing financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change

	☐ slight improvement ☐ significant improvement ☐ major improvement
Changed management accounting and internal control	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed corporate governance	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

A.2.4 Potential effects at audit regulator level

19. Based upon your previous responses in questions 12 and 13 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from current audit practices, please indicate your expectations about the effect on the *quality* of inspections or reviews due to inspectors´ or reviewers´ changed understanding of the nature of an audit, of the ISAs and of their different levels of obligation.

With ISQC 1:
- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

Without ISQC 1:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

20. Based upon your previous responses in questions 12 and 13 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from current audit practices, please indicate your expectations about the effect on the *efficiency* of inspections or reviews due to inspectors´ or reviewers´ changed understanding of the nature of an audit, of the ISAs and of their different levels of obligation.

With ISQC 1:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

Without ISQC 1:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

21. Please indicate your evaluation of the effect of the possible adoption of *ISQC 1* on the *quality of reviews or inspections*.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

22. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the quality of reviews or inspections.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

23. Please indicate your evaluation of the effect of the *application material* in the ISAs on the quality of reviews or inspections.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

A.2.5 Potential effects at European audit market level

24. Do you expect any audit firms to *enter* into or *exit from* the market for statutory audits in your country because the introduction of the clarified ISAs as required auditing standards will cause the benefits of performing such statutory audits to exceed the costs for those firms or the costs of performing such statutory audits to exceed the benefits for those firms, respectively?

- ☐ audit firms enter into the market for statutory audits
- ☐ audit firms exit from the market for statutory audits
- ☐ no change

25. If any change, what *proportion* of audit firms do you expect to enter into or exit from that market? (Answer "not applicable" if your response to question 24 above is "no change".)

- ☐ -?-
- ☐ 0-1 %
- ☐ 2-4 %
- ☐ 5-7 %
- ☐ 8-10 %
- ☐ 11-15 %
- ☐ 16-20 %

- ☐ 21-30 %
- ☐ 31-40 %
- ☐ 41-50 %
- ☐ more than 50 %
- ☐ not applicable

26. Do you expect your response to question 25 above to lead to *improve or impair audit quality*? (Answer "not applicable" if your response to question 24 above is "no change" or your response to question 25 above is "0-1%".)
    - ☐ -?-
    - ☐ major impairment
    - ☐ significant impairment
    - ☐ slight impairment
    - ☐ no change
    - ☐ slight improvement
    - ☐ significant improvement
    - ☐ major improvement
    - ☐ not applicable

27. Do you expect *audit firms to join or to leave networks or other forms of cooperation* due to the implementation of clarified ISAs?
    - ☐ join
    - ☐ leave
    - ☐ no change

28. What *proportion* of such audit firms do you expect to join or leave networks or other forms of cooperation? (Answer "not applicable" if your response to question 27 above is "no change".)
    - ☐ -?-
    - ☐ 0-1 %
    - ☐ 2-4 %
    - ☐ 5-7 %
    - ☐ 8-10 %
    - ☐ 11-15 %
    - ☐ 16-20 %
    - ☐ 21-30 %
    - ☐ 31-40 %
    - ☐ 41-50 %
    - ☐ more than 50 %
    - ☐ not applicable

29. Do you expect your response to question 28 above to lead to *improve or impair audit quality*? (Answer “not applicable” if your response to question 27 above is “no change” or your response to question 28 above is “0-1%”.)

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement
- ☐ not applicable

A.2.6 Potential effects at European capital market level

30. What is your expectation of the degree of correlation between *audit quality* as described in question 12 and the *financial reporting credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

31. What is your expectation of the degree of correlation between *financial reporting credibility* and *financial reporting quality* as described in question 18?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

32. What is your expectation of the degree of correlation between *financial reporting credibility* and the *ability of investors to assess investment risks*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

33. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced capital market transaction costs* (all costs incurred by investors in preparing, making and carrying out their investment decisions)?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

34. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced costs of capital*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

B. Potential effects of using the *same auditing standards* throughout the EU

B.1 Potential costs

B.1.1 Potential costs at audit engagement level

In the following estimates, please *include* only those costs that would be incurred in an audit engagement in *your* country (i.e., exclude costs that would be incurred in auditing audit clients´ foreign subsidiaries).

Please note that the following questions ask for information about cost effects **per statutory audit**. This means, that your responses will be aggregated for all statutory audits.

35. Please provide an estimate of how many *more mean average hours per statutory audit engagement* would be incurred *on a recurring basis each year by* the auditor when performing audits in the field due to clarified ISAs not taking into account national particularities (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices). Please **disregard** any additional hours to design new audit practices at firm level due to clarified ISAs. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

36. Please provide an estimate of the *proportion of the additional mean average hours* described in question 35 above that would be *charged to the audit client.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

37. Please provide an estimate of how many additional mean average hours would be incurred by the auditor when performing audits in the field *in the first year of application* of the clarified ISAs per statutory audit engagement to implement the clarified ISAs, due to the additional audit effort required for auditors for whom English is not their mother tongue *to understand the clarified ISAs in original English or the translations thereof* and any English manual or implementation guidance. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase

- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

38. Please provide an estimate of the *proportion of the additional mean average hours* described in question 37 above that would be *charged to the audit client*? In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

39. Please indicate the degree to which *audit quality* is impaired due to harmonised auditing standards not being specifically tailored to take into account national particularities. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change

Large (unlisted) audit clients:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change

Publicly listed audit clients:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change

Banks:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change

Insurance Companies:

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change

B.1.2 Potential costs at audit regulator level

40. Please provide an estimate of the additional costs that would be incurred *on a recurring basis each year by reviewers or inspectors when performing reviews or inspections* due to clarified ISAs not taking into account national particularities (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices).

- ☐ -?-
- ☐ 0-100 e
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ more than 100,000 €

41. Please provide an estimate of how many additional mean average hours would be incurred by the reviewer or inspector when performing reviews or inspections in the field *in the first year of application* of the clarified ISAs per statutory audit engagement to implement the clarified ISAs, due to the additional audit effort required for reviewers or inspectors for whom English is not their mother tongue to understand the clarified ISAs in original English or the translations thereof and any audit firm English manual or implementation guidance.

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

42. Please indicate the degree to which the effectiveness or efficiency of oversight is impaired due to some loss in regulatory competition among audit regulators because oversight, including inspections, is now driven by the harmonised standards with which auditors must comply and these standards are not specifically tailored to take into account national particularities.

- ☐ -?-
- ☐ no change
- ☐ slight impairment
- ☐ significant impairment
- ☐ major impairment

B.2 Potential benefits

B.2.1 Potential benefits at audit engagement level

43. Please provide your assessment of the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

Source of potential improvement in audit quality	**Expected extent of the potential improvement in audit quality**
Higher probability to detect material misstatements in transnational audits	
(a) Consistent understanding of nature of an audit and the ISAs and their different levels of obligation	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Consistent application of professional scepticism	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Consistent application of professional judgement due to the use of objectives and the consideration of application material	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Consistent interpretation and application of the requirements through consideration of application material	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Harmonized engagement quality control	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(f) Consistent client acceptance procedures	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

(g) Harmonized of engagement and their clarification of management responsibilities	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(h) Consistent understanding of the entity (including its internal control relevant to the audit)	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(i) Consistent assessment of business risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(j) Consistent determination of materiality	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(k) Coordinated and therefore better assessment of misstatement risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(l) Coordinated and therefore better identification and assessment of significant risks	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(m) Coordinated and therefore improved audit responses to assessed risks to reduce detection risk	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(n) Coordinated and therefore improved audit conclusions about misstatements and their disposition	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Improvement in forming an audit opinion, including better reporting of material misstatements	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Harmonized audit reporting / communication of audit findings	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

44. Based on the responses in the table above, please indicate your evaluation of the effect of a possible adoption of *ISQC 1* by the EU on the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

45. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the harmonization of audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

46. Please indicate your evaluation of the effect of the *application material* in the ISAs on the harmonization of audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

47. Based on the responses in the table above, please indicate the potential decrease in mean average hours incurred by the group auditor (excluding subsidiary auditor time) per statutory transnational audit resulting from *better coordination* between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours decrease
- ☐ 11-100 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ more than 10,000 hours decrease

48. Please provide an estimate of the *proportion of the reduced mean average hours* described in question 47 above that would be *passed on to the audit client* through *reduced fees.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %

- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

49. Based on the response in question 47 above, please indicate the potential percentage decrease in mean average hours per statutory transnational audit resulting from the effect of a possible adoption of *ISQC 1* by the EU on the improved coordination between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

50. Please provide an estimate of the *proportion of the reduced mean average hours* described in question 49 above that would be *passed on to the audit client* through *reduced fees.* In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %
- ☐ not applicable

51. Do you expect the use of the same auditing standards (clarified ISAs) within Europe will lead to greater *acceptance of audit reports* from your jurisdiction?

- ☐ yes, but only within Europe
- ☐ yes, even outside of Europe
- ☐ no

52. Please provide an indication of your expectations of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in standards overload* by, among other things, less redundancies among different sets of standards.

Within Europe:		Outside of Europe:	
☐	-?-	☐	-?-
☐	no change	☐	no change
☐	slight reduction	☐	slight reduction
☐	significant reduction	☐	significant reduction
☐	major reduction	☐	major reduction

53. Please provide an indication of your expectations of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in contradictions* between different sets of standards, that cause auditors to not be able to comply with one or the other set of applicable standards.

Within Europe:			Outside of Europe:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight reduction		☐	slight reduction
	☐	significant reduction		☐	significant reduction
	☐	major reduction		☐	major reduction

B.2.2 Potential benefits at transnational audit client level

54. Please indicate the extent of the *recurring benefit* gained by transnational *audit clients* as preparers of the financial statements from a *reduction of the risk of material misstatements* in the financial statements prior to the audit due to *better coordination* in the preparation process resulting from harmonized internal control relevant to financial reporting due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Large (unlisted) audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Publicly listed audit clients:
- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

55. Please indicate the extent of the *recurring benefit* gained by transnational audit clients as preparers of the financial statements from *better use of audit reporting or communications* of audit findings by management and those charged with governance within a group due to their needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices in relation to audit reporting or communications of audit findings when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase
- ☐ not applicable

Banks:

- [ ] -?-
- [ ] no change
- [ ] slight increase
- [ ] significant increase
- [ ] major increase
- [ ] not applicable

Insurance Companies:

- [ ] -?-
- [ ] no change
- [ ] slight increase
- [ ] significant increase
- [ ] major increase
- [ ] not applicable

56. Please indicate the extent of the *recurring benefit* gained by transnational audit clients as preparers of the financial statements from *better access to capital and business opportunities* due to greater acceptance of audit reporting and therefore of the audit client´s financial statements outside of home jurisdiction (both within and outside of Europe) resulting from uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- [ ] -?-
- [ ] no change
- [ ] slight increase
- [ ] significant increase
- [ ] major increase
- [ ] not applicable

Large (unlisted) audit clients:

- [ ] -?-
- [ ] no change
- [ ] slight increase
- [ ] significant increase
- [ ] major increase
- [ ] not applicable

Publicly listed audit clients:

- [ ] -?-
- [ ] no change
- [ ] slight increase
- [ ] significant increase
- [ ] major increase
- [ ] not applicable

Banks:

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase
☐ not applicable

Insurance Companies:

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase
☐ not applicable

B.2.3 Potential benefits at audit regulator level

57. Please provide your assessment of the extent of the potential *improvement in communication, coordination and sharing of resources* among audit regulators both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:			Without ISQC 1:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight improvement		☐	slight improvement
	☐	significant improvement		☐	significant reduction improvement
	☐	major improvement		☐	major improvement

58. Please provide your assessment of the extent of the potential *improvement in acceptance of oversight systems,* including review or inspection results, both within and outside of Europe among audit regulators both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:			Without ISQC 1:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight improvement		☐	slight improvement
	☐	significant improvement		☐	significant reduction improvement
	☐	major improvement		☐	major improvement

59. Please provide your assessment of the extent of the potential *convergence of oversight systems and bodies*, including reviews or inspections, both within and outside of Europe among audit regulators both within and outside of Europe resulting from the use of the *same* auditing standards (the clarified ISAs).

With ISQC 1:			Without ISQC 1:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight improvement		☐	slight improvement

☐	significant improvement	☐	significant reduction improvement
☐	major improvement	☐	major improvement

60. Please indicate your evaluation of the effect of the possible adoption of *ISQC 1* on the harmonization of reviews or inspections.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

61. Please indicate your evaluation of the effect of the *introduction of objectives* into the ISAs on the harmonization of reviews or inspections.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

62. Please indicate your evaluation of the effect of the *application material* in the ISAs on the harmonization of reviews or inspections.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

B.2.4 Potential benefits at European audit market level

63. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *reduced barriers to entry* into the audit market for transnational audit clients for audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

64. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *better retention of transnational audit clients* by audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2.5 Potential benefits at the European capital market level

65. What is your expectation of the degree of correlation between the *use of clarified ISAs by all audit firms in the EU* and *increased transparency* resulting from the use of more comparable audit reports?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

66. What is your expectation of the degree of correlation between the *increased transparency* resulting from the use of more comparable audit reports by all audit firms in the EU and financial reporting *credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

67. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports may lead to a *reduction of international information asymmetries* between capital market participants.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

68. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to a *reduction of costs to comprehend audits* by investors from different EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

69. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an *increase in acceptance* by investors of audit and financial reports within the EU from other EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

70. Please indicate the extent to which you believe that an increase in acceptance by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to *more non-EU investors entering the EU capital market*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C. Potential effects resulting from the provision of *legal sanction* for auditing standards through the possible adoption of clarified ISAs

C.1 Potential costs

C.1.1 Potential costs at audit engagement level

71. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to treat ISAs *as legal rules as well as principles* and therefore perform procedures required by the ISAs even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

72. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to treat ISAs *as legal rules rather than principles* and therefore disregard the audit objectives, the requirement for additional procedures in ISA 200 and the application material such that the auditors only perform procedures required by the ISAs, even though additional procedures would be necessary for an audit of adequate quality.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

73. Based upon your response to questions 71 and 72 above, please provide an estimate of how many *more mean average hours per statutory audit engagement* would be incurred *on a recurring basis each year* by auditors generally when performing audits in the field due to the effect described in questions 71 and 72 above. In your response, please distinguish by audit client size and by industry.

Medium sized (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Large (unlisted) audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Publicly listed audit clients:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Banks:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

Insurance Companies:

- ☐ -?-
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase
- ☐ not applicable

74. Please indicate the extent to which you believe that your response to questions 71 and 72 will lead to a change in *audit quality*.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.1.2 Potential costs at audit regulator level

75. If ISAs obtain legal sanction through the possible adoption by the EU, do you believe that in your jurisdiction, in performing or monitoring external quality assurance, you would be more concerned about audit quality than compliance with the ISAs as rules, or more concerned about compliance with the ISAs than audit quality, or equally concerned about both?

- ☐ A. More concerned about compliance with the ISAs as rules
- ☐ B. More concerned about audit quality
- ☐ C. Equally concerned about compliance with the ISAs as rules and about audit quality

76. Based upon your response to question 74 above, please indicate the change in *recurring* annual external quality assurance (reviews or inspections) costs.

- ☐ -?-
- ☐ more than 10,000 hours decrease
- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 11-100 hours decrease
- ☐ 0-10 hours decrease
- ☐ no change
- ☐ 1-10 hours increase
- ☐ 11-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ more than 10,000 hours increase

C.1.3 Potential costs at European audit market level

77. If the situation described in question 75 A were to apply, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 72 as opposed to the behaviour described in question 71?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

C.2 Potential benefits

C.2.1 Potential benefits at audit engagement level

78. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to perform needed procedures required by the ISAs that would not have otherwise been performed because of the *greater authority of auditors versus audit clients* when referring to standards with legal sanction.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

79. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally with a greater incentive to perform needed procedures required by the ISAs that would not have otherwise been performed due to *greater legal certainty* about what audit regulators and the courts will enforce.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

80. Please indicate your evaluation of the effect of the *introduction of objectives*, with legal sanction, into the ISAs on the legal certainty of required audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment

☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

81. Please indicate your evaluation of the effect on the legal certainty of required audit practices of *not* adopting the *application material* in the ISAs such that the application material has the *same degree of legal sanction as the degree of obligation for application material in the ISAs*.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

C.2.2 Potential benefits at audit firm level

82. Please indicate the extent to which you believe that increased audit quality would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	**Change**
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

83. Please indicate the extent to which you believe that greater compliance with auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would reduce the risk of professional sanctions, *liability risk and reputational risk*.

Risk	Change
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

C.2.3 Potential benefits at audit client level

84. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would provide an *improved basis for legal claims against auditors* by audit clients when auditors have not complied with auditing standards that have legal sanction.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

85. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would *improve access to capital and business opportunities* due to perceived better quality audits because of the legal sanction for auditing standards.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

C.2.4 Potential benefits at audit regulator level

86. Using the ranges provided, please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve audit quality due to the ability of audit regulators to apply legally supported sanctions when auditors have not complied with auditing standards that have legal support because legally supported sanctions have a greater *deterrent effect*.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

87. Please indicate your evaluation of the impact on the quality of reviews or inspections resulting from the effect of the *introduction of objectives, with legal sanction*, into the ISAs on the legal certainty of required audit practices.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

88. Please indicate your evaluation of the impact on the quality of reviews or inspections resulting from the effect on the legal certainty of required audit practices of *not* adopting the application material in the ISAs such that the application material has the same degree of legal sanction as the degree of obligation for application material in the ISAs.

- ☐ -?-
- ☐ major impairment
- ☐ significant impairment
- ☐ slight impairment
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.5 Potential benefits at audit market level

89. If the situations described in question 75 B or C were to apply in your jurisdiction, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 71 as opposed to the behaviour described in question 72?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

C.2.6 Potential benefits at capital market level

90. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve *audit quality.*

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

D. Conclusion

91. Are there any costs of the possible adoption of ISAs by the European Commission that have not been covered by this questionnaire? If any, please specify.

92. Are there any benefits of the possible adoption of ISAs by the European Commission that have not been covered by this questionnaire? If any, please specify.

93. Overall, how would you evaluate the relation of costs and benefits of a possible adoption of ISAs by the European Commission?

- ☐ Benefits significantly outweigh costs
- ☐ Benefits slightly outweigh costs
- ☐ Benefits and costs are balanced
- ☐ Costs slightly outweigh benefits
- ☐ Costs significantly outweigh benefits.

Appendix 4.3: Questionnaire Capital Market Participant Perspective

Prof. Dr. Annette G. Köhler
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Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Survey on the cost benefit effects from a capital market participant perspective

Dear Madam(s) / dear Sir(s),

the European Commission commissioned a study on the cost and benefit effects of the possible adoption of International Standards on Auditing (ISAs) by the European Commission. The study, conducted under my leadership by the University of Duisburg-Essen, will comprise two major parts: the development of a framework of the economic effects of the possible adoption of ISAs and the description and – if possible – quantification of these effects using a wide-range survey instrument. The empirical part of the study will cover the audit firm perspective as well as other stakeholder perspectives.

Special consideration is to be given to capital market effects under the requirements for the study, i.e. the role of the harmonisation of auditing standards for the effectiveness of capital markets needs to be examined. The assessment of cost-benefit-related issues from the perspective of individual and institutional investors, and other stakeholders is highly relevant for the success of the project. I would therefore like to seize the opportunity to ask for your support for this project by asking you to respond to the following questionnaire and return it via e-mail to annette.koehler@uni-due.de

by **October 31, 2008**.

I would like to emphasise, that any information provided to me through this survey or in any discussions about this survey with you will be held strictly confidential: such information will be restricted to those members of my team that need to analyse the information so that it can be aggregated. Only aggregated information from which the responses of individual survey participants are not identifiable will be made available to the European Commission. The information gathered from the survey will be subject to stringent information security measures. These measures include the restriction of access to individual responses to one of my assistants and to me. Others involved in the project and the European Commission will have access only to aggregated data.

Please do not hesitate to contact me if you have any questions or information relevant for the analysis of your data. I would like to express my sincere gratitude in advance.

Prof. Dr. Annette G. Köhler

General instructions for responding to this questionnaire

- The term “statutory audit” refers to those audits of financial statements performed pursuant to the European Union´s Statutory Audit Directive.
- The term “capital market” refers to both the private and public market for capital (i.e., it includes not only publicly listed entities, but the financial market for all entities subject to the Fourth and Seventh EU Directives).
- The terms “medium sized” and “large” companies are defined on the basis of the thresholds set forth by the Fourth EU Directive. However, deviations from these thresholds by EU member states are possible. Nevertheless, we request that you use the following thresholds rather than those applicable in your jurisdiction.

Company segment	**Small**	**Medium-sized**	**Large**
Net turnover	≤ € 8.8mn	≤ € 35.0mn	> € 35.0mn
Balance sheet total	≤ € 4.4mn	≤ € 17.5mn	> € 17.5mn
Number of employees	≤ 50	≤ 250	> 250

- The term “transnational audit client” or “transnational audit” refers to companies that have subsidiaries, branches, equity investments or joint ventures outside of their home jurisdiction, or companies that are such a subsidiary, branch, equity investment or joint venture.
- In responding to the questions posed in the survey, please restrict your responses to those potential effects arising from the introduction of the clarified ISAs through their possible adoption by the European Commission. Other effects, such as those resulting from the transposition of the statutory audit directive or the introduction of IFRS, should not been taken into account.
- We recognize that you will not have direct information about current audit practices or how these would change in applying the clarified ISAs. However, we hope that you will be able to draw upon your perceptions about current audit procedures in developing rough expectations of the potential effects of ISA adoption. To assist you in developing these expectations we have provided you, in the Appendix to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and current audit practices or national auditing standards in your jurisdiction, if any. Your responses to many of the questions in the survey will be based upon your review of the differences (the new or amended objectives, definitions, and requirements) between the ISAs currently effective and the clarified ISAs as described in the Appendix to the questionnaire.
- Because your responses would be based upon your expectations, we recognize that any estimates that you provide will be imprecise. Nevertheless, for the purposes of this study imprecise estimates are preferable to no response: in these cases please provide a rough best estimate. For this reason, the permitted responses to some of the questions in the questionnaire apply scales that use ranges for quantitative answers. We therefore request that you respond to these questions posed using the scales provided.
- In some cases, the information required for your response may not be available within your particular department. In these cases, it may be necessary to draw upon information available from other departments in your firm. Because the alternative responses can only be seen in electronic form, if you need to distribute the form to other departments this would need to be done electronically using the entire unanswered form.

- This survey is in electronic form. This means that your responses to the questions in the survey must be inserted into the electronic form and the completed form sent to me by e-mail. Unanswered questions on the form are identifiable by the question mark (“?”) in the field available for your response. To respond to any particular question, please click on the relevant field to choose from among the available responses or tick the appropriate box, as appropriate. Note that the print format shows only the question mark when unanswered. Please review the entire electronic form after having completed it to ensure that no unanswered questions (identified by the question mark) remain.
- **Please read the questions carefully because the questions differentiate among different effects and are therefore complementary! It may be useful to review the entire questionnaire before responding to the individual questions.**

I. General questions

1. Institution name

2. Address

3. Name and position of contact person and those who completed the questionnaire

   Name:

   Position:

4. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

II. Your assessment of the potential effects on audit practices of possible ISA adoption by the EU

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called “Clarity Project” (clarified ISAs). This means that your assessments of the potential effects on audit practices of this possible adoption would need to consider the differences between *current* audit practices and the *clarified* ISAs.

Before you answer the following questions of this questionnaire, we request that you review, in the **Appendix** to this questionnaire, the differences between the ISAs currently effective and the clarified ISAs.

A. Potential effects of implementing *clarified ISAs* on current audit practices in your jurisdiction

A.1 Potential cost increases or cost reductions at audit *engagement level for auditors and audit clients*

1. Please provide an estimate of the size of any increase or decrease in audit costs incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by the auditor when performing audits in the field *per statutory audit* due to differences between the auditor´s *current* audit practices and the clarified ISAs. Please **disregard** any additional costs that would be incurred from the implementation of the clarified ISAs in their *first year* of *application* (these are covered in question 2 below).

   - ☐ -?-
   - ☐ major decrease
   - ☐ significant decrease
   - ☐ slight decrease
   - ☐ no change
   - ☐ slight increase
   - ☐ significant increase
   - ☐ major increase

2. Please provide an estimate of the size of any increase in audit costs incurred by the auditor when performing the audits of financial statements *in the first year* of application of the clarified ISAs to *implement* the clarified ISAs, due to differences between the auditor´s *current* audit practices and the clarified ISAs.

   - ☐ -?-
   - ☐ no change
   - ☐ slight increase
   - ☐ significant increase
   - ☐ major increase

3. Please provide an estimate of the *proportion of the additional costs* described in question 1 above that would be *charged to the audit client*, or an estimate of the *proportion of the reduced costs* described in question 1 above that would be *passed on to the audit client* through *reduced fees.*

   - ☐ -?-
   - ☐ 0-5 %
   - ☐ 6-10 %

- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

4. Please provide an estimate of the *proportion of the additional costs* described in question 2 above that would be *charged to the audit client*, or an estimate of the *proportion of the reduced costs* described in question 2 above that would be *passed on to the audit client* through *reduced fees*.

   - ☐ -?-
   - ☐ 0-5 %
   - ☐ 6-10 %
   - ☐ 11-25 %
   - ☐ 26-40 %
   - ☐ 41-60 %
   - ☐ 61-80 %
   - ☐ 81-100 %

5. Please provide an estimate of the size of any increase or decrease in client costs that would be incurred or saved on a *recurring basis each year subsequent to the first year* of application of the clarified ISAs by the audit client when responding to the auditor´s need to comply with the requirements of each clarified ISA. Please **dis-regard** any additional costs that would be incurred from the audit client´s *initial* greater preparation effort in their *first year of application* (these are covered in question 6 below).

   - ☐ -?-
   - ☐ major decrease
   - ☐ significant decrease
   - ☐ slight decrease
   - ☐ no change
   - ☐ slight increase
   - ☐ significant increase
   - ☐ major increase

6. Please provide an estimate of the size of any increase in client costs that would result from the audit client´s *initial* greater preparation effort *in the first year* to respond to the auditor´s need to comply with the require-ments of the clarified ISAs.

   - ☐ -?-
   - ☐ no change
   - ☐ slight increase
   - ☐ significant increase
   - ☐ major increase

A.2 Other potential effects

A.2.1 Potential effects at audit engagement level

7. Please fill out the following table. The table asks for your evaluation of the potential *effects on audit quality* arising from the application of the clarified ISAs different from current audit practices by different stages of the audit process or aspects of the audit. Please assess these potential effects on the basis that ISQC 1 (the standard regulating quality control at audit firm level) is *not* adopted by the EU.

Source of potential change in audit quality	**Expected extent of the potential change in audit quality**
(1) Changed probability to detect material misstatements in financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(2) Change in forming an audit opinion, including better reporting of material misstatements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(3) Changed audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

8. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of *ISQC 1* (the standard regulating quality control at audit firm level) by the EU on audit quality as described in items (1)-(3) above.

☐ -?-

☐ major impairment

☐ significant impairment

☐ slight impairment

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

A.2.2 Potential effects at audit firm level

9. Please provide an estimate of any increase or reduction in the risk of professional sanctions, liability risk, and reputational risk due to changed client selection, changed terms of engagement, and changed audit quality arising from the application of the clarified ISAs different from current audit practices.

Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

Risks	**Changed terms of engagement**	**Changed audit quality**
Risk of professional sanctions	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Liability risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Reputational risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk

10. Based on the responses in the table above please provide an estimate of the effect of a possible adoption of *ISQC 1* by the EU on the change in risks as described in the previous question.

☐ -?-

☐ major decrease in risk

☐ significant decrease in risk

☐ slight decrease in risk

☐ no change in risk

☐ slight increase in risk

☐ significant increase in risk

☐ major increase in risk

A.2.3 Potential effects at audit client level

11. Based upon your responses in question 7 with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from current audit practices, please indicate in the table below the potential effects on *financial reporting quality*.

Nature of potential effects on financial reporting quality	**Expected extent of potential effects**
Changed use by management and those charged with governance of audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed internal control relevant to financial reporting	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed financial reporting	
(a) Changed incidence of material misstatements in audited financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Change in choice and application of acceptable accounting policies	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(c) Change in accounting estimates within their reasonable range, and their disclosure	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Change in quality of disclosures in the notes of the financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Change in other information containing financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change

	☐ slight improvement ☐ significant improvement ☐ major improvement
Changed management accounting and internal control	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed corporate governance	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

A.2.4 Potential effects at European capital market level

12. What is your expectation of the degree of correlation between *audit quality* as described in question 7 and *financial reporting credibility*?

☐ -?-

☐ no correlation

☐ slight correlation

☐ significant correlation

☐ major correlation

13. What is your expectation of the degree of correlation between *financial reporting credibility* and *financial reporting quality* as described in question 11?

☐ -?-

☐ no correlation

☐ slight correlation

☐ significant correlation

☐ major correlation

14. What is your expectation of the degree of correlation between *financial reporting quality* and the *ability of investors to assess investment risks*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

15. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced* c*apital market transaction costs* (all costs incurred by investors in preparing, making and carrying out their investment decisions)?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

16. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced costs of capital*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

B. Potential effects of using the *same auditing standards* throughout the EU

B.1 Potential costs

B.1.1 Potential costs at audit engagement level

17. Please provide an estimate of the size of any increase in costs that would be incurred *on a recurring basis each year by* the auditor when performing audits in the field due to clarified ISAs *not taking into account national particularities* (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices).

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

18. Please provide an estimate of the *proportion of the additional costs* described in question 17 above that would be *charged to the audit client*.

☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %
☐ 26-40 %
☐ 41-60 %
☐ 61-80 %
☐ 81-100 %

19. Please provide an estimate of the size of any increase in costs that would be incurred by the auditor when performing audits in the field *in the first year of application* of the clarified ISAs per statutory audit engagement to *implement* the clarified ISAs, due to the additional audit effort required for auditors for whom English is not their mother tongue *to understand the clarified ISAs in original English or the translations thereof and any English manual or implementation guidance*.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

20. Please provide an estimate of the *proportion of the additional mean average costs* described in question 19 above that would be *charged to the audit client*?

☐ -?-
☐ 0-5 %
☐ 6-10 %
☐ 11-25 %

- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

21. Please provide an estimate of the degree to which audit quality is impaired due to harmonised auditing standards *not* being specifically tailored to take into account national particularities.

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

B.1.2 Potential costs at European capital market level

22. Please provide an estimate of the extent to which you believe that *increase in acceptance* by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may *lead to more non-EU investors entering the EU capital market*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2 Potential benefits

B.2.1 Potential benefits at audit engagement level

23. Please provide an estimate of the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in the transnational audit of financial statements.

Source of potential improvement in audit quality	**Expected extent of the potential improvement in audit quality**
Higher probability to detect material misstatements in transnational audits	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Improvement in forming an audit opinion, including better reporting of material misstatements	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Harmonized audit reporting / communication of audit findings	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

24. Based on the responses in the table above, please provide an estimate of the effect of a possible adoption of *ISQC 1* by the EU on the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

25. Based on the responses in the table above, please provide an estimate of the potential decrease in audit costs incurred by the *group auditor* resulting from *better coordination* between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits.

☐ -?-

☐ no change

☐ slight increase

☐ significant increase

☐ major increase

26. Please provide an estimate of the *proportion of the reduced costs* described in question 25 above that would be *passed on to the audit client* through *reduced fees.*

☐ -?-

☐ 0-5 %

☐ 6-10 %

- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

27. Based on the response in question 24 above, please provide an estimate of the potential decrease in costs incurred on the transnational audit of financial statements resulting from the effect of a possible adoption of *ISQC 1* by the EU on the *improved coordination* between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in transnational audits of financial statements.

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

28. Please provide an estimate of the *proportion of the reduced costs* described in question 27 above that would be *passed on to the audit client* through *reduced fees.*

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

29. Do you expect the use of the same auditing standards (clarified ISAs) within Europe will lead to *greater acceptance* of audit reports on financial statements outside of home jurisdictions?

- ☐ yes, but only within Europe
- ☐ yes, even outside of Europe
- ☐ no

30. Please provide an estimate of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in standards overload* by, among other things, less redundancies among different sets of standards.

Within Europe:			Outside of Europe:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight reduction		☐	slight reduction
	☐	significant reduction		☐	significant reduction
	☐	major reduction		☐	major reduction

31. Please provide an estimate of the extent to which the use of the same auditing standards (clarified ISAs) within Europe leads to a *reduction in contradictions* between different sets of standards, that cause auditors to not be able to comply with one or the other set of applicable standards.

Within Europe:			Outside of Europe:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight reduction		☐	slight reduction
	☐	significant reduction		☐	significant reduction
	☐	major reduction		☐	major reduction

B.2.2 Potential benefits at transnational audit client level

32. Please indicate the extent of the *recurring* benefit gained by transnational audit clients as preparers of the financial statements from a *reduction of the risk of material misstatements* in the financial statements prior to the audit due to *better coordination* in the preparation process resulting from *harmonized internal control* relevant to financial reporting due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

33. Please indicate the extent of the *recurring* benefit gained by transnational audit clients as preparers of the financial statements from *better use of audit reporting or communications of audit findings* by management and those charged with governance within a group due to their needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices in relation to audit reporting or communications of audit findings when ISAs are adopted by the EU.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

34. Please indicate the extent of the *recurring* benefit gained by transnational audit clients as preparers of the financial statements from *better access to capital and business opportunities* due to greater acceptance of audit reporting and therefore of the audit client´s financial statements outside of home jurisdiction (both within and outside of Europe) resulting from uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2.3 Potential benefits at European audit market level

35. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *reduced barriers to entry* into the audit market for transnational audit clients for audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

36. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *better retention of transnational audit clients* by audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2.4 Potential benefits at the European capital market level

37. What is your expectation of the degree of correlation between the *use of clarified ISAs by all audit firms in the EU* and *increased transparency* resulting from the use of more comparable audit reports?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

38. What is your expectation of the degree of correlation between the *increased transparency* resulting from the use of more comparable audit reports by all audit firms in the EU and *financial reporting credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

39. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports may lead to a *reduction of international information asymmetries* between capital market participants.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

40. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to a *reduction of costs to comprehend audits* by investors from different EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

41. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an *increase in acceptance by investors of audit and financial reports* within the EU from other EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

42. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of comparable audit reports and auditing standards may lead to an *increase in acceptance* by investors of audit and financial reports from non-EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

43. Please indicate the extent to which you believe that an increase in acceptance by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to *more non-EU investors entering the EU capital market*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C. Potential effects resulting from the provision of *legal sanction* for auditing standards through the possible adoption of clarified ISAs

C.1 Potential costs

C.1.1 Potential costs at audit engagement level

44. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to treat ISAs *as legal rules as well as principles* and therefore perform procedures required by the ISAs even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

45. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to treat ISAs *as legal rules rather than principles* and disregard the audit objectives, the requirement for additional procedures in ISA 200 and the application material such that the auditors only perform procedures required by the ISAs even though additional procedures would be necessary for an audit of adequate quality.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

46. Based upon your responses to questions 44 and 45 above, please provide an estimate of the change in audit cost that would be incurred or saved *on a recurring basis each year* by auditors generally when performing audits in the field due to the effect described in questions 44 and 45 above.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

47. Please indicate the extent to which you believe that the reactions described in your responses to questions 44 and 45 will lead to a *change in audit quality*.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.1.2 Potential costs at audit regulator level

48. If ISAs obtain legal sanction through the possible adoption by the EU, do you believe that in your jurisdiction, in *performing or monitoring external quality assurance*, audit regulators would more concerned about audit quality than compliance with the ISAs as rules, or more concerned about compliance with the ISAs than audit quality, or equally concerned about both?

- ☐ A. More concerned about compliance with the ISAs as rules
- ☐ B. More concerned about audit quality
- ☐ C. Equally concerned about compliance with the ISAs as rules and about audit quality

C.1.3 Potential costs at European audit market level

49. If the situation described in question 48 A were to apply, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 45 as opposed to the behaviour described in question 44?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

C.2 Potential benefits

C.2.1 Potential benefits at audit engagement level

50. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to perform needed procedures required by the ISAs that would not have otherwise been performed because of the *greater authority of auditors versus audit clients* when referring to standards with legal sanction.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

51. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause auditors generally to perform needed procedures required by the ISAs that would not have otherwise been performed due to *greater legal certainty about what audit regulators and the courts will enforce*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.2.2 Potential benefits at audit firm level

52. Please indicate the extent to which you believe that increased *audit quality* would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	**Change**
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

53. Please indicate the extent to which you believe that *greater compliance with auditing standards that have legal sanction* through the possible adoption of the ISAs by the EU would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	Change
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

C.2.3 Potential benefits at audit client level

54. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would provide an *improved basis for legal claims against auditors by audit clients* when auditors have not complied with auditing standards that have legal sanction.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

55. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would *improve access to capital and business opportunities* due to perceived better quality audits because of the *legal sanction* for auditing standards.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

C.2.4 Potential benefits at audit regulator level

56. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve audit quality due to the *ability of audit regulators to apply legally supported sanctions* when auditors have not complied with auditing standards that have legal support because legally supported sanctions have a greater *deterrent effect*.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.5 Potential benefits at audit market level

57. If the situations described in question 48 B or C were to apply in your jurisdiction, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 44 as opposed to the behaviour described in question 45?

- ☐ -?-
- ☐ 0-5 %
- ☐ 6-10 %
- ☐ 11-25 %
- ☐ 26-40 %
- ☐ 41-60 %
- ☐ 61-80 %
- ☐ 81-100 %

C.2.6 Potential benefits at capital market level

58. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would *improve audit quality*.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

D. Conclusion

59. Are there any costs of the possible adoption of ISAs by the European Commission that have *not* been covered by this questionnaire? If any, please specify.

60. Are there any benefits of the possible adoption of ISAs by the European Commission that have not been covered by this questionnaire? If any, please specify.

61. Overall, how would you evaluate the relation of costs and benefits of a possible adoption of ISAs by the European Commission?

    ☐ Benefits significantly outweigh costs
    ☐ Benefits slightly outweigh costs
    ☐ Benefits and costs are balanced
    ☐ Costs slightly outweigh benefits
    ☐ Costs significantly outweigh benefits

Appendix 4.4: Questionnaire Audit Client Perspective

MERCATOR SCHOOL OF MANAGEMENT

UNIVERSITÄT DUISBURG ESSEN

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Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Survey on the cost benefit effects from an audit client perspective

Dear Madam(s) / dear Sir(s),

the European Commission commissioned a study on the cost and benefit effects of the possible adoption of International Standards on Auditing (ISAs) by the European Commission. The study, conducted under my leadership by the University of Duisburg-Essen, will comprise two major parts: the development of a framework of the economic effects of the possible adoption of ISAs and the description and – if possible – quantification of these effects using a wide-range survey instrument. The empirical part of the study will cover the audit firm perspective as well as other stakeholder perspectives.

Special consideration is to be given to the effects for the preparers of financial statements, i.e. the role of the harmonisation of auditing standards for audit clients within Europe needs to be examined. I would therefore like to seize the opportunity to ask for your support for this project by asking you to respond to the following questionnaire and return it via e-mail to annette.koehler@uni-due.de

by **October 31, 2008**.

I would like to emphasise, that any information provided to me through this survey or in any discussions about this survey with you will be held strictly confidential: such information will be restricted to those members of my team that need to analyse the information so that it can be aggregated. Only aggregated information from which the responses of individual survey participants are not identifiable will be made available to the European Commission. The information gathered from the survey will be subject to stringent information security measures. These measures include the restriction of access to individual responses to one of my assistants and to me. Others involved in the project and the European Commission will have access only to aggregated data.

Please do not hesitate to contact me if you have any questions or information relevant for the analysis of your data. I would like to express my sincere gratitude in advance.

Prof. Dr. Annette G. Köhler

General instructions for responding to this questionnaire

- The term “statutory audit” refers to those audits of financial statements performed pursuant to the European Union´s Statutory Audit Directive.
- The term “capital market” refers to both the private and public market for capital (i.e., it includes not only publicly listed entities, but the financial market for all entities subject to the Fourth and Seventh EU Directives).
- The terms “medium sized” and “large” companies are defined on the basis of the thresholds set forth by the Fourth EU Directive. However, deviations from these thresholds by EU member states are possible. Nevertheless, we request that you use the following thresholds rather than those applicable in your jurisdiction.

Company segment	**Small**	**Medium-sized**	**Large**
Net turnover	≤ € 8.8mn	≤ € 35.0mn	> € 35.0mn
Balance sheet total	≤ € 4.4mn	≤ € 17.5mn	> € 17.5mn
Number of employees	≤ 50	≤ 250	> 250

- The audit of your financial statements by two auditors in a joint audit should be treated as a single audit.
- In responding to the questions posed in the survey, please restrict your responses to those potential effects arising from the introduction of the clarified ISAs through their possible adoption by the European Commission. Other effects, such as those resulting from the transposition of the statutory audit directive or the introduction of IFRS, should not been taken into account.
- We recognize that you will not have direct information about your auditor’s current audit practices or how these would change in applying the clarified ISAs. However, we hope that you will be able to draw upon your experience and perceptions in responding to your auditor’s current audit procedures in developing rough expectations of the potential effects of ISA adoption. To assist you in developing these expectations we have provided you, in the Appendix to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and your audit firm’s current audit practices or national auditing standards in your jurisdiction, if any. Your responses to many of the questions in the survey will be based upon your review of the differences (the new or amended objectives, definitions, and requirements) between the ISAs currently effective and the clarified ISAs as described in the Appendix to the questionnaire.
- Because your responses would be based upon your expectations, we recognize that any estimates that you provide will be imprecise. Nevertheless, for the purpose of this study imprecise estimates are preferable to no response: in these cases please provide a rough best estimate. For this reason, the permitted responses to some of the questions in the questionnaire apply scales that use ranges for quantitative answers. We therefore request that you respond to these questions posed using the scales provided.
- In some cases, the information required for your response may not be available within your particular department. In these cases, it may be necessary to draw upon information available from other departments in your firm. Because the alternative responses can only be seen in electronic form, if you need to distribute the form to other departments this would need to be done electronically using the entire unanswered form.
- This survey is in electronic form. This means that your responses to the questions in the survey must be inserted into the electronic form and the completed form sent to me by e-mail. Unanswered questions on the form are identifiable by the question mark (“?”) in the field available for your response. To respond to any par-

ticular question, please click on the relevant field to choose from among the available responses or tick the appropriate box, as appropriate. Note that the print format shows only the question mark when unanswered. Please review the entire electronic form after having completed it to ensure that no unanswered questions (identified by the question mark) remain.

- **Please read the questions carefully because the questions differentiate among different effects and are therefore complementary! It may be useful to review the entire questionnaire before responding to the individual questions.**

I. General questions to enable the aggregate cost benefit analysis across the entire audit market

Please answer the following questions for your national corporate group, not for your international corporate group, if any.

1. Firm name

2. Address

3. Name and position of contact person and those who completed the questionnaire

   Name:

   Position:

4. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

5. Nature and size of corporate group

   Category: ☐ medium sized unlisted Net turnover in the last financial year: [Euro]

   ☐ large unlisted

   ☐ publicly listed

6. Industry

   ☐ Bank

   ☐ Insurance Company

   ☐ Other

7. The financial statements are subject to a joint audit by two auditors

   ☐ yes ☐ no

8. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

9. Number of accounting personnel

   [number]

10. Total audit fees incurred from the statutory audit performed in the last financial year

    [Euro]

11. Total hours estimated as incurred by accounting personnel to prepare the financial statements, excluding the hours applied to prepare for the audit and assist auditors performing the statutory audit for the statutory audit of the previous financial year

    [hours]

12. Total hours estimated as incurred by accounting personnel to prepare for the audit and assist auditors performing the statutory audit for the statutory audit of the previous financial year

    [hours]

13. Total accounting personnel expense in the last financial year for those that prepare the financial statements and prepare for the audit and assist the auditors

[Euro]

II. Your assessment of the potential effects of possible ISA adoption by the EU on the audit practices of your auditors

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on audit practices of this possible adoption would need to consider the differences between *current* audit practices and the *clarified* ISAs.

Before you answer the following questions of this questionnaire, we request that you review, in the **Appendix** to this questionnaire, the differences between the ISAs currently effective and the clarified ISAs.

A. Potential effects of implementing *clarified ISAs* on your auditor's current audit practices

A.1 Potential cost increases or cost reductions

A.1.1 Potential cost increases or cost reductions at audit *engagement level for auditors and audit clients*

In the following estimates, please *include* only those costs that you believe would be incurred or saved in an audit engagement in *your* country (i.e., exclude costs that would be incurred or saved in auditing any foreign subsidiaries of your company). Please base your estimates upon your review of the categorisation of the new or amended objectives, definitions, and requirements in the **Appendix** to this questionnaire.

1. Please provide an estimate of the size of any increase or decrease in audit costs incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by the auditor when performing the audit of your financial statements due to differences between your auditor`s *current* audit practices and the clarified ISAs. Please **disregard** any additional costs that would be incurred from the implementation of the clarified ISAs in their *first year of application* (these are covered in question 2 below).

   - ☐ -?-
   - ☐ major decrease
   - ☐ significant decrease
   - ☐ slight decrease
   - ☐ no change
   - ☐ slight increase
   - ☐ major increase
   - ☐ significant increase

2. Please provide an estimate of the size of any increase or decrease in audit costs incurred or saved by the auditor when performing the audit of your financial statements *in the first year* of application of the clarified ISAs to implement the clarified ISAs, due to differences between your auditor's *current* audit practices and the clarified ISAs.

   - ☐ -?-
   - ☐ major decrease
   - ☐ significant decrease
   - ☐ slight decrease

- ☐ no change
- ☐ slight increase
- ☐ major increase
- ☐ significant increase

3. Please provide an estimate of the *proportion of the additional hours* described in question 1 above that your auditor would be *charged to your company*, or an estimate of the *proportion of the reduced mean average hours* described in question 1 above that the auditor would *pass on to your company* through *reduced fees.*
   - ☐ -?-
   - ☐ 0-5%
   - ☐ 6-10%
   - ☐ 11-25%
   - ☐ 26-40%
   - ☐ 41-60%
   - ☐ 61-80%
   - ☐ 81-100%

4. Please provide an estimate of the *proportion of the additional hours* described in question 2 above that your auditor would *charge to your company*, or an estimate of the *proportion of the reduced mean average hours* described in question 2 above that your auditor would *pass on to your company* through *reduced fees*.
   - ☐ -?-
   - ☐ 0-5%
   - ☐ 6-10%
   - ☐ 11-25%
   - ☐ 26-40%
   - ☐ 41-60%
   - ☐ 61-80%
   - ☐ 81-100%

5. Please provide an estimate of how many *more or less hours* of your accounting staff time (***excluding* time incurred by your company's foreign subsidiaries**) would be incurred or saved *on a recurring basis each year subsequent to the first year* of application of the clarified ISAs by your company when responding to the auditor´s need to comply with the requirements of the clarified ISAs. Please **disregard** any additional hours that would be incurred from your company's initial greater preparation effort *in the first year* the initial implementation of the clarified ISAs in their first year of *application* (these are covered in question 6 below).
   - ☐ -?-
   - ☐ more than 10,000 hours decrease
   - ☐ 1,001-10,000 hours decrease
   - ☐ 101-1,000 hours decrease
   - ☐ 11-100 hours decrease
   - ☐ 1-10 hours decrease

☐ no change

☐ 1-10 hours increase

☐ 11-100 hours increase

☐ 101-1,000 hours increase

☐ 1,001-10,000 hours increase

☐ more than 10,000 hours increase

6. Please provide an estimate of how many *additional hours* per statutory audit of accounting staff time (***excluding*** **time incurred by your company´s foreign subsidiaries**) result from your company's initial greater preparation effort *in the first year* to respond to the auditor´s need to comply with the requirements of the clarified ISAs.

☐ -?-

☐ more than 10,000 hours decrease

☐ 1,001-10,000 hours decrease

☐ 101-1,000 hours decrease

☐ 11-100 hours decrease

☐ 1-10 hours decrease

☐ no change

☐ 1-10 hours increase

☐ 11-100 hours increase

☐ 101-1,000 hours increase

☐ 1,001-10,000 hours increase

☐ more than 10,000 hours increase

A.1.2 Potential cost increases or cost reductions at audit client level

Based upon your answers to questions 1 to 6 above, please provide the following estimates. In the following estimates, please *exclude* costs incurred by your company's foreign subsidiaries.

7. *One-off costs* (e.g. costs of technical personnel, facilities, materials, technology, travel) incurred by your company to respond to new audit practices of your auditor based upon the clarified ISAs.

☐ -?-

☐ 0-100 €

☐ 101-1,000 €

☐ 1,001-10,000 €

☐ 10,001-100,000 €

☐ 100,001-1,000,000 €

☐ more than 1,000,000 €

8. *One-off costs* (e.g. costs of trainers, facilities, materials, technology, travel) incurred by your company's *training department or personnel responsible for training* to train company staff to respond to new audit practices of your auditor based upon clarified ISAs.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

9. The *additional hours* required per member of your accounting staff to be trained to respond to new audit practices based upon clarified ISAs.

- ☐ -?-
- ☐ 0-8 hours
- ☐ 9-16 hours
- ☐ 17-40 hours
- ☐ 41-80 hours
- ☐ 81-120 hours
- ☐ 121-160 hours
- ☐ more than 160 hours

10. *One-off costs* (e.g. costs for personnel and technology) incurred by your company´s *accounting and IT department or accounting and IT personnel* to *redesign* its internal control over financial reporting, including the company's information systems, to respond to your auditor's new audit practices based upon clarified ISAs.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

11. *Additional recurring costs or mean average recurring cost savings gained* (e.g. costs for personnel and technology) incurred by your company's *accounting and IT department or accounting and IT personnel* to *maintain* the redesigned internal control over financial reporting, including the company's information systems, to respond to your auditor's new audit practices based upon clarified ISAs.

- ☐ -?-
- ☐ more than 1,000,000 hours decrease
- ☐ 100,001-1,000,000 hours decrease
- ☐ 10,001-100,000 hours decrease

- ☐ 1,001-10,000 hours decrease
- ☐ 101-1,000 hours decrease
- ☐ 1-100 hours decrease
- ☐ no change
- ☐ 1-100 hours increase
- ☐ 101-1,000 hours increase
- ☐ 1,001-10,000 hours increase
- ☐ 10,001-100,000 hours increase
- ☐ 101,000-1,000,000 hours increase
- ☐ more than 1,000,000 hours increase

A.2 Other potential effects

A.2.1 Potential effects at audit engagement level

12. Please fill out the following table. The table asks for your evaluation of the potential *effects on audit quality* arising from the application of the clarified ISAs different from your auditor's current audit practices by different stages of the audit process or aspects of the audit. Please assess these potential effects on the basis that ISQC 1 is *not* adopted by the EU.

Source of potential change in audit quality	**Expected extent of the potential change in audit quality**
(1) Changed probability to detect material misstatements in financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(2) Change in forming an audit opinion, including reporting material misstatements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(3) Changed audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

13. Based on the responses in the table above please indicate your evaluation of the effect of a possible adoption of *ISQC 1* (the standard regulating quality control at audit firm level) by the EU on audit quality as described in items (1)-(3) above.

☐ -?-
☐ major impairment
☐ significant impairment
☐ slight impairment
☐ no change
☐ slight improvement
☐ significant improvement
☐ major improvement

A.2.2 Potential effects at audit firm level

14. Please provide an estimate of any increase or reduction in the risk of professional sanctions, liability risk, and reputational risk due to changed terms of engagement or changed audit quality arising from the application of the clarified ISAs different from your auditor's current audit practices in the table below:

Please assess these potential effects on the basis that ISQC 1 is adopted by the EU.

Risks	**Changed terms of engagement**	**Changed audit quality**
Risk of professional sanctions	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Liability risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk
Reputational risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk	☐ -?- ☐ major decrease in risk ☐ significant decrease in risk ☐ slight decrease in risk ☐ no change in risk ☐ slight increase in risk ☐ significant increase in risk ☐ major increase in risk

15. Based on the responses in the table above please provide an estimate of the effect of a possible adoption of *ISQC 1* by the EU on the change in risks as described in the previous question.

- ☐ -?-
- ☐ major decrease in risk
- ☐ significant decrease in risk
- ☐ slight decrease in risk
- ☐ no change in risk
- ☐ slight increase in risk
- ☐ significant increase in risk
- ☐ major increase in risk

A.2.3 Potential effects at audit client level

16. Based upon your responses in question 12 above with respect to potential changes in audit quality resulting from the application of the clarified ISAs different from your auditor's current audit practices, please indicate in the table below the potential effects on financial reporting quality for your company:

Nature of potential effects on financial reporting quality	Expected extent of potential effects
Changed use by management and those charged with governance of audit reporting / communication of audit findings	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed internal control relevant to financial reporting	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed financial reporting	
(a) Changed incidence of material misstatements in audited financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(b) Change in choice and application of acceptable accounting policies	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

(c) Change in accounting estimates within their reasonable range, and their disclosure	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(d) Change in quality of disclosures in the notes of the financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
(e) Change in other information containing financial statements	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed management accounting and internal control	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed corporate governance	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	☐ -?- ☐ major impairment ☐ significant impairment ☐ slight impairment ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

A.2.4 Potential effects at European capital market level

17. What is your expectation of the degree of correlation between *audit quality* as described in question 12 and *financial reporting credibility*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

18. What is your expectation of the degree of correlation between *financial reporting credibility* and *financial reporting quality* as described in question 16?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

19. What is your expectation of the degree of correlation between *financial reporting credibility* and the *ability of investors to assess investment risks*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

20. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced* c*apital market transaction costs* (all costs incurred by investors in preparing, making and carrying out their investment decisions)?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

21. What is your expectation of the degree of correlation between the *ability of investors to assess investment risks* and the *reduced costs of capital*?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

B. Potential effects of using the *same auditing standards* throughout the EU

If your company does not have subsidiaries, branches, equity investments or joint ventures outside of your home jurisdiction, or if your company is not such a subsidiary, branch, equity investment or joint venture, you need not respond to the questions in this section. In this case, please move on to respond to the questions 53 et seq.

B.1 Potential costs

B.1.1 Potential costs at audit engagement level

22. Please provide an estimate of the size of any increase in costs that would be incurred *on a recurring basis each year by* the auditor when performing audits in the field due to clarified ISAs not taking into account national particularities (e.g. accounting, audit law, company law, securities law, insolvency law, contract and tort law, business practices).

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

23. Please provide an estimate of the *proportion of the additional costs* described in question 22 above that would be *charged to the audit client*?

- ☐ -?-
- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

24. Please provide an estimate of the size of any increase in costs that would be incurred by the auditor when performing audits in the field *in the first year of application* of the clarified ISAs per statutory audit engagement to implement the clarified ISAs, due to the additional audit effort required for auditors for whom *English is not their mother tongue to* understand the clarified ISAs in original English or the translations thereof and any English manual or implementation guidance.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

25. Please provide an estimate of the *proportion of the additional mean average hours* described in question 24 above that would be *charged to the audit client*?

- ☐ -?-
- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

26. Please provide an estimate of the degree to which *audit quality is impaired* due to harmonised auditing standards not being specifically tailored to take into account national particularities.

- ☐ -?-
- ☐ no change
- ☐ slight impairment
- ☐ significant impairment
- ☐ major impairment

B.1.2 Potential costs at European capital market level

27. Please provide an estimate of the extent to which you believe that an increase in acceptance by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to *more non-EU investors entering the EU capital market*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2 Potential benefits

B.2.1 Potential benefits at audit engagement level

28. Please provide an estimate of the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in the transnational audit of the financial statements

Source of potential improvement in audit quality	**Expected extent of the potential improvement in audit quality**
Higher probability to detect material misstatements in transnational audits	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Improvement in forming an audit opinion	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement
Harmonized audit reporting / communication of audit findings	☐ -?- ☐ no change ☐ slight improvement ☐ significant improvement ☐ major improvement

29. Based on the responses in the table above, please provide an estimate of the effect of a possible adoption of *ISQC 1* by the EU on the potential improvement in audit quality resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in the transnational audit of the financial statements.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

30. Based on the responses in the table above, please provide an estimate of the potential decrease in audit costs incurred by the *group auditor* (excluding subsidiary auditor time) on the transnational audit of your financial statements resulting from *better coordination* between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in the transnational audit of the financial statements.

☐ -?-

☐ no change

☐ slight decrease

☐ significant decrease

☐ major decrease

31. Please provide an estimate of the *proportion of the reduced costs* described in question 30 above that would be *passed on by the auditor to your company* through *reduced fees.*

- ☐ -?-
- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

32. Based on the response in the question 30 above, please provide an estimate of the potential percentage decrease in costs incurred on the transnational audit of the financial statements resulting from the effect of a possible adoption of *ISQC 1* by the EU on the improved coordination between group and subsidiary auditors resulting from the use of the *same* auditing standards (the clarified ISAs) so that *more similar* audit practices are applied in the transnational audit of the financial statements.

- ☐ -?-
- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

33. Please provide an estimate of the *proportion of the reduced costs* described in question 32 above that would be *passed on by the auditor to your company* through *reduced fees.*

- ☐ -?-
- ☐ 0-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ 81-100%

34. Do you expect the use of the same auditing standards (clarified ISAs) within Europe will lead to *greater acceptance* of the audit reports on your financial statements outside of your home jurisdiction?

- ☐ yes, but only within Europe
- ☐ yes, even outside of Europe
- ☐ no

35. Please provide an estimate of the extent to which the use of the same auditing standards (clarified ISAs) leads to a *reduction in standards overload* by, among other things, less redundancies among different sets of standards.

Within Europe:			Outside of Europe:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight reduction		☐	slight reduction
	☐	significant reduction		☐	significant reduction
	☐	major reduction		☐	major reduction

36. Please provide an estimate of the extent to which the use of the same auditing standards (clarified ISAs) within Europe leads to a *reduction in contradictions* between different sets of standards, that cause auditors to not be able to comply with one or the other set of applicable standards.

Within Europe:			Outside of Europe:		
	☐	-?-		☐	-?-
	☐	no change		☐	no change
	☐	slight reduction		☐	slight reduction
	☐	significant reduction		☐	significant reduction
	☐	major reduction		☐	major reduction

B.2.2 Potential benefits at transnational audit client level

In the following estimates, please *exclude* costs incurred by your group's foreign subsidiaries or branches.

37. Please indicate the *recurring* cost savings (cost of technology and technical personnel, facilities, materials, travel at technical department level) gained from a reduction in costs for the *technical department or technical personnel*, incurred by your company as a preparer of group financial statements, resulting from needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

☐ -?-
☐ 0-100 €
☐ 101-1,000 €
☐ 1,001-10,000 €
☐ 10,001-100,000 €
☐ 100,001-1,000,000 €
☐ more than 1,000,000 €

38. Please indicate the *recurring* cost savings (costs of trainers, facilities, materials, technology, travel) gained from a reduction in costs in *training*, incurred by your company as a preparer of financial statements, resulting from increasing *economies of scale* for training due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

☐ -?-
☐ 0-100 €

- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

39. Please indicate the *recurring* cost savings (cost of technology and technical personnel, facilities, materials, travel) gained from a reduction in costs for implementing and maintaining uniform technology, incurred by your company as preparer of financial statements, resulting from *increasing economies of scale* due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

40. Please indicate the *recurring* cost savings (cost of technology and technical personnel) by your company as a preparer of the financial statements gained from a reduction in costs for implementing and maintaining uniform internal control relevant to financial reporting, incurred by your company as preparer of financial statements, resulting from increasing economies of scale due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

41. Please indicate the extent of the recurring benefit gained by your company as a preparer of the financial statements from a *reduction of the risk of material misstatements* in the financial statements prior to the audit due to better coordination in the preparation process resulting from harmonized internal control relevant to financial reporting due to needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

- ☐ -?-
- ☐ no change
- ☐ slight increase

☐ significant increase
☐ major increase

42. Please indicate the extent of the recurring benefit gained by your company as a preparer of the financial statements from *better use of audit reporting or communications* of audit findings by management and those charged with governance within a group due to their needing to respond to uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices in relation to audit reporting or communications of audit findings when ISAs are adopted by the EU.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

43. Please indicate the extent of the recurring benefit gained by your company as a preparer of the financial statements from *better access to capital* and business opportunities due to greater acceptance of audit reporting and therefore of your financial statements outside of home jurisdiction (both within and outside of Europe) resulting from uniform (i.e., less carve-outs and add-ons to ISAs in national auditing practices) rather than varying audit practices when ISAs are adopted by the EU.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

B.2.3 Potential benefits at European audit market level

44. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *reduced barriers to entry* into the audit market for transnational audit clients for audit firms that used to use only national standards.

☐ -?-
☐ no change
☐ slight increase
☐ significant increase
☐ major increase

45. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms may lead to *better retention of transnational audit clients* by audit firms that used to use only national standards.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

B.2.4 Potential benefits at European capital market level

46. What is your expectation of the degree of correlation between the *use of clarified ISAs by all audit firms in the EU* and *increased transparency* resulting from the use of more comparable audit reports?

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

47. What is your expectation of the degree of correlation between the *increased transparency* resulting from the use of more comparable audit reports by all audit firms in the EU and *financial reporting credibility?*

- ☐ -?-
- ☐ no correlation
- ☐ slight correlation
- ☐ significant correlation
- ☐ major correlation

48. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports may lead to a *reduction of international information asymmetries* between capital market participants.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

49. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to a *reduction of costs to comprehend audits* by investors from different EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight reduction
- ☐ significant reduction
- ☐ major reduction

50. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an *increase in acceptance* by investors of audit and financial reports within the EU from other EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

51. Please indicate the extent to which you believe that the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to an *increase in acceptance* by investors of audit and financial reports from non-EU countries.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

52. Please indicate the extent to which you believe that an increase in acceptance by investors of audit and financial reports from non-EU countries due to the use of clarified ISAs by all audit firms in the EU and therefore the use of more comparable audit reports and auditing standards may lead to more *non-EU investors entering the EU capital market*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C. Potential effects resulting from the provision of *legal sanction* for auditing standards through the possible adoption of clarified ISAs

C.1 Potential costs

C.1.1 Potential costs at audit engagement level

53. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your auditor to treat ISAs *as legal rules as well as principles* and therefore perform procedures required by the ISAs even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

54. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your auditor to treat ISAs *as legal rules rather than principles* and therefore disregard the audit objectives, the requirement for additional procedures in ISA 200 and the application material such that the auditor would only perform procedures required by the ISAs, even though additional procedures would be necessary for an audit of adequate quality.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

55. Please indicate the extent to which you believe that the reactions described in your responses to questions 53 and 54 will lead to a change in *audit quality*.

- ☐ -?-
- ☐ major decrease
- ☐ significant decrease
- ☐ slight decrease
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.1.2 Potential costs at audit client level

56. Based upon your responses to questions 53 and 54 please provide an estimate of how many *more hours* of accounting staff time (***excluding* time incurred by your foreign subsidiaries**) would be incurred or saved *on a recurring basis each year* by your company when responding to the auditor treating ISAs as legal rules as well as principles and therefore perform procedures required by the ISAs even when these procedures are not necessary under these circumstances to avoid having to justify (to audit regulators) and document exceptional departures from the ISAs.

☐ -?-
☐ no change
☐ 1-10 hours increase
☐ 11-100 hours increase
☐ 101-1,000 hours increase
☐ 1,001-10,000 hours increase
☐ more than 10,000 hours increase

C.1.3 Potential costs at audit regulator level

57. If ISAs obtain legal sanction through the possible adoption by the EU, do you believe that in your jurisdiction, in performing or monitoring external quality assurance, audit regulators would be more concerned about audit quality than compliance with the ISAs as rules, or more concerned about compliance with the ISAs than audit quality, or equally concerned about both?

☐ A. More concerned about compliance with the ISAs as rules
☐ B. More concerned about audit quality
☐ C. Equally concerned about compliance with the ISAs as rules and about audit quality

C.1.4 Potential costs at European audit market level

58. If the situations described in question 57 A were to apply, what proportion of auditors in your jurisdiction would you believe would change their behaviour to that as described in question 54 as opposed to the behaviour described in question 53?

☐ -?-
☐ 0-5%
☐ 6-10%
☐ 11-25%
☐ 26-40%
☐ 41-60%
☐ 61-80%
☐ 81-100%

C.2 Potential benefits

C.2.1 Potential benefits at audit engagement level

59. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your auditor to perform needed procedures required by the ISAs that would not have otherwise been performed *because of the greater authority of auditors versus audit clients when referring to standards with legal sanction.*

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

60. Please indicate the extent to which you believe that the provision of legal sanction for auditing standards through the possible adoption of the ISAs by the EU would cause your auditor to perform needed procedures required by the ISAs that would not have otherwise been performed *due to greater legal certainty about what audit regulators and the courts will enforce*.

- ☐ -?-
- ☐ no change
- ☐ slight increase
- ☐ significant increase
- ☐ major increase

C.2.2 Potential benefits at audit firm level

61. Please indicate the extent to which you believe that *increased audit quality* would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	**Change**
Risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
Reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

62. Please indicate the extent to which you believe that *greater compliance with auditing standards that have legal sanction* through the possible adoption of the ISAs by the EU would reduce the risk of professional sanctions, liability risk and reputational risk.

Risk	Change
risk of professional sanctions	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
liability risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction
reputational risk	☐ -?- ☐ no change ☐ slight reduction ☐ significant reduction ☐ major reduction

C.2.3 Potential benefits at audit client level

63. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would provide an *improved basis for legal claims against auditors* by your firm when auditors have not complied with auditing standards that have legal sanction.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

64. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would *improve access to capital and business opportunities* due to perceived better quality audits because of the legal sanction for auditing standards.

☐ -?-

☐ no change

☐ slight improvement

☐ significant improvement

☐ major improvement

C.2.4 Potential benefits at audit regulator level

65. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve audit quality due to the ability of *audit regulators to apply legally supported sanctions* when auditors have not complied with auditing standards that have legal support because legally supported sanctions have a greater deterrent effect.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

C.2.5 Potential benefits at capital market level

66. Please indicate the extent to which you believe that auditing standards that have legal sanction through the possible adoption of the ISAs by the EU would improve *audit quality*.

- ☐ -?-
- ☐ no change
- ☐ slight improvement
- ☐ significant improvement
- ☐ major improvement

D. Conclusion

67. Are there any costs of the possible adoption of ISAs by the European Commission that have not been covered by this questionnaire? If any, please specify.

68. Are there any benefits of the possible adoption of ISAs by the European Commission that have not been covered by this questionnaire? If any, please specify.

69. Overall, how would you evaluate the relation of costs and benefits of a possible adoption of ISAs by the European Commission?

- ☐ Benefits significantly outweigh costs
- ☐ Benefits slightly outweigh costs
- ☐ Benefits and costs are balanced
- ☐ Costs slightly outweigh benefits
- ☐ Costs significantly outweigh benefits

Appendix 4.5: Supplementary Questionnaire at international network level

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Evaluation of the Possible Adoption of International Standards on Auditing (ISAs) in the EU

Supplementary questionnaire on cost effects at international network level

Dear Madam(s) / dear Sir(s),

the European Commission commissioned a study on the cost and benefit effects of the possible adoption of International Standards on Auditing (ISAs) by the European Commission. The study, conducted under my leadership by the University of Duisburg-Essen, will comprise two major parts: the development of a framework of the economic effects of the possible adoption of ISAs and the description and – if possible – quantification of these effects using a wide-range survey instrument. The empirical part of the study will cover the audit firm perspective as well as other stakeholder perspectives.

Special consideration is to be given to expected implications of adjusting current audit methodology as applied in your practice to future ISAs in their version after the completion of the IAASB “Clarity Project”. Therefore, the following questionnaire consists of two parts: Part I focuses current audit methodology; Part II focuses the expected cost effects at an international network level. I would therefore like to seize the opportunity to ask for your support for this project by asking you to respond to the following questionnaire and return it via e-mail to annette.koehler@uni-due.de

by **October 31, 2008**.

I would like to emphasise, that any information provided to me through this survey or in any discussions about this survey with you will be held strictly confidential: such information will be restricted to those members of my team that need to analyse the information so that it can be aggregated. Only aggregated information from which the responses of individual survey participants are not identifiable will be made available to the European Commission. The information gathered from the survey will be subject to stringent information security measures. These measures include the restriction of access to individual responses to one of my assistants and to me. Others involved in the project and the European Commission will have access only to aggregated data.

Please do not hesitate to contact me if you have any questions or information relevant for the analysis of your data. I would like to express my sincere gratitude in advance.

Prof. Dr. Annette G. Köhler

General instructions for responding to this questionnaire

- In responding to the questions posed in the survey, please restrict your responses to those potential effects arising from the introduction of the clarified ISAs through their possible adoption by the European Commission. Other effects, such as those resulting from the transposition of the statutory audit directive or the introduction of IFRS, should not been taken into account.
- We recognize that you will not have had any experience in applying the clarified ISAs. However, we hope that you will be able to draw upon your experience in applying the basis for your current audit practices in developing expectations of the potential effects of ISA adoption on your audit practices. To assist you in developing these expectations we have provided you, in the Appendix to this questionnaire, with the differences between the ISAs currently effective and the clarified ISAs. However, this description of those differences would not fully explain the differences between the clarified ISAs and your current audit practices or your national auditing standards, if any. Your responses to many of the questions in the survey will be based upon your review of the differences (the new or amended objectives, definitions, and requirements), between the ISAs currently effective and the clarified ISAs as described in the Appendix to the questionnaire.
- Because your responses would be based upon your expectations, we recognize that any estimates that you provide will be imprecise. Nevertheless, for the purpose of this study imprecise estimates are preferable to no response: in these cases please provide a rough best estimate. For this reason, the permitted responses to some of the questions in the questionnaire apply scales that use ranges for quantitative answers. We therefore request that you respond to these questions posed using the scales provided.
- In some cases, the information required for your response may not be available within your particular department. In these cases, it may be necessary to draw upon information available from other departments in your firm. Because the alternative responses can only be seen in electronic form, if you need to distribute the form to other departments this would need to be done electronically using the entire unanswered form.
- This survey is in electronic form. This means that your responses to the questions in the survey must be inserted into the electronic form and the completed form sent to me by e-mail. Unanswered questions on the form are identifiable by the question mark ("?") in the field available for your response. To respond to any particular question, please click on the relevant field to choose from among the available responses or tick the appropriate box, as appropriate. Note that the print format shows only the question mark when unanswered. Please review the entire electronic form after having completed it to ensure that no unanswered questions (identified by the question mark) remain.

- **Please read the questions carefully because the questions differentiate among different effects and are therefore complementary! It may be useful to review the entire questionnaire before responding to the individual questions.**

General questions to enable the aggregate cost benefit analysis across the entire audit market

1. Network firm name

2. Address

3. Name and position of contact person and those who completed the questionnaire

   Name:

   Position:

4. Contact details of contact person (Phone Number, E-mail)

   Phone number:

   E-mail:

I. Assessment of current network audit practices

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this possible adoption would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

As audit practices may differ between audit firms and countries, the aim of this section is to get an understanding of your network firm audit practices as manifested in your audit methodologies, manuals or programs. Please use your current network firm audit practices as a basis for your responses to this questionnaire.

A. What is the basis for your audit practices?

- ☐ Network firm audit practices without any reference to national or international auditing standards
- ☐ Different national auditing standards in different countries
- ☐ Different national auditing standards in different countries and additional network firm practices
- ☐ International Standards on Auditing currently effective
- ☐ Both national auditing standards in different countries and ISAs currently effective
- ☐ Both national auditing standards in different countries and ISAs currently effective and additional firm practices

B. What is your network firm policy with respect to using clarified ISAs in your audit practices in the future?

- ☐ Firm audit practices will *not* be amended to reflect all clarified ISAs in the future *unless* they are adopted by the EU
- ☐ Firm audit practices will be amended to *partly* reflect clarified ISAs in the future even if they are *not* adopted by the EU.
- ☐ Firm audit practices will be amended to reflect *all* clarified ISAs in the future even if they are *not* adopted by the EU.

II. Your assessment of the potential effects on your audit practices of possible ISA adoption by the EU

As noted above, if the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "Clarity Project" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this possible adoption would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

Before you answer the following questions of this questionnaire, we request that you review, in the **Appendix** to this questionnaire, the new or amended objectives, definitions and requirements in each ISA.

A. Potential effects of implementing *clarified ISAs* on your current network audit practices

In the following estimates, please *include* only those costs that would be incurred at *your network level, i.e. exclude costs that would be incurred at the level of your national firms or regional networks.*

1. *One-off costs* (e.g. costs of technical personnel, facilities, materials, technology, travel) incurred by your *technical audit department or technical audit personnel* to amend your audit practices (audit methodology, audit manuals, or audit programmes) so that your audit practices are in compliance with the clarified ISAs.
   - ☐ -?-
   - ☐ 0-100 €
   - ☐ 101-1,000 €
   - ☐ 1.001-10,000 €
   - ☐ 10,001-100,000 €
   - ☐ 100,001-1,000,000 €
   - ☐ more than 1,000,000 €

2. *One-off costs* (e.g. costs of trainers, facilities, materials, technology, travel) incurred by your *training department or personnel responsible for training* to train audit personnel (including partners) to use your clarified ISA-compliant amended audit practices.
   - ☐ -?-
   - ☐ 0-100 €
   - ☐ 101-1,000 €
   - ☐ 1.001-10,000 €
   - ☐ 10,001-100,000 €
   - ☐ 100,001-1,000,000 €
   - ☐ more than 1,000,000 €

3. *One-off costs* (e.g. costs for personnel and technology) incurred by your *IT department or IT personnel* to *implement* new or amended audit tools, reflecting your clarified ISA-compliant amended audit practices, that will be used in the field by audit personnel.
   - ☐ -?-
   - ☐ 0-100 €

- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

4. *Additional recurring costs incurred or recurring cost savings gained* (e.g. costs for personnel and technology) by your *IT department or IT personnel* to *maintain* new or amended audit tools, reflecting your clarified ISA-compliant amended audit practices, that are being used in the field by audit personnel.

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase

5. *One-off costs* (e.g. costs for personnel and technology) incurred by your *firm quality control department or personnel responsible for quality control* to *implement* amended firm quality control policies and procedures over your clarified ISA-compliant amended audit practices.

Under the assumption that ISQC 1 is adopted by the EU:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

Under the assumption that ISQC 1 is *not* adopted by the EU:

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

6. *Additional recurring costs incurred or recurring cost savings gained* (e.g. costs for personnel and technology) by your *firm quality control department or personnel responsible for quality control* to *maintain* amended firm quality control policies and procedures over your clarified ISA-compliant amended audit practices.

Under the assumption that ISQC 1 is adopted by the EU:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase

Under the assumption that ISQC 1 is not adopted by the EU:

- ☐ -?-
- ☐ more than 1,000,000 € decrease
- ☐ 100,001-1,000,000 € decrease
- ☐ 10,001-100,000 € decrease
- ☐ 1,001-10,000 € decrease
- ☐ 101-1,000 € decrease
- ☐ 1-100 € decrease
- ☐ no change
- ☐ 1-100 € increase
- ☐ 101-1,000 € increase
- ☐ 1,001-10,000 € increase
- ☐ 10,001-100,000 € increase
- ☐ 100,001-1,000,000 € increase
- ☐ more than 1,000,000 € increase

B. Potential effects of using the *same auditing standards* throughout the EU

In the following estimates, please *include* only those cost savings that would be gained at *your network level, i.e. exclude cost savings that would be gained at the level of your national firms or regional networks.*

7. Please provide an estimate of the *recurring* cost savings (costs of technical personnel, facilities, materials, technology, travel at the technical department) gained from *designing* and *maintaining* new audit practices due to less technical resources needed resulting from *uniform* rather than *varying* audit practices (less carve-outs and add-ons to ISAs in national auditing practices) when ISAs are possibly adopted by the EU.

   - ☐ -?-
   - ☐ 0-100 €
   - ☐ 101-1,000 €
   - ☐ 1,001-10,000 €
   - ☐ 10,001-100,000 €
   - ☐ 100,001-1,000,000 €
   - ☐ more than 1,000,000 €

8. Please provide an estimate of the *recurring* cost savings (costs of trainers, facilities, materials, technology, travel) gained from a reduction in costs for training due to *economies of scale* when ISAs are possibly adopted by the EU.

   - ☐ -?-
   - ☐ 0-100 €
   - ☐ 101-1,000 €
   - ☐ 1,001-10,000 €
   - ☐ 10,001-100,000 €
   - ☐ 100,001-1,000,000 €
   - ☐ more than 1,000,000 €

9. Please provide an estimate of the *recurring* cost savings gained from a reduction in costs (cost of technology and personnel) to *implement* and *maintain a* uniform technology for auditors in the field when ISAs are possibly adopted by the EU.

   - ☐ -?-
   - ☐ 0-100 €
   - ☐ 101-1,000 €
   - ☐ 1,001-10,000 €
   - ☐ 10,001-100,000 €
   - ☐ 100,001-1,000,000 €
   - ☐ more than 1,000,000 €

10. Please provide an estimate of the *recurring* cost savings (cost of technology and personnel) gained from a reduction in costs to *implement* and *maintain* network quality control if ISQC 1 is possibly adopted by the EU.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

C. Potential effects resulting from the provision of *legal sanction* for auditing standards through the possible adoption of clarified ISAs

In the following estimate, please *include* only those costs that would be incurred at *your network level, i.e. exclude costs that would be incurred at the level of your national firms or regional networks.*

11. Please provide an estimate of the increase in *recurring* compliance management costs (e.g., costs of legal department or consultation with legal advisors) that would be incurred by your network firm each year through provision of *legal sanction* for auditing standards through the possible adoption of the ISAs by the EU.

- ☐ -?-
- ☐ 0-100 €
- ☐ 101-1,000 €
- ☐ 1,001-10,000 €
- ☐ 10,001-100,000 €
- ☐ 100,001-1,000,000 €
- ☐ more than 1,000,000 €

Appendix 4.6: **Supplementary Questionnaire relating to ISQC 1**

Audit Firm Questionnaire: Subsequent Supplementary Questions relating to ISQC 1

1. Firm name

2. Address

3. Name and position of contact person and those who completed the questionnaire
   Name:
   Position:

4. Contact details of contact person (Phone Number, E-mail)
   Phone number:
   E-mail:

If the EU adopts ISQC 1, it would be adopting ISQC 1 as redrafted in accordance with the so-called "Clarity Project" (clarified ISQC 1). As quality control policies and procedures at firm level may differ between audit firms and countries, the aim of the following questions is to get an understanding of quality control policies and procedures at firm level in your country and your firm.

E. If there are national standards in relation to quality control policies and procedures at firm level in your country, how are they related to ISQC 1?

- ☐ National firm-level quality control standards are adopted ISQC 1 without translation
- ☐ National firm-level quality control standards are adopted ISQC 1 with translation
- ☐ National firm-level quality control standards are transposed ISQC 1 (minor differences)
- ☐ National firm-level quality control standards are based upon ISQC 1 (significant differences)
- ☐ National firm-level quality control standards are not based upon the ISQC 1

F. Based upon your answer above, what is the basis for your firm's firm-level quality control policies and procedures in your country?

- ☐ Firm firm-level quality control policies and procedures without any reference to national or international firm-level quality control standards
- ☐ National firm-level quality control standards (as described above)
- ☐ National firm-level quality control standards (as described above) and additional firm firm-level quality control policies and procedures
- ☐ ISQC 1 as currently effective (prior to the Clarity Project)
- ☐ Both national firm-level quality control standards (as described above) and ISQC 1 as currently effective
- ☐ Both national firm-level quality control standards (as described above) and ISQC 1 as currently effective and additional firm firm-level quality control policies and procedures

G. If your national firm-level quality control standards as described in your answer to A above adopt the ISQC 1 with translation, or transpose ISQC 1 or are based upon ISQC 1, when were your national firm-level quality control standards last updated to reflect ISQC 1 as currently effective (prior to the Clarity Project)?

[month/year]

H. What is your firm or your network firm policy with respect to using the clarified ISQC 1 as your firm firm-level quality control policies and procedures in future?

☐ Firm firm-level quality control policies and procedures will *not* be amended to reflect clarified ISQC 1 in the future *unless* it is adopted by the EU or incorporated into national firm-level quality control standards

☐ Firm firm-level quality control policies and procedures will be amended to *partly* reflect clarified ISQC 1 in the future even if it is *not* adopted by the EU or not incorporated in the national firm-level quality control standards.

☐ Firm firm-level quality control policies and procedures will be amended to reflect the entire clarified ISQC 1 in the future even if it is *not* adopted by the EU or *not* incorporated in the national firm-level quality control standards

Appendix 4.7: Appendix accompanying the Questionnaires

APPENDIX

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "*Clarity Project*" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this adoption in the questionnaire would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

In the tables below, to facilitate identification, text in "**bold type**" indicates a new or amended objective, definition or requirement resulting from the IAASB´s Clarity Project that was not previously in basic principle or essential procedure identified in bold-type-lettering within the ISAs currently effective. Text in "grey type" represents either a basic principle or essential procedure that is not new or amended, or represents a requirement dealt with elsewhere in the analysis. Consequently, in considering the impact on the audit of new or amended objectives, definitions or requirements, you need *only* focus on the text in bold type.

You are requested to consider each new or amended objective, definition or requirement and to assess its impact on the costs of the audit. This assessment should give an indication of the audit effort that would be incurred or saved on a recurring basis each year subsequent to the first year of application of the clarified ISAs by the auditor when performing audits in the field due to differences between your *current* audit practices and each new or amended objective, definition and requirement. Consequently, please disregard any additional audit effort that would be incurred from the implementation of these in their first year of application. Please *include* only those costs that would be incurred or saved in an audit engagement in *your* country (i.e., *exclude* costs that would be incurred or saved in auditing *audit clients´ foreign subsidiaries*).

The cost effects should be assessed using the following scale:

-3 = major decrease in costs
-2 = significant decrease in costs
-1 = slight decrease in costs
0 = no change in costs
1 = slight increase in costs
2 = significant increase in costs
3 = major increase in costs

Please document your assessments in the very right column and at the end of each ISA. Use these assessments as the basis for your answers to the questions in the questionnaire.

We recognize that you will not have had any experience in applying the clarified ISAs. However, we hope that you will be able to draw upon your experience in applying the basis for your current audit practices (e.g. national auditing standards) in developing expectations of the potential effects of ISA adoption on your audit practices.

Revised and Redrafted ISA 200 "OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING"

Note: ISA 200 is not yet issued in a finalized version. Analysis is therefore based on agenda item 4 (updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

New para.	Text	Old bold text para.	Text	Effect rating
11	**In conducting an audit of financial statements, the overall objectives of the auditor are:** **(a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and** **(b) To report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.**	2	**The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.**	

2 Definitions

2.1 New definitions – not included in extant ISA 200

New para.	Text	Comments	Effect rating
13 (a)	**Applicable financial reporting framework – The financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation and presentation of the financial statements that is acceptable in view of the nature of the entity and the objective of the financial statements, or that is required by law or regulation.** **The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:** **(i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or** **(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial**	Substantially new text. However extant ISA 200.37.3: "An acceptable financial reporting framework is referred to in the ISAs as the "applicable financial reporting framework."	

	statements. Such departures are expected to be necessary only in extremely rare circumstances. **The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.**		
13 (b)	**Audit evidence – Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other information. For purposes of the ISAs:** **(i) Sufficiency of audit evidence is the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.** **(ii) Appropriateness of audit evidence is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.**	ISA 500.3 "Audit evidence" is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based, and includes the information contained in the accounting records underlying the financial statements and other information. Auditors are not expected to address all information that may exist.1 Audit evidence, which is cumulative in nature, includes audit evidence obtained from audit procedures performed during the course of the audit and may include audit evidence obtained from other sources such as previous audits and a firm's quality control procedures for client acceptance and continuance.	
13 (d)	**Auditor – "Auditor" is used to refer to the person or persons conducting the audit, usually the engagement partner or other members of the engagement team or, as applicable, the firm. Where an ISA expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.**	New text.	
13 (g)	**Historical financial information – Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.**	New text.	
13 (i)	**Misstatement – A difference between the amount, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.** **When the auditor expresses an opinion on whether the financial statements are presented fairly, in all material respects, or give a true and fair view misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor's judgment, are necessary for the financial statements to be presented fairly, in all material respects, or to give a true and fair view.**	New text.	

13 (j)	**Premise, relating to the responsibilities of management on which an audit is conducted – That management has the following responsibilities that are fundamental to the conduct of an audit in accordance with ISAs. That is, responsibility:** **(i) For the preparation of the financial statements in accordance with the applicable financial reporting framework; including where relevant their fair presentation; and** **(ii) To provide the auditor with:** **a. Access to all information, of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;** **b. Additional information that the auditor may request from management; and** **c. Unconditional access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.** **In the case of a fair presentation framework, where management has a responsibility to prepare financial statements that give a true and fair view, the relevant part of the premise may be stated as being responsibility "for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework".** **The "premise, relating to the responsibilities of management on which an audit is conducted" may also be referred to as the "premise".**	New text.	
13 (k)	**Professional judgment – The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.**	New text.	
13 (o)	**Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old grey text para.	Text	Effect rating
13 (c)	**Audit risk – The risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.**	23.3 Foot-note 4	The risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated is known as “audit risk”. This definition of audit risk does not include the risk that the auditor might erroneously express an opinion that the financial statements are materially misstated.	
13 (e)	**Detection risk – The risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.**	31.1-2	“Detection risk” is the risk that the auditor will not detect a misstatement that exists in an assertion that could be material, either individually or when aggregated with other misstatements. Detection risk is a function of the effectiveness of an audit procedure and of its application by the auditor.	
13 (f)	**Financial statements – A structured representation of historical financial information, including related notes, intended to communicate an entity’s economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term “financial statements” ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement.**	34	The term “financial statements” refers to a structured representation of the financial information, which ordinarily includes accompanying notes, derived from accounting records and intended to communicate an entity’s economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term can refer to a complete set of financial statements, but it can also refer to a single financial statement, for example, a balance sheet, or a statement of revenues and expenses, and related explanatory notes.	
13 (h)	**Management – The person(s) with executive responsibility for the conduct of the entity’s operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.**	Foot-note 8	The term “management” has been used in this ISA to describe those responsible for the preparation and presentation of the financial statements. Other terms may be appropriate depending on the legal framework in the particular jurisdiction.	

13 (l)	**Professional skepticism – An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.**	16.1	An attitude of professional skepticism means the auditor makes a critical assessment, with a questioning mind, of the validity of audit evidence obtained and is alert to audit evidence that contradicts or brings into question the reliability of documents and responses to inquiries and other information obtained from management and those charged with governance.	
13 (m)	**Reasonable assurance – In the context of an audit of financial statements, a high, but not absolute, level of assurance.**	17.2 18.1 19.1 20.1 21	Reasonable assurance is a concept relating to the accumulation of the audit evidence necessary for the auditor to conclude that there are no material misstatements in the financial statements taken as a whole. An auditor cannot obtain absolute assurance because there are inherent limitations in an audit that affect the auditor's ability to detect material misstatements. Also, the work undertaken by the auditor to form an audit opinion is permeated by judgment. Further, other limitations may affect the persuasiveness of audit evidence available to draw conclusions on particular assertions. Accordingly, because of the factors described above, an audit is not a guarantee that the financial statements are free from material misstatement, because absolute assurance is not attainable.	
13 (n)	**Risk of material misstatement – The risk that the financial statements are materially misstated prior to audit. This consists of two components, described as follows at the assertion level:** **(i) Inherent risk – The susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.** **(ii) Control risk – The risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control.**	25.1 29.2	The term "management" has been used in this ISA to describe those responsible for the preparation and presentation of the financial statements. Other terms may be appropriate depending on the legal framework in the particular jurisdiction. The risk of material misstatement at the assertion level consists of two components as follows: • "Inherent risk" is the susceptibility of an assertion to a misstatement that could be material, either individually or when aggregated with other misstatements, assuming that there are no related controls [...]. • "Control risk" is the risk that a misstatement that could occur in an assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control [...].	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
19	**The auditor shall have an understanding of the entire text of an ISA, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.**	Relates to the authority of ISAs (based on material from Preface).	
21	**To achieve the overall objectives of the auditor, the auditor shall use the objectives stated in relevant ISAs in planning and performing the audit, having regard to the interrelationships among the ISAs, to:**	Relates to the authority of ISAs (based on material from Preface).	
22	**Subject to paragraph 23, the auditor shall comply with each requirement of an ISA unless, in the circumstances of the audit:**	Relates to the authority of ISAs (based on material from Preface).	
23	**In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.**	Relates to the authority of ISAs (based on material from Preface).	
24	**If an objective in a relevant ISA cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs, to modify the auditor's opinion or withdraw from the engagement. Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA 230 (Redrafted).**	Relates to the authority of ISAs (based on material from Preface).	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Bold lettered (old para.)	Text	Effect rating
16	**The auditor shall exercise professional judgment in planning and performing an audit of financial statements.**	25.3	The audit process involves the exercise of professional judgment in designing the audit approach, through focusing on what can go wrong (i.e., what are the potential misstatements that may arise) at the assertion level (see ISA 500, "Audit Evidence") and performing audit procedures in response to the assessed risks in order to obtain sufficient appropriate audit evidence.	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
37 (deferred until ISA 800 becomes effective)	**The auditor should determine whether the financial reporting framework adopted by management in preparing the financial statements is acceptable.**	Now required in ISA 210.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 210 “AGREEING THE TERMS OF AUDIT ENGAGEMENTS”

Note: ISA 210 has not been finalized by the IAASB. The comment period for the ED closed on April 15, 2008 and potential amendments to this exposure draft have not yet been discussed by the IAASB. This analysis is based on the text of the version of ISA 210 (Redrafted) forming agenda item 8 including conforming amendments for the IAASB meeting in September 2008.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objective of the auditor is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through:** **(a) Establishing whether preconditions for an audit are present; and** **(b) Confirming that there is a common understanding between the auditor and management, and where appropriate, those charged with governance of the terms of the audit engagement.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 210

New para.	Text	Comments	Effect rating
4 (a)	**References to “management” should be read as “management or those charged with governance, or both, as appropriate”. The decision as to whether to agree, discuss, or otherwise communicate a matter with management, with those charged with governance, or with both, is to be made by the auditor in the light of their respective responsibilities or roles in the entity concerned and any relevant law or regulation. Where an ISA expressly intends to refer to “management and those charged with governance” or “those charged with governance”, those terms are used.**	New text.	
4 (b)	**The “preconditions for an audit” are the use by management of an acceptable financial reporting framework in the preparation of the financial statements and the agreement of management to the premise2 on which an audit is conducted.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
9	Subject to paragraph 10, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include: (a) The objective and scope of the audit of the financial statements; (b) **The responsibilities of the auditor; [...].** (d) **Identification of the applicable financial reporting framework for the preparation of the financial statements; and [...].**	New specifications.	
10	**If law or regulation prescribes in sufficient detail the terms of the engagement referred to in paragraph 9 the auditor need not record them in a written agreement, except for the agreement of management and that it acknowledges and understands its responsibilities as set out in paragraphs 5(b) and 5(c).**	New text.	
11	**If law or regulation prescribes the responsibilities of management for the preparation of the financial statements or for related internal control, the auditor may determine that the law or regulation includes responsibilities that, in the auditor's judgment, are equivalent in effect to those set out in paragraphs 5(b) and 5(c). For such responsibilities that are equivalent, the auditor may use the wording of the law or regulation to describe them in the written agreement. For those that are not prescribed by law or regulation, such that their effect is equivalent, the written agreement shall use the description in paragraphs 5(b) and 5(c).**	New text.	
17	If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether: (a) The additional requirements can be met through additional disclosures in the financial statements; or (b) **The description of the applicable financial reporting framework in the financial statements can be amended accordingly.** If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor's opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).	New material.	

19	**If management refuses to provide additional disclosures and the auditor is required by law or regulation to under-take the audit engagement, the auditor shall:** **(a) Evaluate the effect of the misleading nature of the financial statements on the auditor's report; and** **(b) Include appropriate reference to this matter in the terms of the audit engagement.**		
20	In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate: (a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so, (b) Whether additional explanation in the auditor's re-port can mitigate possible misunderstanding. If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstand-ing, the auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. **Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been con-ducted in accordance with ISAs.**	New text.	

3.2 New requirements from other ISAs

Requirement para.	Text	Comment	Effect rating
5	**In order to establish whether preconditions for an audit are present, the auditor shall:** **(a) Determine whether the financial reporting frame-work to be applied in the preparation and presenta-tion of the financial statements is acceptable; and** **(b) Obtain the agreement of management that it ac-knowledges and understands its responsibility:** **(i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair pres-entation; and** **(ii) To provide the auditor with:** **a. Access to all information of which management is aware that is relevant to the preparation of the fi-nancial statements such as records, documentation and other matters;** **b. Additional information that the auditor may re-quest from management; and** **c. Unconditional access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.** **(c) Obtain the agreement of management that it ac-knowledges and understands its responsibility for**	Material from ISA 700. Substantially revised and new text as conforming amendments to ISA 580.	

	such internal control as it determines is necessary to enable its preparation of financial statements that are free from material misstatement, whether due to fraud or error, in support of its responsibility under paragraph 5(b)(i).		
6	**If management imposes a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.**	Conforming amendment ISA 705.	
7	**If the preconditions for an audit are not present, the auditor shall discuss the matter with management. Unless required by law or regulation to do so, the auditor** shall not accept the proposed audit engagement: (a) If the auditor has determined that the applicable financial reporting framework is unacceptable, **except as provided in paragraphs 18 and 19; or** (b) **If the agreements referred to in paragraph 5(b) and 5(c) have not been obtained.**	New text and conforming amendments to ISA 580.	
17	**If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether:** (a) **The additional requirements can be met through additional disclosures in the financial statements; or** (b) The description of the applicable financial reporting framework in the financial statements can be amended accordingly. **If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor's opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).**	Based on material in extant ISA 200.42 (not yet effective until ISA 800 becomes effective).	
18	**If the auditor has determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation, the auditor shall accept the audit engagement only if the following conditions are present:** **(a) Management agrees to provide additional disclosures in the financial statements required to avoid the financial statements being misleading; and** **(b) It is recognized in the terms of the audit engagement that:** **(i) The auditor's report on the financial statements will incorporate an Emphasis of Matter paragraph, drawing users' attention to the additional disclosures, in accordance with ISA 706 (Revised and Redrafted); and**	New requirement, based on text from extant ISA 200 (not yet effective until ISA 800 becomes effective).	

	(ii) Unless the auditor is required by law or regulation to express the auditor's opinion on the financial statements by using the phrases "present fairly, in all material respects," or "give a true and fair view" in accordance with the applicable financial reporting framework, the auditor's opinion on the financial statements will not include such phrases.		
20	**In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate:** **(a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so,** **(b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding.** **If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. [...].**	New requirement, based on text from extant ISA 200 (not yet effective until ISA 800 becomes effective).	

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
9	**Subject to paragraph 10, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include:** (a) **The objective and scope of the audit of the financial statements;** (b) The responsibilities of the auditor; (c) **The responsibilities of management;** (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and (e) **The expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.**	5, 6	
15	If the terms of the audit engagement are changed, the auditor and management shall agree on and **record the new terms of the engagement in an audit engagement letter or other suitable form of written agreement.**	2.2	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Bold lettered (old para.)	Text	Effect rating
14	**If, prior to completing the audit engagement, the auditor is requested to change the audit engagement to an engagement that obtains a lower level of assurance, the auditor shall determine whether there is reasonable justification for doing so.**	12	**An auditor who, before the completion of the engagement, is requested to change the engagement to one which provides a lower level of assurance, should consider the appropriateness of doing so.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 220 "QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 220 (Redrafted) has not yet been finalized. Agenda item 10 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
8	**The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that:** **(a) The audit complies with professional standards and regulatory and legal requirements; and** **(b) The auditor's report issued is appropriate in the circumstances.**	2	**The engagement team should implement quality control procedures that are applicable to the individual audit engagement.**	

2 Definitions

2.1 New definitions – not included in extant ISA 220

New para.	Text	Comments	Effect rating
9(j)	**Network – A larger structure:** **(i) That is aimed at cooperation, and** **(ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.**	New text.	
9(n)	**Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) related to an audit of financial statements together with national requirements that are more restrictive.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
9(b)	Engagement quality control review – A process designed to provide an objective evaluation, **on or before the date of the auditor's report,** of the significant judgments the engagement team made and the conclusions it reached in formulating the auditor's report. **The engagement quality**	5 (b)	Engagement quality control review – A process designed to provide an objective evaluation, before **the auditor's report is issued** of the significant judgments the engagement team made and the conclusions they reached in formulating the auditor's report.	

	control review process is only for audits of financial statements of listed entities, and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.			
9(c)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals**, none of whom is part of the engagement team**, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the auditor's report.	5(c)	"Engagement quality control reviewer" – a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, **before the auditor's report is issued**, the significant judgments the engagement team made and the conclusions they reached in formulating the auditor's report.	
9(d)	Engagement team – **All partners and staff, and any individuals engaged by the firm, who perform audit procedures on the engagement. This excludes an auditor's external expert.** **Auditor's expert: An individual or organization possessing expertise in a field other than accounting or auditing whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's external expert (who is engaged, not employed, by the auditor), or an auditor's internal expert.**	5 (d)	"Engagement team" **– all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement.**	
9(i)	Network firm – A firm or entity that belongs to a network. <u>See also paragraph 9(j) above.</u>	5 (i)	**"Network firm" – an entity that under common control, ownership or management with the firm or any entity that a reasonable and informed third party having all knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally**.	
9(m)	Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.	5 (a)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's "Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services," and relevant ethical requirements, **which ordinarily comprise Parts A and B of the IFAC Code and relevant national ethical requirements**.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
27	**The engagement quality control reviewer shall document, for the audit engagement reviewed, that:** **(a) The procedures required by the firm's policies on engagement quality control review have been performed;** **(b) The engagement quality control review has been completed on or before the date of the auditor's report; and** **(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.**	Extant ISA 220 does not contain any documentation requirements for engagement quality control reviewers.	
18	**The engagement partner shall take responsibility for review responsibilities being set in accordance with the firm's review policies and procedures.**	Explicit responsibility to ensure that they are set in accordance with the firm's review policies and procedures is not mentioned in extant ISA 220.	

3.2 New requirements from other ISAs

Other changes

Requirement para.	Text	Comment	Effect rating
16	The engagement partner shall be satisfied that the engagement team, **and any auditor's experts who are not part of the engagement team,** collectively have the appropriate, competence and capabilities to: (a) Perform the audit engagement in accordance with professional standards and regulatory and legal requirements; and (b) Enable an auditor's report that is appropriate in the circumstances to be issued.	Additional specification has been added. This is a clarification. The extant Glossary definition of engagement team includes "any experts contracted by the firm in connection with that engagement".	

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
11	The engagement partner shall evaluate whether members of the engagement team have complied with relevant ethical requirements, **through**: **(a) Inquiry and observation regarding ethical matters among the engagement team as necessary throughout the audit engagement; and** **(b) Remaining alert for evidence of non-compliance with those requirements.**	10.2 10.1	
12	**If matters come to the engagement partner's attention through the firm's quality control systems or otherwise**	10	

	that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.		
13	The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence; (b) Evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and (c) Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, **or, if considered appropriate, to withdraw from the audit engagement,** where **withdrawal** is permitted by law or regulation. The engagement partner shall promptly report to the firm any inability to resolve the matter for appropriate action.	13.2	
21	For audits of financial statements of listed entities, **and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required**, the engagement partner shall [...]. [...]. (c) Not **date** the auditor's report until the completion of the engagement quality control review	36	
22	**The engagement quality control reviewer shall:** (a) **Discuss relevant matters with the engagement partner;** (b) **Review the financial statements and the proposed auditor's report;** (c) Evaluate significant judgments made by the engagement team**;** (d) **Determine whether audit documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached; and** (e) Evaluate the conclusions reached in formulating the auditor's report **and consider whether the proposed auditor's report is appropriate.**	39.1-2	
23	**For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review shall also consider the following:** **(a) The engagement team's evaluation of the firm's independence in relation to the audit engagement; and** **(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other**	40 Bullet no.1 Bullet no. 4	

	difficult or contentious matters, and the conclusions arising from those consultations.		
25	An effective system of quality control includes a monitoring process designed to provide the firm with reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. **The engagement partner shall consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms to evaluate whether deficiencies noted in that information, that have not been rectified by the firm, affect the audit engagement.**	41.2-3	
26	**The auditor shall document:** **(a) Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.** **(b) [...].**	11	

3.4 Changed Requirements - based on basic principle or essential procedure

New para.	Text	Old text para.	Text	Effect rating
19	**On or before the date of the auditor's report**, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.	26	**Before the auditor's report is issued, the engagement partner, through review of the audit documentation and discussion with the engagement team, should be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? **-3** **-2** **-1** **0** **1** **2** **3**

Redrafted ISA 230 "AUDIT DOCUMENTATION"

Note: ISA 230 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objective of the auditor is to prepare documentation that provides:** **(a) A sufficient and appropriate record of the basis for the auditor's report; and** **(b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.**	2	**The auditor should prepare, on a timely basis, audit documentation that provides:** **(a) A sufficient and appropriate record of the basis for the auditor's report; and** **(b) Evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 230

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old bold text para.	Text	Effect rating
6 (a)	**Audit documentation – The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).**	6 (a)	"Audit documentation" means the record of audit procedures performed,2 relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).	
6 (b)	**Audit file – One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.**	7.3	Audit documentation, however, is not a substitute for the entity's accounting records. The audit documentation for a specific audit engagement is assembled in an audit file.	

6 (c)	**Experienced auditor – An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of:** **(i) Audit processes;** **(ii) ISAs and applicable legal and regulatory requirements;** **(iii) The business environment in which the entity operates; and** **(iv) Auditing and financial reporting issues relevant to the entity's industry.**	6 (b)	"Experienced auditor" means an individual (whether internal or external to the firm) who has a reasonable understanding of (i) audit processes, (ii) ISAs and applicable legal and regulatory requirements, (iii) the business environment in which the entity operates, and (iv) auditing and financial reporting issues relevant to the entity's industry.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
10.2	The auditor shall document discussions of significant matters with management, those charged with governance, and others, **including the nature of the significant matters discussed and when and with whom the discussions took place**.	17	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold text that has not become a requirement

Requirement para.	Text	Comments	Effect rating
30(b)	When the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor should, regardless of the nature of the modifications or additions, document: (a) When and by whom they were made, and (where applicable) reviewed; (b) The specific reasons for making them; and (c) **Their effect, if any, on the auditor's conclusions.**	This has not become a requirement in redrafted ISA 230.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 240 "THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 240 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
10	**The objectives of the auditor are:** **(a) To identify and assess the risks of material misstatement of the financial statements due to fraud;** **(b) To obtain sufficient appropriate audit evidence about the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and** **(c) To respond appropriately to identified or suspected fraud.**	3	**In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud.**	

2 Definitions

2.1 New definitions – not included in extant ISA 240

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old grey text para.	Text	Effect rating
11 (a)	**Fraud—An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.**	6.1	The term "fraud" refers to an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.	
11 (b)	**Fraud risk factors—Events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.**	12.1	Fraud involves incentive or pressure to commit fraud, a perceived opportunity to do so and some rationalization of the act.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Present tense (old para.)	Effect rating
22	The auditor shall evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, **including those related to revenue accounts**, may indicate risks of material misstatement due to fraud.	This text stems from old black-lettered para. 53 and therefore the addition of this text is a new specification of an existing requirement rather than a new requirement. This new specification is in line with the elevation of text into the requirement of paragraph 26, as above.	

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
13	**Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine. If conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the auditor, the auditor shall investigate further.**	26	
17(a) (part)	(a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, **including the nature, extent and frequency of such assessments**	35	
17(b) (part)	(b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified **or that have been brought to its attention**, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;	37	
19	For those entities that have an internal audit function, the auditor shall make inquiries of internal audit to determine whether it has knowledge of any actual, suspected or alleged fraud affecting the entity, **and to obtain its views about the risks of fraud.**	40	
26	**When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. Paragraph 47 specifies the documentation required when the auditor concludes that the presumption is not applicable in the circumstances of the engagement and, accordingly, has not identified revenue recognition as a risk of material misstatement due to fraud.**	60	
29(a) (part)	[...] Assign and supervise personnel **taking account of the knowledge, skill and ability of the individuals to be given**	67	

	significant engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud for the engagement [...].		
29(b)	**[...] Evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings [...].**	68	
31 and 33	**Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.** **The auditor shall determine whether, in order to respond to the identified risks of management override of controls, the auditor needs to perform other audit procedures in addition to those specifically referred to above (i.e., when there are specific additional risks of management override that are not covered as part of the procedures performed to address the requirements in paragraph 32).**	74 75	
32(a)(i)	Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to: (a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. In designing and performing audit procedures for such tests, **the auditor shall**: **(i) Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;**	77(c)	
32(a)(ii) 32(a)(iii)	**(ii) Select journal entries and other adjustments made at the end of a reporting period; and** **(iii) Consider the need to test journal entries and other adjustments throughout the period.**	79	
32(b)	Review accounting estimates for biases and **evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud**. In performing this review, **the auditor shall:** **(i) Evaluate whether the judgments and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that**	81 80(a)	

	may represent a risk of material misstatement due to fraud. If so, the auditor shall reevaluate the accounting estimates taken as a whole; and **(ii) Perform a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.**	80(b)	
32(c)	For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit**, the auditor shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.** *[Note black-lettered text of "old" 76(c) "the auditor should design and perform audit procedures to obtain an understanding of the business rationale [...]", thus this is, whilst not entirely new, <u>it is a different, more stringent requirement</u>].*	82 *See note.*	
35	When the auditor identifies a misstatement, the auditor shall evaluate whether such a misstatement is indicative of fraud. If there is such an indication, the auditor shall evaluate the implications of the misstatement in relation to other aspects of the audit, particularly the reliability of management representations, **recognizing that an instance of fraud is unlikely to be an isolated occurrence.**	87	
36	**If the auditor identifies a misstatement, whether material or not, and the auditor has reason to believe that it is or may be the result of fraud and that management (in particular, senior management) is involved, the auditor shall reevaluate the assessment of the risks of material misstatement due to fraud and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks. The auditor shall also consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the reliability of evidence previously obtained.**	88	
41	Unless all of those charged with governance are involved in managing the entity, if the auditor has identified or suspects fraud involving: (a) Management; (b) Employees who have significant roles in internal control; or (c) Others where the fraud results in a material misstatement in the financial statements, the auditor shall communicate these matters to those charged with governance on a timely basis. **If the auditor suspects fraud involving management, the auditor shall communicate these suspicions to those charged with**	96	

	governance and discuss with them the nature, timing and extent of audit procedures necessary to complete the audit.		

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 250 "CONSIDERATION OF LAWS AND REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 250 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
10	**The objectives of the auditor are:** **(a) To obtain sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements;** **(b) To perform specified audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements; and** **(c) To respond appropriately to non-compliance or suspected non-compliance with laws and regulations identified during the audit.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 250

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
11	**Non-compliance – Acts of omission or commission by the entity, either intentional or unintentional, which are contrary to the prevailing laws or regulations. Such acts include transactions entered into by, or in the name of, the entity, or on its behalf, by those charged with governance, management or employees. Non-compliance does not include personal misconduct (unrelated to the business activities of the entity) by those charged with governance, management or employees of the entity.**	3	The term "noncompliance" as used in this ISA refers to acts of omission or commission by the entity being audited, either intentional or unintentional, which are contrary to the prevailing laws or regulations. Such acts, include transactions entered into by, or in the name of, the entity or on its behalf by its management or employees. For the purpose of this ISA, non-compliance does not include personal misconduct (unrelated to the business activities of the entity) by the entity's management or employees.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
21	The auditor shall evaluate the implications of non-compliance in relation to other aspects of the audit**,** including the auditor's risk assessment and the reliability of written representations, **and take appropriate action.**	New requirement.	
28	**If the auditor has identified or suspects non-compliance with laws and regulations, the auditor shall determine whether the auditor has a responsibility to report the identified or suspected non-compliance to parties outside the entity.**	New requirement.	
29	The auditor shall document identified or suspected non-compliance with laws and regulations **and the results of discussion with management and, where applicable, those charged with governance and other parties outside the entity.**	New requirement.	

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
17	**In the absence of identified or suspected non-compliance, the auditor is not required to perform audit procedures regarding the entity's compliance with laws and regulations, other than those set out in paragraphs 12-16.**	24	
19.2	If the auditor suspects there may be non-compliance, the auditor shall discuss the matter with management and, where appropriate, those charged with governance. **If management or, as appropriate, those charged with governance do not provide sufficient information that supports that the entity is in compliance with laws and regulations and, in the auditor's judgment, the effect of the suspected non-compliance may be material to the financial statements, the auditor shall consider the need to obtain legal advice.**	29	
21	The auditor shall evaluate the implications of non-compliance in relation to other aspects of the audit, **including the auditor's risk assessment** and the reliability of written representations, and take appropriate action.	31.2	
24	If the auditor suspects that management or those charged with governance are involved in non-compliance, the auditor shall communicate the matter to the next higher level of authority at the entity, if it exists, such as an audit committee or supervisory board. **Where no higher authority exists, or if the auditor believes that the communication may not be acted upon or is unsure as to the person to whom to report, the auditor shall consider the need to obtain legal advice.**	34	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 250	Text	Comment	Effect rating
2	**When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements.**	No longer specified as a requirement.	
13	**In accordance with ISA 200, "Objective and General Principles Governing an Audit of Financial Statements" the auditor should plan and perform the audit with an attitude of professional skepticism recognizing that the audit may reveal conditions or events that would lead to questioning whether an entity is complying with laws and regulations.**	Attitude of professional skepticism required already in ISA 200.	
19.2	**The auditor should have a sufficient understanding of these laws and regulations in order to consider them when auditing the assertions related to the determination of the amounts to be recorded and the disclosures to be made.**	No longer a specific requirement in ISA 250 – however is an ethical issue (professional competence) required in ISA 220. Also ISA 250.12 requires the auditor obtain a general understanding in this respect.	
32	The auditor should, as soon as practicable, either communicate with those charged with governance, **or obtain audit evidence that they are appropriately informed**, regarding noncompliance that comes to the auditor's attention.	Requirement to obtain audit evidence has been dropped. ISA 250.22 now phrased as a conditional requirement "Unless all of those charged with governance are involved in management of the entity, and therefore are aware of matters [...]".	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 260 "COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE"

Note: ISA 260 was revised and redrafted. The main changes relevant to cost /benefit considerations arise from the revision, in particular the emphasis on two-way communication now adopted. In addition a few more matters have been stipulated. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are to:** **(a) Communicate clearly with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit;** **(b) Obtain from those charged with governance information relevant to the audit;** **(c) Provide those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process; and** **(d) Promote effective two-way communication between the auditor and those charged with governance.**	2	**The auditor should communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity.**	

2 Definitions

2.1 New definitions – not included in extant ISA 260

New para.	Text	Comments	Effect rating
6 (b)	**Management – The person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager. Management is responsible for the preparation of the financial statements, overseen by those charged with governance, and in some cases management is also responsible for approving the entity's financial statements (in other cases those charged with governance have this responsibility).**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (a)	**Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager. In some cases, those charged with governance are responsible for approving[1] the entity's financial statements (in other cases management has this responsibility). For discussion of the diversity of governance structures, see paragraphs A5-A12.**	3	For the purposes of this ISA, "governance" is the term used to describe the role of persons entrusted with the supervision, control and direction of an entity. Those charged with governance ordinarily are accountable for ensuring that the entity achieves its objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. Those charged with governance include management only when it performs such functions.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**When the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body.**	New requirement not covered in extant ISA 260.	
9	**In some cases, all of those charged with governance are** involved in managing the entity**, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. These matters are noted in paragraph 12(c). The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity.**	New requirement not covered in extant ISA 260.	
10	**The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that:**	New stipulation.	

1 As described at paragraph [A43] of [proposed] ISA 700, (Redrafted), "The Independent Auditor's Report on General Purpose Financial Statements," having responsibility for approving in this context means having the authority to conclude that all the statements that comprise the financial statements, including the related notes, have been prepared.

	(a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and **(b) The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.**		
13	**In the case of listed entities, the auditor shall communicate with those charged with governance: (Ref: para. A25-A27)** **(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and** **(b)** **(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and** **(ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.**	New stipulation.	
14	**The auditor shall communicate with those charged with governance the form, timing and expected general content of communications.**	New stipulation.	
15	**The auditor shall communicate in writing with those charged with governance regarding significant findings from the audit when, in the auditor's professional judgment, oral communication would not be adequate. Written communications need not include all matters that arose during the course of the audit.**	New stipulation.	
16	**The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 13.**	New stipulation.	
18	**The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.**	New requirement.	
19	**Where matters required by this ISA to be communicated are communicated orally, the auditor shall document them, and when and to whom they were communicated.**	New requirement.	

	Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation.		

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Present tense (old para.)	Text	Effect rating
11	**The auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit.**	11	**The auditor should consider audit matters of governance interest that arise from the audit of the financial statements and communicate them with those charged with governance.** Ordinarily such matters include the following: • The general approach and overall scope of the audit, including any expected limitations thereon, or any additional requirements.	
12	**The auditor shall communicate with those charged with governance: (Ref: para. A20)** **(a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity;** **(b) Significant difficulties, if any, encountered during the audit;** **(c) Unless all of those charged with governance are involved in managing the entity:** **(i) Significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and**	11	**The auditor should consider audit matters of governance interest that arise from the audit of the financial statements and communicate them with those charged with governance.** Ordinarily such matters include the following: • The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements. Not specifically mentioned in extant ISA 260. • Other matters warranting attention by those charged with governance, such as material weaknesses in internal control, questions regarding management integrity, and fraud involving management. • Disagreements with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report. These communica-	

	(ii) Written representations the auditor is requesting; and **(d) Other matters, if any, arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process.**		tions include consideration of whether the matter has, or has not, been resolved and the significance of the matter. Not specifically mentioned in extant ISA 260. • Any other matters agreed upon in the terms of the audit engagement • The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements. • Audit adjustments, whether or not recorded by the entity that have, or could have, a material effect on the entity's financial statements. • Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. • Expected modifications to the auditor's report.	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Bold lettered (old para.)	Text	Effect rating
7	**The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate.**	5	**The auditor should determine the relevant persons who are charged with governance and with whom audit matters of governance interest are communicated.**	
17	**The auditor shall communicate with those charged with governance on a timely basis.**	13	**The auditor should communicate audit matters of governance interest on a timely basis.**	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
11a	**The auditor should inform those charged with governance of those uncorrected misstatements aggregated by the auditor during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.**	Now required by ISA 450.12.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

NEW ISA 265 "COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL"

Note: ISA 265 is a new ISA dealing with communication of specific matters relating to internal control with those charged with governance. It has not yet been finalized. The analysis has been performed using the version of ISA 265 of agenda item 3 including conforming amendments to the IAASB Meeting in September 2008, comparing this with requirements in other ISAs that will be deleted from those ISAs when ISA 265 comes into effect.

1 Objectives

1.1 New text for the objectives

New para.	Text	Effect rating
5	**The objective of the auditor is to communicate appropriately to management and, where appropriate, those charged with governance deficiencies in internal control relating to financial reporting that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit their respective attentions.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISAs

New para.	Text	Comments	Effect rating
6 (a)	**Deficiency in internal control – This exists when:** **(i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or** **(ii) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.**		
6 (b)	**Significant deficiency – A deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.**		

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**If the auditor has identified one or more deficiencies in internal control, the auditor shall determine, on the basis of the audit work performed, whether, individually or in combination, they constitute significant deficiencies.**	New requirement.	
10	**The auditor shall include in the written communication of significant deficiencies:** **(a) A description of the deficiencies and an explanation of their potential effects on the financial statements; and**	Additional specification not in extant ISAs.	

	(b) Sufficient information to enable management and those charged with governance to understand the context of the communication. In particular, the auditor shall explain that: The purpose of the audit was for the auditor to express an audit opinion on the financial statements, and the auditor has not performed audit procedures to obtain reasonable assurance, and is not providing any assurance, on the effectiveness of internal control; **(i) The auditor did not plan and perform the audit with a view to identifying deficiencies in internal control that might exist; and** **(ii) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded should be reported to management and those charged with governance.**		
11	**The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis other deficiencies in internal control identified during the audit that, in the auditor's professional judgment, are of sufficient importance to merit management's attention.**	Neither (Redrafted) ISA 315 nor (Redrafted) ISA 330 require communication of weakness in controls other than "material weaknesses" (cf. ISA 315.A126[2]).	

3.2 New requirements from other ISAs

Requirement para.	Text	Comments	Effect rating
7	**The auditor shall determine whether, on the basis of the audit work performed, the auditor has identified one or more deficiencies in internal control.**	This requirement will be deleted from (Redrafted) ISA 315.31 and (Redrafted) ISA 330.18.	
9	**The auditor shall communicate in writing significant deficiencies identified during the audit** **to both management**	This is more stringent in stipulating that the communication shall be in writing (Revised and Redrafted) ISA 260. 15 requires written communication of significant findings when, in the auditor's professional judgment oral communication would not be adequate. (Redrafted) ISAs 315 and 330 do not require communication to management in writing. Requirement to communicate with management will be deleted from ISA (Re-	

2 ISA 315.A126 (Redrafted): „In the audit of public sector entities, there may be additional communication or reporting requirements for public sector auditors. For example, internal control weaknesses may have to be reported to the legislature or other governing body."

		drafted) 315.32 and (Re-drafted) ISA 330.19.	
	and those charged with governance	Requirement that will be deleted from ISA 260.12(c).	
	on a timely basis	Reflects requirement of (Revised and Redrafted) ISA 260.17, (Redrafted) ISA 315.32 and (Redrafted) ISA 330.19.	

3.3 New requirements – elevation of present tense sentences

N/a.

3.4 Changed requirements - based on basic principle or essential procedure

N/a.

3.5 Deleted requirements – basic principle or essential procedure removed

N/a.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 300 "PLANNING AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 300 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
3	**The objective of the auditor is to plan the audit so that it will be performed in an effective manner.**	2	**The auditor should plan the audit so that the engagement will be performed in an effective manner.**	

2 Definitions

2.1 New definitions – not included in extant ISA 300

N/a.

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
4	**The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members.**	3 and 5	
7(a), (b) and (c)	**In establishing the overall audit strategy, the auditor shall:** **(a) Identify the characteristics of the engagement that define its scope;** **(b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;** **(c) Consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;**	9	

7(d)	**(d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and**	9	
7(e)	**(e) Ascertain the nature, timing and extent of resources necessary to perform the engagement.**	10	
8	**The auditor shall develop an audit plan that shall include a description of:** **(a) The nature, timing and extent of planned risk assessment procedures, as determined under ISA 315, "Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment."** **(b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ISA 330, "The Auditor's Responses to Assessed Risks."** **(c) Other planned audit procedures that are required to be carried out so that the engagement complies with ISAs.**	15	
11(c)	11. The auditor shall document: (a) The overall audit strategy; (b) The audit plan; and (c) Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, **and the reasons for such changes**.	25	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 315 "IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT THROUGH UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT"

Note: ISA 315 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
3	**The objective of the auditor is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, through understanding the entity and its environment, including the entity's internal control, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement.**	2	**The auditor should obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and sufficient to design and perform further audit procedures.**	

2 Definitions

2.1 New definitions – not included in extant ISA 315

New para.	Text	Comments	Effect rating
4 (a)	**Assertions – Representations by management, explicit or otherwise, that are embodied in the financial statements, as used by the auditor to consider the different types of potential misstatements that may occur.**	New text.	
4 (b)	**Business risk – A risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.**	New definition, based on text in extant ISA 315.31-34.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4 (c)	**Internal control – The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any**	42	Internal control is the process designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations […].	

	aspects of one or more of the components of internal control.			
4 (d)	**Risk assessment procedures – The audit procedures performed to obtain an understanding of the entity and its environment, including the entity's internal control, to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels.**	3	Risk assessment procedures and sources of information about the entity and its environment, including its internal control. This section explains the audit procedures that the auditor is required to perform to obtain the understanding of the entity and its environment, including its internal control (risk assessment procedures). [...].	

2.3 Definitions based on bold text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4 (e)	**Significant risk – An identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration.**	108	**As part of the risk assessment as described in paragraph 100, the auditor should determine which of the risks identified are, in the auditor's judgment, risks that require special audit consideration (such risks are defined as "significant risks").**	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comments	Effect rating
10 (part)	**The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion.**	New requirement.	

3.2 New requirements from other ISAs

Requirement para.	Text	Comments	Effect rating
22a	**If the entity has an internal audit function, the auditor shall obtain an understanding of the following in order to determine whether the internal audit function is likely to be relevant to the audit:** **(a) The nature of the internal audit function's responsibilities and how the internal audit function fits in the entity's organizational structure; and** **(b) The activities performed, or to be performed, by the internal audit function.**	Conforming amendment to ISA 610 (September 2008)	

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
6(a) part	The risk assessment procedures shall include the following: (a) Inquiries of management, and of others within the entity **who in the auditor's judgment may have information that is likely to assist in identifying risks of material misstatement due to fraud or error.**	9	
7 and 8	**7. The auditor shall consider whether information obtained from the auditor's client acceptance or continuance process is relevant to identifying risks of material misstatement.** **8. Where the engagement partner has performed other engagements for the entity, the engagement partner shall consider whether information obtained is relevant to identifying risks of material misstatement.**	13	
10 (part)	10. The **engagement partner and other key engagement team members** shall discuss the susceptibility of the entity's financial statements to material misstatement, **and the application of the applicable financial reporting framework to the entity's facts and circumstances. The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion.**	16 and 17	
11(b) (i)-(iv)	The auditor shall obtain an understanding of the following: (a) Relevant industry, regulatory, and other external factors including the applicable financial reporting framework. (b) The nature of the entity, including: **(i) Its operations;** **(ii) Its ownership and governance structures;** **(iii) The types of investments that the entity is making and plans to make, including investments in special-purpose entities; and** **(iv) The way that the entity is structured and how it is financed,** **to enable the auditor to understand the classes of transactions, account balances, and disclosures to be expected in the financial statements.**	25	
11 (c)	(c) The entity's selection and application of accounting policies, **including the reasons for changes thereto**. The auditor shall evaluate whether the entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry	28	
13	**When obtaining an understanding of controls that are relevant to the audit, the auditor shall evaluate the design of those controls and determine whether they have been implemented, by performing procedures in addition to inquiry of the entity's personnel.**	54	

14(a)	14. The auditor shall obtain an understanding of the control environment. As part of obtaining this understanding, the auditor shall evaluate whether: **(a) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behavior**; **and**	68	
14(b)	**(b) The strengths in the control environment elements collectively provide an appropriate foundation for the other components of internal control, and whether those other components are not undermined by deficiencies in the control environment**.	73	
15(b) and (c)	15. The auditor shall obtain an understanding of whether the entity has a process for: (a) Identifying business risks relevant to financial reporting objectives; (b) **Estimating the significance of the risks;** (c) **Assessing the likelihood of their occurrence; and** (d) Deciding about actions to address those risks.	77	
16	**If the entity has established such a process (referred to hereafter as the 'entity's risk assessment process'), the auditor shall obtain an understanding of it, and the results thereof. Where the auditor identifies risks of material misstatement that management failed to identify, the auditor shall evaluate whether there was an underlying risk of a kind that the auditor expects would have been identified by the entity's risk assessment process. If there is such a risk, the auditor shall obtain an understanding of why that process failed to identify it, and evaluate whether the process is appropriate to its circumstances or if there is a significant deficiency in the entity's risk assessment process.**	78	
17	**If the entity has not established such a process or has an ad hoc process, the auditor shall discuss with management whether business risks relevant to financial reporting objectives have been identified and how they have been addressed. The auditor shall evaluate whether the absence of a documented risk assessment process is appropriate in the circumstances, or represents a significant deficiency in the entity's internal control.**	Requirement is based on the consideration of whether the entity's risk assessment process is appropriate to its circumstances. Referred to in grey text of paragraph 78 and 79, but extended.	
18(b) part and	The auditor shall obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including the following areas: (a) The classes of transactions in the entity's operations that are significant to the financial statements; (b) The procedures, within both information technology (IT) and manual systems, by which those transactions are initiated, recorded, processed, **corrected as necessary, transferred to the general ledger and reported in the financial statements;** (c) The related accounting records, supporting information and specific accounts in the financial statements that are used to initiate, record, process and report transactions; **this includes the correction of incorrect**	82 87	

18(f)	**information and how information is transferred to the general ledger.** The records may be in either manual or electronic form; (d) How the information system captures events and conditions, other than transactions, that are significant to the financial statements; (e) The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures; and (f) **Controls surrounding journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments.**	86	
19(a) and (b)	The auditor shall obtain an understanding of how the entity communicates financial reporting roles and responsibilities and significant matters relating to financial reporting, including: **(a) Communications between management and those charged with governance; and** **(b) External communications, such as those with regulatory authorities.**	89	
23	**The auditor shall obtain an understanding of the sources of the information used in the entity's monitoring activities, and the basis upon which management considers the information to be sufficiently reliable for the purpose.**	99	
25	**For this purpose, the auditor shall:** **(a) Identify risks throughout the process of obtaining an understanding of the entity and its environment, including relevant controls that relate to the risks, and by considering the classes of transactions, account balances, and disclosures in the financial statements;** **(b) Assess the identified risks, and evaluate whether they relate more pervasively to the financial statements as a whole and potentially affect many assertions;** **(c) Relate the identified risks to what can go wrong at the assertion level, taking account of relevant controls that the auditor intends to test; and** **(d) Consider the likelihood of misstatement, including the possibility of multiple misstatements, and whether the potential misstatement is of a magnitude that could result in a material misstatement.**	100 and 102	
24 (part)	The auditor shall identify and assess the risks of material misstatement at: (a) The financial statement level; and (b) The assertion level for classes of transactions, account balances, and disclosures, **to provide a basis for designing and performing further audit procedures**.	101.2	

26 and 27	26. As part of the risk assessment as described in paragraph 24, the auditor shall determine whether any of the risks identified are, in the auditor's judgment, a significant risk. **In exercising this judgment, the auditor shall exclude the effects of identified controls related to the risk.** **27. In exercising judgment as to which risks are significant risks, the auditor shall consider at least the following:** **(a) Whether the risk is a risk of fraud;** **(b) Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention;** **(c) The complexity of transactions;** **(d) Whether the risk involves significant transactions with related parties;** **(e) The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and** **(f) Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.**	109 109	
30	**The auditor's assessment of the risks of material misstatement at the assertion level may change during the course of the audit as additional audit evidence is obtained. In circumstances where the auditor obtains audit evidence from performing further audit procedures, or if new information is obtained, either of which is inconsistent with the audit evidence on which the auditor originally based the assessment, the auditor shall revise the assessment and modify the further planned audit procedures accordingly.**	119	

3.4 Changed requirements – based on basic principle or essential procedure
Bold lettered sentences that have become requirements similar in terms of work effort
None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
120	**The auditor should make those charged with governance or management aware, as soon as practicable, and at an appropriate level of responsibility, of material weaknesses in the design or implementation of internal control which have come to the auditor's attention.**	Now removed as conforming amendment to Exposure Draft ISA 265	

4 Overall rating of potential effects
How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Revised and Redrafted ISA 320 "MATERIALITY IN PLANNING AND PERFORMING AN AUDIT"

Revised and Redrafted ISA 450 "EVALUATION OF MISSTATEMENTS IDENTIFIED DURING THE AUDIT"

Note: ISAs 320 (Revised and Redrafted) and ISA 450 (Revised and Redrafted) have not yet been issued in their finalized versions. Analysis is therefore based on agenda item 14 (Updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB. Comparison of the two standards has been made to extant ISA 320 in the IAASB 2008 Handbook.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
ISA 320.8	**The objective of the auditor is to apply the concept of materiality appropriately in planning and performing the audit.**	2	**The auditor should consider materiality and its relationship with audit risk when conducting an audit.**	
ISA 450.3	**The objective of the auditor is to evaluate:** **(a) The effect of identified misstatements on the audit; and** **(b) The effect of uncorrected misstatements, if any, on the financial statements.**	8	Materiality should be considered by the auditor when: (a) Determining the nature, timing and extent of audit procedures; and (b) **Evaluating the effect of misstatements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 320

New para.	Text	Comments	Effect rating
ISA 320.9	**For purposes of the ISAs, performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.**		
ISA 450.4 (a)	**Misstatement – A difference between the amount, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.** **When the auditor expresses an opinion on whether the financial statements give a true and fair view or are presented fairly, in all material respects, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor's judgment, are necessary for the financial statements to give a true and fair view or present fairly, in all material respects.**		

ISA 450.4 (b)	**Uncorrected misstatements – Misstatements that the auditor has accumulated during the audit and that have not been corrected.**		

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
ISA 320.11	**The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.**	New requirement. This concept is only alluded to in ISA 320.11.5-6.	
ISA 320.14	**The audit documentation shall include the following amounts and the factors considered in their determination:** **(a) Materiality for the financial statements as a whole (see paragraph 10);** **(b) If applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures (see paragraph 10);** **(c) Performance materiality (see paragraph 11); and** **(d) Any revision of (a)-(c) as the audit progressed (see paragraphs 12-13).**	New requirement. Extant ISA 320 does not refer to documentation.	
ISA 450.5	**The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial.**	New requirement.	
ISA 450.8	**The auditor shall communicate on a timely basis all misstatements accumulated during the audit with the appropriate level of management, unless prohibited by law or regulation. The auditor shall request management to correct those misstatements.**	New requirement.	
ISA 450.13	**The auditor shall also communicate with those charged with governance the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.**	New requirement. Extant ISA 320 does not refer to prior periods.	
ISA 450.14	**The auditor shall request a written representation from management and, where appropriate, those charged with governance whether they believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A summary of such items shall be included in or attached to the written representation.**	New requirement. Extant ISA 320 does not refer to representations.	
ISA 450.15	**The audit documentation shall include:** **(a) The amount below which misstatements would be regarded as clearly trivial (paragraph 5);** **(b) All misstatements accumulated during the audit and whether they have been corrected (paragraphs 5, 8 and 12); and** **(c) The auditor's conclusion as to whether uncorrected misstatements are material, individually or in aggre-**	New requirement. Extant ISA 320 does not refer to documentation.	

	gate, and the basis for that conclusion (paragraph 11).		

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Comments	Effect rating
ISA 320.10.2	**If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole** **could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements,** **the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.**	Based on text in extant ISA 320.7. Based on text in extant ISA 320.3. New as a requirement. Extant ISA 320.7 suggests the process **may** result in different materiality levels.	
ISA 320.12	**The auditor shall revise materiality for the financial statements as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.**	Based on present tense text of extant ISA 320.9.3, 10 and 11.	
ISA 320.13	**If the auditor concludes that a lower materiality for the financial statements as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures) than that initially determined is appropriate, the auditor shall determine whether it is necessary to revise performance materiality, and whether the nature, timing and extent of the further audit procedures remain appropriate.**	Based on present tense text of extant ISA 10 and 11.	
ISA 450.6	**The auditor shall determine whether the overall audit strategy and audit plan need to be revised if:** **(a) The nature of identified misstatements and the circumstances of their occurrence indicate that other misstatements may exist that, when aggregated with misstatements accumulated during the audit, could be material; or** **(b) The aggregate of misstatements accumulated during the audit approaches materiality determined in accordance with ISA 320 (Revised and Redrafted)**	New requirement. Based on present tense text in extant ISA 320.14.	
ISA 450.7	**If, at the auditor's request, management has examined a class of transactions, account balance or disclosure and corrected misstatements that were detected, the auditor shall perform additional audit procedures to determine whether misstatements remain.**	New requirement. Based on present tense text in extant ISA 320.14.	

ISA 450.10	**Prior to evaluating the effect of uncorrected misstatements, the auditor shall reassess materiality determined in accordance with ISA 320 (Revised and Redrafted) to confirm whether it remains appropriate in the context of the entity's actual financial results.**	New requirement. Based on present tense text in extant ISA 320.11.	

3.4 Changed requirements – based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
ISA 320. 10.1	**When establishing the overall audit strategy, the auditor shall determine materiality for the financial statements as a whole.**	8	**Materiality should be considered by the auditor when:** **(a) Determining the nature, timing and extent of audit procedures; and** [...].	
ISA 450.9	**If management refuses to correct some or all of the misstatements communicated by the auditor, the auditor shall obtain an understanding of management's reasons for not making the corrections and shall take that understanding into account when evaluating whether the financial statements as a whole are free from material misstatement**	15	**If management refuses to adjust the financial statements and the results of extended audit procedures do not enable the auditor to conclude that the aggregate of uncorrected misstatements is not material, the auditor should consider the appropriate modification to the auditor's report in accordance with ISA 701, "Modifications to the Independent Auditor's Report."**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
ISA 450. 12	**The auditor shall communicate with those charged with governance uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor's report, unless prohibited by law or regulation. The auditor's communication shall identify material uncorrected misstatements individually. The auditor shall request that uncorrected misstatements be corrected.**	17	**If the auditor has identified a material misstatement resulting from error, the auditor should communicate the misstatement to the appropriate level of management on a timely basis, and consider the need to report it to those charged with governance in accordance with ISA 260, "Communication of Audit Matters with Those Charged with Governance."**	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences that have not become requirements

Bold lettered (old para.)	Text	Comment	Effect rating
4	**The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.**	This is a statement of fact setting the background it is the objective as referred to in ISA 700 (Redrafted).10.	

12	**In evaluating whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework, the auditor should assess whether the aggregate of uncorrected misstatements that have been identified during the audit is material.**	See ISA 700 (Redrafted).11.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 330 "THE AUDITOR'S RESPONSES TO ASSESSED RISKS"

Note: ISA 330 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
3	**The objective of the auditor is to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks.**	3	**In order to reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level.**	

2 Definitions

2.1 New definitions – not included in extant ISA 330

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Comments	Effect rating
4 (a)	**Substantive procedure – An audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise:** **(i) Tests of details (of classes of transactions, account balances, and disclosures), and** **(ii) Substantive analytical procedures.**	New text, based on present tense sentences in extant ISA 330. 10 et seq.	
4 (b)	**Test of controls – An audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.**	New text, based on present tense sentences in extant ISA 330. 26 et seq.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
7	**In designing the further audit procedures to be performed, the auditor shall:**		

	(a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure, including: **(i) The likelihood of material misstatement due to the particular characteristics of the relevant class of transactions, account balance, or disclosure (i.e., the inherent risk);** **and** **(ii) Whether the risk assessment takes account of relevant controls (i.e., the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (i.e., the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures);** **(b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk; and** **(c) Identify those assessed risks of material misstatement at the assertion level for which external confirmation procedures are to be performed as further audit procedures.**	12 7 7 44 		
9	**In designing and performing tests of controls, the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control.**	46		
10(a)(i)-(iii)	In designing and performing tests of controls, the auditor shall: (a) Perform other audit procedures in combination with inquiry to obtain audit evidence about the operating effectiveness of the controls, **including:** **(i) How the controls were applied at relevant times during the period under audit.** **(ii) The consistency with which they were applied.** **(iii) By whom or by what means they were applied.**	26		
10(b)	(b) **Determine whether the controls to be tested depend upon other controls (indirect controls), and if so, whether it is necessary to obtain audit evidence supporting the effective operation of those indirect controls.**	31		
11	**The auditor shall test controls for the particular time, or throughout the period, for which the auditor intends to rely on those controls, subject to paragraphs 12 and 15 below, in order to provide an appropriate basis for the auditor's intended reliance.**	35		
12(a)	When the auditor obtains audit evidence about the operating effectiveness of controls during an interim period, the auditor shall: (a) **Obtain audit evidence about significant changes to those controls subsequent to the interim period** (b) Determine the additional audit evidence to be obtained for the remaining period.	 37		

13	**In determining whether it is appropriate to use audit evidence about the operating effectiveness of controls obtained in previous audits, and, if so, the length of the time period that may elapse before retesting a control, the auditor shall consider the following:** **(a) The effectiveness of other elements of internal control, including the control environment, the entity's monitoring of controls, and the entity's risk assessment process;** **(b) The risks arising from the characteristics of the control, including whether it is manual or automated;** **(c) The effectiveness of general IT-controls;** **(d) The effectiveness of the control and its application by the entity, including the nature and extent of deviations in the application of the control noted in previous audits, and whether there have been personnel changes that significantly affect the application of the control;** **(e) Whether the lack of a change in a particular control poses a risk due to changing circumstances; and** **(f) The risks of material misstatement and the extent of reliance on the control.**	42	
16	**When evaluating the operating effectiveness of relevant controls, the auditor shall evaluate whether misstatements that have been detected by substantive procedures indicate that controls are not operating effectively. The absence of misstatements detected by substantive procedures, however, does not provide audit evidence that controls related to the assertion being tested are effective.**	34	
17	**When deviations from controls upon which the auditor intends to rely are detected, the auditor shall make specific inquiries to understand these matters and their potential consequences, and shall determine whether:** **(a) The tests of controls that have been performed provide an appropriate basis for reliance on the controls;** **(b) Additional tests of controls are necessary; or** **(c) The potential risks of misstatement need to be addressed using substantive procedures.**	68	
22 .2	**When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details.**	52	
24	**If misstatements that the auditor did not expect when assessing the risks of material misstatement are detected at an interim date, the auditor shall evaluate whether the related assessment of risk and the planned nature, timing, or extent of substantive procedures covering the remaining period need to be modified.**	61	

27	The auditor shall conclude whether sufficient appropriate audit evidence has been obtained. **In forming an opinion, the auditor shall consider all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial statements.**	70	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? **-3** **-2** **-1** **0** **1** **2** **3**

Revised and Redrafted ISA 402 "AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A THIRD PARTY SERVICE ORGANIZATION"

Note: ISA 402 (Revised and Redrafted) has not been finalized by the IAASB. Agenda item 9 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
7	**The objectives of the user auditor, when the user entity uses the services of a service organization, are:** **(a) To obtain an understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement; and** **(b) To design and perform audit procedures responsive to those risks.**	2	**The auditor should consider how an entity's use of a service organization affects the entity's internal control so as to identify and assess the risk of material misstatement and to design and perform further audit procedures.**	

2 Definitions

2.1 New definitions – not included in extant ISA 402

New para.	Text	Comments	Effect rating
8(a)	**Complementary user entity controls – Controls that the service organization assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives, are identified in the description of its system.**	New text.	
8(b)	**Other auditor – An auditor performing tests of controls or substantive procedures at the service organization at the request of the user auditor. A service auditor may also act in the capacity of an other auditor.**	New text.	
8(c)	**Service auditor – An auditor who, at the request of the service organization, provides an assurance report on the controls of a service organization.**	New text.	
8(d)	**Service organization – A third-party organization (or segment of a third-party organization) that provides services to user entities that are part of those entities' information systems relevant to financial reporting.**	New text.	
8(e)	**Service organization's system – The policies and procedures designed, implemented and maintained by the service organi-**	New text.	

	zation to provide user entities with the services covered by the service auditor's report.		
8(f)	**Subservice organization – A service organization used by another service organization to perform some of the services provided to user entities that are part of those user entities' information system relevant to financial reporting.**	New text.	
8(g)	**User auditor – An auditor who audits and reports on the financial statements of a user entity.**	New text.	
8(h)	**User entity – An entity that uses a service organization and whose financial statements are being audited.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
8(i)	**Report on the description and design of controls at a service organization (referred to in this ISA as a Type A report) – A report that comprises:** **(i) A description, prepared by management of the service organization, of the service organization's system, control objectives and related controls that have been designed and implemented as at a specified date; and** **(ii) A report with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service organization's system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives.** **Type A reports are typically reports issued under [proposed] International Standard for Assurance Engagements (ISAE) 34024 or recognized national standards.**	12 (1st part)	*The report of the service organization auditor will ordinarily be one of two types as follows:* Type A—Report on the Design and Implementation of Internal Control (a) A description of the service organization's internal control, ordinarily prepared by the management of the service organization; and (b) An opinion by the service organization auditor that: (i) The above description is accurate; (ii) The internal control is suitably designed to achieve their stated objectives; and (iii) The internal controls have been implemented […].	
8(j)	**Report on the description, design, and operating effectiveness of controls at a service organization (referred to in this ISA as a Type B report) – A report that comprises:** **(i) A description, prepared by management of the service organization, of the service organization's system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and**	12 (2nd part)	*[…] Type B—Report on the Design, Implementation and Operating Effectiveness of Internal Control* (a) A description of the service organization's internal control, ordinarily prepared by the management of the service organization; and (b) An opinion by the service organization auditor that: The above description is accurate; (ii) The internal controls is suitably designed to achieve their stated objectives; (iii) The internal controls have been implemented; and	

	(ii) A report with the objective of conveying reasonable assurance that includes: **a. The service auditor's opinion on the description of the service organization's system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and** **b. A description of the service auditor's tests of the controls and the results thereof.** **Type B reports are typically reports issued under [proposed] ISAE 3402 or recognized national standards.**		(iv) The internal controls are operating effectively based on the results from the tests of controls. In addition to the opinion on operating effectiveness, the service organization auditor would identify the tests of controls performed and related results [...].	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision

Requirement para.	Text	Comments	Effect rating
20.2	The user auditor shall not refer to the work of a service auditor in the user auditor's report containing an unmodified opinion unless required by law or regulation to do so**. If such reference is required by law or regulation, the user auditor's report shall indicate that the reference does not diminish the user auditor's responsibility for the audit opinion.**	New specification of text in auditor's report.	
21	**If reference to the work of a service auditor is relevant to an understanding of a modification to the user auditor's opinion, the user auditor's report shall indicate that such reference does not diminish the user auditor's responsibility for that opinion.**	New specification of text in auditor's report.	
15	**In responding to assessed risks in accordance with ISA 330 (Redrafted), the user auditor shall:** **(a) Determine whether sufficient appropriate audit evidence concerning the relevant financial statement assertions is available from records held at the user entity; and, if not,** **(b) Perform further audit procedures to obtain sufficient appropriate audit evidence or [...].**	New requirement specifying response to risk.	
18	**The user auditor shall inquire of management of the user entity whether the user entity is aware of, or whether the service organization has reported to the user entity, any fraud, non-compliance with laws and regulations or uncorrected misstatements and if so, the user auditor shall evaluate how they affect the nature, timing and extent of the user auditor's further audit procedures.**	New requirement not covered by extant ISA. 402	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Comments	Effect rating
9	When obtaining an understanding of the entity in accordance with ISA 315 (Redrafted), the user auditor shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations, including: **(a) The nature of the services provided by the service organization** and the significance of those services to the user entity, **including the effect thereof on the user entity's internal control**; **(b) The nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization;** **(c) The degree of interaction between the activities of the service organization and those of the user entity; and** **(d) The nature of the relationship between the user entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.**	Based on present tense text paragraph 5 bullet 1. Based on present tense text paragraph 5 bullet 3. New specification. Based on present tense text paragraph 5 bullet 2.	
11	**The user auditor shall determine whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of risks of material misstatement.**	New requirement. Based on present tense ISA 402.8 and 9.	
12	**If the user auditor is unable to obtain a sufficient understanding from the user entity, the user auditor shall obtain that understanding from one or more of the following procedures:** **(a) Obtaining a Type A or Type B report, if available;** **(b) Contacting the service organization, through the user entity, to obtain specific information;** **(c) Visiting the service organization and performing such procedures; or** **(d) Using an other auditor to perform procedures that will provide the necessary information about the relevant controls at the service organization.**		

16	**When the user auditor's risk assessment includes an expectation that controls at the service organization are operating effectively, the user auditor shall obtain audit evidence about the operating effectiveness of those controls from one or more of the following procedures:** **(a) Obtaining a Type B report, if available;** **(b) Performing appropriate tests of controls at the service organization; or** **(c) Using an other auditor to perform tests of controls at the service organization on behalf of the user auditor.**	New requirement, based on present tense ISA 402.10.	
15	In responding to assessed risks in accordance with ISA 330 (Redrafted), the user auditor shall: (a) Determine whether sufficient appropriate audit evidence concerning the relevant financial statement assertions is available from records held at the user entity; and, if not, (b) Perform further audit procedures to obtain sufficient appropriate audit evidence or **use an other auditor to perform those procedures at the service organization on the user auditor's behalf.**	Based on present tense text extant ISA. 402.17.	

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**When obtaining an understanding of the entity in accordance with ISA 315 (Redrafted), the user auditor shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations,** including: (a) The nature of the services provided by the service organization **and the significance of those services to the user entity**, including the effect thereof on the user entity's internal control; (b) The nature and materiality of the transactions processed or accounts or financial reporting process affected by the service organization; (c) The degree of interaction between the activities of the service organization and those of the user entity; and (d) The nature of the relationship between the user entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.	5	**In obtaining an understanding of the entity and its environment, the auditor should determine the significance of service organization activities to the entity and the relevance to the audit.**	

10	**When obtaining an understanding of internal control relevant to the audit in accordance with ISA 315 (Redrafted), the user auditor shall evaluate the design and implementation of relevant controls at the user entity that are applied to the transactions processed by the service organization.**	7	**If the auditor concludes that the activities of the service organization are significant to the entity and relevant to the audit, the auditor should obtain a sufficient understanding of the service organization and its environment, including its internal control, to identify and assess the risks of material misstatement and design further audit procedures in response to the assessed risks.**	
13	**In determining the sufficiency and appropriateness of the audit evidence provided by a Type A or Type B report in support of the user auditor's opinion, the user auditor shall be satisfied as to the service auditor's professional competence and independence from the service organization, as well as the adequacy of the standards under which the Type A or Type B report was issued.**	9	**If the auditor uses the report of a service organization auditor, the auditor should consider making inquiries concerning that auditor's professional competence in the context of the specific assignment undertaken by the service organization auditor.**	
20.1	**The user auditor shall not refer to the work of a service auditor in the user auditor's report containing an unmodified opinion unless required by law or regulation to do so.**	18	**When the auditor uses a report from the auditor of a service organization, no reference should be made in the entity's auditor's report to the auditor's report on the service organization.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
14	If the user auditor plans to use a Type A or Type B report as audit evidence about the design and implementation of controls at the service organization, the user auditor shall: (a) Evaluate whether the description of controls at the service organization is at a date or for a period that is appropriate for the user auditor's purposes; (b) Evaluate the sufficiency and appropriateness of the evidence provided by the report for the understanding of the user entity's internal control relevant to the audit; and (c) **Determine whether complementary user entity controls identified by the service organization are relevant to the user entity and if so, obtain an understanding of whether the user entity has designed and implemented such controls.**	11	**When using a service organization auditor's report, the auditor should consider the nature of and content of that report.** **[New text]**	

17	If the user auditor plans to use a Type B report as audit evidence that controls at the service organization are operating effectively, the user auditor shall determine whether the service auditor's report provides sufficient appropriate audit evidence about the effectiveness of the controls to support the user auditor's risk assessment by:	13	**The auditor should consider the scope of work performed by the service organization auditor and should evaluate the usefulness and appropriateness of reports issued by the service organization auditor.**	
	(a) **Evaluating whether the description of controls at the service organization is at a date or for a period that is appropriate for the user auditor's purposes;** (b) **Determining whether complementary user entity controls identified by the service organization are relevant to the user entity, and if so, obtain an understanding of whether the user entity has designed and implemented such controls and, if so, testing their operating effectiveness;** (c) **Evaluating the adequacy of the time period covered by the tests of controls and the time elapsed since the performance of the tests of controls; and**		New specification. Based on present tense text in extant ISA 402.15.	
	(d) Evaluating whether the specific tests of controls performed by the service auditor and the results thereof are relevant to the assertions in the user entity's financial statements.	16	**For those specific tests of control and results that are relevant, the auditor should consider whether the nature, timing and extent of such tests provide sufficient appropriate audit evidence about the operating effectiveness of the internal control to support the auditor's assessed risks of material misstatement.**	

3.5 Deleted requirements – basic principle or essential procedure removed
Bold lettered sentences that have not become requirements

4 Overall rating of potential effects
How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 500 "AUDIT EVIDENCE"

Note: ISA 500 has not yet been finalized. Agenda item 2 including conforming amendments from the IAASB meeting in June 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
4	**The objective of the auditor is to design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.**	2	**The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.**	

2 Definitions

2.1 New definitions – not included in extant ISA 500

New para.	Text	Comments	Effect rating
5 (b)	**Appropriateness (of audit evidence) – The measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.**	New term defined.	
5 (d)	**Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.**	New term defined.	
5 (e)	**Sufficiency (of audit evidence) – The measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
8	When using information produced by the entity, including any management's expert, the auditor shall evaluate whether the information is sufficiently reliable for the purposes of the audit, including as necessary in the circumstances: (a) Obtaining audit evidence about the accuracy and completeness of the information;		

	(b) **Evaluating whether the information is sufficiently precise and detailed for the purposes of the audit; and** (c) **Evaluating the capabilities, competence and objectivity of a management's expert, if any.**	New requirement. New requirement.	
8 (conforming amendment to ISA 620 from September 2008 – to replace 8(c) above)	**When information to be used as audit evidence has been prepared using the work of a management's expert, the auditor shall, to the extent necessary having regard to the significance of that expert's work for the auditor's purposes:** **(a) Evaluate the competence, capabilities and objectivity of that expert;** **(b) Obtain an understanding of the work of that expert; and** **(c) Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion.**	New requirement.	
9	**When designing tests of controls and tests of details, the auditor shall determine means of selecting items for testing that are effective in meeting the purpose of the audit procedure.**	New requirement.	
10	If: (a) Audit evidence obtained from one source is inconsistent with that obtained from another; or (b) The auditor has doubts over the reliability of information to be used as audit evidence, the auditor shall determine what modifications or additions to audit procedures are necessary to resolve the matter, [...]. **and shall consider the effect of the matter, if any, on other aspects of the audit.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	**When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit evidence**	7.2 and 10.2	
10	**If:** **(a) Audit evidence obtained from one source is inconsistent with that obtained from another; or** **(b) The auditor has doubts over the reliability of information to be used as audit evidence,** **the auditor shall determine what modifications or additions to audit procedures are necessary to resolve the matter, [...].**	12.4	

3.4 Changed requirements – based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 500	Text	Comment	Effect rating
16	**The auditor should use assertions for classes of transactions, account balances, and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatement and the design and performance of further audit procedures.**	Not included as covered by ISA 315.24(b), .04(a), and A104.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 501 "AUDIT EVIDENCE REGARDING SPECIFIC FINANCIAL STATEMENT ACCOUNT BALANCES AND DISCLOSURES"

Note: ISA 501 has not been finalized by the IAASB. Agenda item 4 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis. <u>Furthermore, paragraphs 38- 42 of extant ISA 501 have not been included in this analysis as these relate to deleted text on "Valuation and disclosure of long term investments", which is no longer covered specifically in ISAs.</u>

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the following matters when the related financial statement account balances or disclosures are material to the financial statements:** **(a) The existence and physical condition of inventory;** **(b) The completeness of litigation and claims involving the entity; and** **(c) The presentation and disclosure of segment information in accordance with the applicable financial reporting framework.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 501

N/a.

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	When the auditor assesses a risk of material misstatement regarding litigation or claims that have been identified, or when **audit procedures performed indicate** that other **material** litigation or claims may exist, the auditor shall, in addition to the procedures required by other ISAs, seek direct communication with the entity's legal counsel. The auditor shall do so through a letter of inquiry, prepared by management and sent by the auditor, requesting the entity's legal counsel to communicate directly with the auditor	Previously "when the auditor believes". Previously bold lettered text stipulated that this related to **external.** legal counsel. This stipulation has been dropped.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
4	When inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding its existence and physical condition by: (a) Attendance at physical inventory counting, unless impracticable**, and evaluating whether it and the recording of the results thereof are properly conducted and controlled; and** (b) **Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results.**	5.3, 12 and 13	
5	**If physical inventory counting is conducted at a date other than the date of the financial statements, the auditor shall, in addition to the procedures required by paragraph 4, perform audit procedures to obtain audit evidence about whether changes in inventory between the count date and the date of the financial statements are properly recorded.**	15	
8	**When inventory under the custody and control of a third party is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and physical condition of that inventory by performing one or more of the following:** **(a) Request confirmation from the third party as to the quantities and physical condition of inventory held on behalf of the entity; or** **(b) Perform inspection or other audit procedures appropriate in the circumstances.**	18	
9	The auditor shall design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement, including: **(a) Inquiry of management and, where practicable, others within the entity including those responsible for legal matters; and** **(b) Review of minutes of meetings of those charged with governance and correspondence between the entity and its legal counsel; and** **(c) Reviewing legal expense accounts and, as necessary, examining related source documents.**	32	
11	The auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted) when: (a) Management refuses to give the auditor permission to communicate or meet with the entity's legal counsel; or (b) **The entity's legal counsel refuses to respond appropriately to the letter of inquiry, referred to in paragraph 10 , as requested,** **and the auditor is unable to obtain sufficient appropriate audit evidence by performing alternative audit procedures.**	37	

12	**The auditor shall request management and, where appropriate, those charged with governance to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been appropriately recognized in the financial statements and disclosed to the auditor.**	32 (first bullet)	
13	**When segment information is material to the financial statements,** the auditor shall obtain sufficient appropriate audit evidence regarding its presentation and disclosure in accordance with the applicable financial reporting framework**:**		
	(a) Obtaining an understanding of the methods used by management in determining segment information, and whether such methods are likely to result in disclosure in accordance with the applicable financial reporting framework; and	45.1	
	(b) Where appropriate, testing the application of the methods used by management in determining segment information.		
	(c) Performing analytical procedures or other audit procedures appropriate in the circumstances.	44	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 505 "EXTERNAL CONFIRMATIONS"

Note: ISA 505 has not yet been finalized. Agenda item 2 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
5	**The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 505

New para.	Text	Comments	Effect rating
6 (a)	**External confirmation – Audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.**	New text.	
6 (d)	**Non-response – A failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.**	New text.	
6 (e)	**Exception – A response that indicates a difference between information requested to be confirmed, or contained in the entity's records, and information provided by the confirming party.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (b)	**Positive confirmation request – A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.**	21	A positive external confirmation request asks the respondent to reply to the auditor in all cases either by indicating the respondent's agreement with the given information, or by asking the respondent to fill in information. A response to a positive confirmation request is ordinarily expected to provide reliable audit evidence [...].	
6 (c)	**Negative confirmation request – A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.**	22	A negative external confirmation request asks the respondent to reply only in the event of disagreement with the information provided in the request [...].	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
8	If management refuses to allow the auditor to send a confirmation request, the auditor shall: (a) Inquire as to management's reasons for the refusal, seek evidence about their validity and evaluate their reasonableness; (b) **Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and** (c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.	New requirement brings ISA 505 more in line with the risk based approach.	
10	**The auditor shall document or accumulate the results from individual external confirmation requests.**	New requirement.	
12	**If the auditor determines that a response to a confirmation request is not reliable, the auditor shall evaluate the implications on the assessment of the relevant risks of material misstatement, including the risk of fraud, and on the related nature, timing and extent of other audit procedures.**	New requirement brings ISA 505 more in line with the risk based approach.	
14	**If the auditor has determined that a response to a positive confirmation request is necessary to respond to assessed risks of material misstatement at the assertion level, alternative audit procedures will not provide the sufficient appropriate audit evidence the auditor requires. If the auditor does not obtain such confirmation, the auditor shall determine the implications for the audit and the auditor's opinion in accordance with ISA 705 (Revised and Redrafted).**		
16	Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present: (a) **The auditor has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion and the auditor has concluded that the risk of material misstatement is low;** (b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions; (c) A very low exception rate is expected; and (d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.	New stipulation.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including: (a) Determining the information to be confirmed or requested; (b) Selecting the appropriate confirming party; **(c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and** (d) Sending the requests, including follow-up requests, as appropriate, to the confirming party.	 30.3	
11	**If the auditor identifies factors that give rise to doubts about the reliability of the response to a confirmation request, the auditor shall obtain further audit evidence to resolve those doubts.**	33	
15	**The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements.**	35	
16	**Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present:** (a) The auditor has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion and the auditor has concluded that the risk of material misstatement is low; **(b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions;** **(c) A very low exception rate is expected; and** **(d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.**	22.3 23 (b) 23 (d) 23 (d)	

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
7	**When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including:** (a) Determining the information to be confirmed or requested; (b) **Selecting the appropriate confirming party;** (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (d) **Sending the requests, including follow-up requests, as appropriate, to the confirming party.**	30	**When performing confirmation procedures, the auditor should maintain control over the process of selecting those to whom a request will be sent, the preparation and sending of confirmation requests, and the responses to those requests.**	
8	**If management refuses to allow the auditor to send a confirmation request, the auditor shall:** (a) **Inquire as to management's reasons for the refusal, seek evidence about their validity and evaluate their reasonableness;** (b) Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and (c) **Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.**	25	**When the auditor seeks to confirm certain balances or other information, and management requests the auditor not to do so, the auditor should consider whether there are valid grounds for such a request and obtain audit evidence to support the validity of management's requests. If the auditor agrees to management's request not to seek external confirmation regarding a particular matter, the auditor should apply alternative audit procedures to obtain sufficient appropriate audit evidence regarding that matter.**	
17	The auditor shall evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence, **or whether performing further audit procedures is necessary.**	36	The auditor should evaluate whether the results of the external confirmation process **together with the results from any other audit procedures performed**, provide sufficient appropriate audit evidence regarding the assertion being audited.	

Requirements arising from revision that are not new – but constitute more detailed specification

Requirement para.	Text	Comments	Effect rating
7	When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including: (a) **Determining the information to be confirmed or requested;** (b) Selecting the appropriate confirming party; (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (d) Sending the requests, including follow-up requests, as appropriate, to the confirming party.	Specification of requirement in extant ISA 505.17 for the auditor to tailor external confirmation requests to the specific audit objective.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 250	Text	Comment	Effect rating
2	**The auditor should determine whether the use of external confirmations is necessary to obtain sufficient appropriate audit evidence at the assertion level. In making this determination, the auditor should consider the assessed risk of material misstatement at the assertion level and how the audit evidence from other planned audit procedures will reduce the risk of material misstatement at the assertion level to an acceptably low level.**	Not specified in ISA 505 (Revised and Redrafted).	
34	**When the auditor forms a conclusion that the confirmation process and alternative audit procedures have not provided sufficient appropriate audit evidence regarding an assertion, the auditor should perform additional audit procedures to obtain sufficient appropriate audit evidence.**	ISA 505.14 (Revised and Redrafted) is more specific in those cases where sufficient appropriate audit evidence cannot be obtained.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 510 "INITIAL AUDIT ENGAGEMENTS – OPENING BALANCES"

Note: ISA 510 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**In conducting an initial audit engagement, the objective of the auditor with respect to opening balances is to obtain sufficient appropriate audit evidence about whether:** **a. Opening balances contain misstatements that materially affect the current period's financial statements; and** **b. Appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes thereto are properly accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 510

New para.	Text	Comments	Effect rating
4 (a)	**Initial audit engagement – An engagement in which either:** **(i) The financial statements for the prior period were not audited; or** **(ii) The financial statements for the prior period were audited by a predecessor auditor.**	New term defined.	
4 (c)	**Predecessor auditor – The auditor from a different audit firm, who audited the financial statements of an entity in the prior period and who has been replaced by the current auditor.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4 (b)	**Opening balances – Those account balances that exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments**	3	"Opening balances" means those account balances which exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and reflect the effects of: (a) Transactions of prior periods; and (b) Accounting policies applied in the prior period. In an initial audit engagement, the auditor will not have previously obtained audit evidence supporting such opening balances.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
5	**The auditor shall read the most recent financial statements, if any, and the predecessor auditor's report thereon, if any, for information relevant to opening balances, including disclosures.**	New text.	
7	If the auditor obtains audit evidence that the opening balances contain misstatements that could materially affect the current period's financial statements, **the auditor shall perform such additional audit procedures as are appropriate in the circumstances to determine the effect on the current period's financial statements**. If the auditor concludes that such misstatements exist in the current period's financial statements, [...] **the auditor shall communicate the misstatements with the appropriate level** of management **and those charged with governance in accordance with ISA 450 (Revised and Redrafted)**	New requirement (reflects present tense text of ISA 710.9). New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
6	The auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements by: (a) Determining whether the prior period's closing balances have been correctly brought forward to the current period or, when appropriate, have been restated; (b) Determining whether the opening balances reflect the application of appropriate accounting policies; and (c) Performing one or more of the following: **(i) Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances;** **(ii) Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or** **(iii) Performing specific audit procedures to obtain evidence regarding the opening balances.**	6.1 9 8	

7	**If the auditor obtains audit evidence that the opening balances contain misstatements that could materially affect the current period's financial statements, the auditor shall perform such additional audit procedures as are appropriate in the circumstances to determine the effect on the current period's financial statements.** **If the auditor concludes that such misstatements exist in the current period's financial statements, [...] management [...].**	ISA 710.9 12.1	
8	**The auditor shall obtain sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and whether changes in the accounting policies have been properly accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.**	5	
9	**If the prior period's financial statements were audited by a predecessor auditor and there was a modification to the opinion, the auditor shall evaluate the effect of the matter giving rise to the modification in assessing the risks of material misstatement in the current period's financial statements in accordance with ISA 315 (Redrafted)**	14.1	
10	**If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express a qualified opinion or a disclaimer of opinion, as appropriate, in accordance with ISA 705 (Revised and Redrafted)**	11	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 520 "ANALYTICAL PROCEDURES"

Note: ISA 520 has not been finalized by the IAASB. Agenda item 7 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

The extant ISA requires analytical procedures be used as risk assessment procedures – this aspect is no longer covered by ISA 520, and text was moved to ISA 315, as application material, since Paragraph 6 (b) of ISA 315 (Redrafted) requires that risk assessment procedures include analytical procedures.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objectives of the auditor are:** **(a) To obtain relevant and reliable audit evidence when using substantive analytical procedures; and** **(b) To design and perform analytical procedures that assist the auditor in drawing reasonable conclusions on which to base the auditor's opinion**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 520

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4	**For the purposes of the ISAs, the term "analytical procedures" means evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation, as is necessary, of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.**	3	"Analytical procedures" means evaluations of financial information made by a study of plausible relationships among both financial and non-financial data. Analytical procedures also encompass the investigation of identified fluctuations and relationships that are inconsistent with other relevant information or deviate significantly from predicted amounts.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
7	If analytical procedures performed in accordance with paragraphs 5 and 6 identify **fluctuations or relationships** that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor shall investigate such differences by:	**Increase in work effort.** This requirement is based on bold text paragraph 17, but extended to apply to all fluctuations or relationships not only to "*significant*	

	(a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and [...].	fluctuations or relationships" as is the case in extant ISA 520.17.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
5	**When designing and performing substantive analytical procedures, either alone or in combination with tests of details, as substantive procedures in accordance with ISA 330 (Redrafted), the auditor shall:** **(a) Determine the suitability of the planned substantive analytical procedures given the assertions, taking account of the assessed risks of material misstatement and tests of details, if any, directed towards the same assertion;** **(b) Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation;** **(c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated; and** **(d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation as required by paragraph 10.**	11 and 12(b)(a) 11 and 12(c) 11 and 12(e) 12(f)	
7(b)	If analytical procedures performed in accordance with paragraphs 5 and 6 identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor shall investigate such differences by: (a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and (b) **Performing other audit procedures as necessary in the circumstances.**	18(b)	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Old text para.	Text	Effect rating
6	**The auditor shall design and perform analytical procedures that assist in drawing reasonable conclusions on which to base the auditor's opinion.**	13	**The auditor should apply analytical procedures at or near the end of the audit when forming an overall conclusion as to whether the financial statements as a whole are consistent with the auditor's understanding of the entity.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 530 "AUDIT SAMPLING"

Note: ISA 530 is not yet issued in a finalized version. Analysis is therefore based on agenda item 7 (Updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
4	**The objective of the auditor when using audit sampling is to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 530

New para.	Text	Comments	Effect rating
5 (e)	**Anomaly – A misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.**	New term defined. However, the is based on definition of "anomalous error" in extant ISA 530.5.	
5 (i)	**Tolerable misstatement – A monetary amount set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the monetary amount set by the auditor is not exceeded by the actual misstatement in the population.**	New term defined. However, the is based on definition of "tolerable error" in extant ISA 530.12.	
5 (j)	**Tolerable rate of deviation – A rate of deviation from prescribed internal control procedures set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the rate of deviation set by the auditor is not exceeded by the actual rate of deviation in the population.**	New term defined. However, the is based on definition of "tolerable error" in extant ISA 530.12.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
5 (a)	**Audit sampling (sampling) – The application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.**	3	"Audit sampling" (sampling) involves the application of audit procedures to less than 100% of items within a class of transactions or account balance such that all sampling units have a chance of selection. This will enable the auditor to obtain and evaluate audit evidence about some characteristic of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. Audit sampling can use either a statistical or a non-statistical approach.	
7 (c)	**Sampling risk – The risk that the auditor's conclusion based on a sample may be**	7	"Sampling risk" arises from the possibility that the auditor's conclusion, based on a	

	different from the conclusion if the entire population were subjected to the same audit procedure. Sampling risk can lead to two types of erroneous conclusions: **(i) In the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material misstatement does not exist when in fact it does. The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion.** **(ii) In the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.**		sample may be different from the conclusion reached if the entire population were subjected to the same audit procedure. There are two types of sampling risk: (a) The risk the auditor will conclude, in the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material error does not exist when in fact it does. This type of risk affects audit effectiveness and is more likely to lead to an inappropriate audit opinion; and (b) The risk the auditor will conclude, in the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material error exists when in fact it does not. This type of risk affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect. The mathematical complements of these risks are termed confidence levels.	
7 (d)	**Non-sampling risk – The risk that the auditor reaches an erroneous conclusion for any reason not related to sampling risk.**	8	"Non-sampling risk" arises from factors that cause the auditor to reach an erroneous conclusion for any reason not related to the size of the sample. For example, ordinarily the auditor finds it necessary to rely on audit evidence that is persuasive rather than conclusive, the auditor might use inappropriate audit procedures, or the auditor might misinterpret audit evidence and fail to recognize an error.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
15 (b)	The auditor shall evaluate: **[...].** **(b) Whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested.**	In line with the objective, which is also new text.	

3.2 New requirements from other ISAs

New requirements arising from revision

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
10	**If the audit procedure is not applicable to the selected item, the auditor shall perform the procedure on a replacement item.**	45.1	
11	**If the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to a selected item, the auditor shall treat that item as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details.**	46.2	
13	**In the extremely rare circumstances when the auditor considers a misstatement or deviation discovered in a sample to be an anomaly, the auditor shall obtain a high degree of certainty that such misstatement or deviation is not representative of the population. The auditor shall obtain this degree of certainty by performing additional audit procedures to obtain sufficient appropriate audit evidence that the misstatement or deviation does not affect the remainder of the population.**	50.1-4	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Bold lettered para. (extant ISA)	Text	Effect rating
12	**The auditor shall investigate the nature and cause of any deviations or misstatements identified, and determine evaluate their possible effect on the purpose of the audit procedure and on other areas of the audit.**	47	**The auditor should consider the sample results, the nature and cause of any errors identified, and their possible effect on the particular audit objective and on other areas of the audit.**	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered para.	Text	Comment	Effect rating
2	**When designing audit procedures, the auditor should determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures.**	Repetitive of other requirements in paras. 6-8.	
18	**In obtaining audit evidence, the auditor should use professional judgment to assess the risk of material misstatement (which includes inherent and control risk) and design further audit procedures to ensure this risk is reduced to an acceptably low level.**	Repetitive of other requirements in paras. 6-8.	
22	**When designing audit procedures, the auditor should determine appropriate means of selecting items for testing.**	Repetitive of other requirements in paras. 6-8	
51 (second part of sentence)	For tests of details, the auditor should project monetary errors found in the sample to the population**, and should**	Paragraph 15 covers this but using tolerable miss-	

	consider the effect of the projected error on the particular audit objective	tatement and tolerable rate of deviation instead.	
	and on other areas of the audit.	Not covered here, but in ISA 540.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 540 "AUDITING ACCOUNTING ESTIMATES, INCLUDING FAIR VALUE ACCOUNTING ESTIMATES, AND RELATED DISCLOSURES"

Note: ISA 540 was revised to cover both extant ISAs 540 and 545. From only 4 bold-lettered paragraphs in ISA 540 and 16 in ISA 545 there are now 23 requirements. Because two extant ISAs were combined separate consideration of the effect of changes on each of the extant standards has been undertaken. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

Extant ISA 540 (Estimates other than fair value)

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objective of the auditor is to obtain sufficient appropriate audit evidence about whether:** **(a) accounting estimates, including fair value accounting estimates, in the financial statements, whether recognized or disclosed, are reasonable; and** **(b) related disclosures in the financial statements are adequate,** **in the context of the applicable financial reporting framework.**	2 8	**The auditor should obtain sufficient appropriate audit evidence regarding accounting estimates.** **The auditor should design and perform further audit procedures to obtain sufficient appropriate audit evidence as to whether the entity's accounting estimates are reasonable in the circumstances and, when required, appropriately disclosed.**	

2 Definitions

2.1 New definitions – not included in extant ISA 540

New para.	Text	Comments	Effect rating
7 (b)	**Auditor's point estimate or auditor's range – The amount, or range of amounts, respectively, derived from audit evidence for use in evaluating management's point estimate.**	New text.	
7 (c)	**Estimation uncertainty – The susceptibility of an accounting estimate and related disclosures to an inherent lack of precision in its measurement.**	New text.	
7 (d)	**Management bias – A lack of neutrality by management in the preparation and presentation of information.**	New text.	
7 (e)	**Management's point estimate – The amount selected by management for recognition or disclosure in the financial statements as an accounting estimate.**	New text.	
7 (f)	**Outcome of an accounting estimate –The actual monetary amount which results from the resolution of the underlying transaction(s), event(s) or condition(s) addressed by the accounting estimate.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
7 (a)	**Accounting estimate – An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this ISA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.**	3.1	"Accounting estimate" means an approximation of the amount of an item in the absence of a precise means of measurement.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

Requirements arising from revision that are new compared to extant ISA 540 but were required elsewhere – no perceived increase in work effort

Requirement para.	Text	Comments	Effect rating
11	**The auditor shall determine whether, in the auditor's judgment, any of those accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks.**	New requirement in ISA 540. Extant ISA 315.108 required this already, and ISA 315.109 referred specifically to the degree of subjectivity in the measurement of financial information related to the risk especially those involving a wide range of measurement uncertainty. In addition extant ISA 540.4.3 alerts the auditor to this aspect.	

New requirements arising from revision compared to extant ISA 540 – increase in work effort/ audit quality

Requirement para.	Text	Comments	Effect rating
8	**When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by ISA 315 (Redrafted), the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates:** **(a) The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.** **(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or dis-**	The degree of detail in this approach was not covered in extant ISA 540, however, the grey-lettered text of paragraphs 8.3 and 9 of extant ISA 540 referring to the risk assessment required by ISA 315 may have covered this, albeit less specifically. This is therefore a new requirement.	

	closed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates. **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) The method, including where applicable the model, used in making the accounting estimate;** **(ii) Relevant controls;** **(iii) Whether management has used an expert;** **(iv) The assumptions underlying the accounting estimates;** **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and** **(vi) Whether and, if so, how management has assessed the effect of estimation uncertainty.**		
9	**The auditor shall review the outcome of accounting estimates included in the prior period financial statements, or, where applicable, their subsequent re-estimation for the purpose of the current period.** **The nature and extent of the auditor's review takes account of the nature of the accounting estimates, and whether the information obtained from the review would be relevant to identifying and assessing risks of material misstatement of accounting estimates made in the current period financial statements. However, the review is not intended to call into question the judgments made in the prior periods that were based on information available at the time.**	First sentence based on extant present tense text in paragraph 11(c). New text.	
10	**In identifying and assessing the risks of material misstatement, as required by ISA 315 (Redrafted), the auditor shall evaluate the degree of estimation uncertainty associated with an accounting estimate.**	New requirement – not in extant ISA 540 or extant ISA 315.	
12	**Based on the assessed risks of material misstatement, the auditor shall determine:** **(a) Whether management has appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate; and** **(b) Whether the methods for making the accounting estimates are appropriate and have been applied consistently, and whether changes, if any, in accounting estimates or in the method for making them from the prior period are appropriate in the circumstances.**	Neither aspect is mentioned in extant ISA 540.	
14	**In determining the matters identified in paragraph 12 or in responding to the assessed risks of material misstatement in accordance with paragraph 13, the auditor shall consider whether specialized skills or knowledge in rela-**	Based on present tense text in extant ISA 540.17.	

	tion to one or more aspects of the accounting estimates are required in order to obtain sufficient appropriate audit evidence.		
15	**For accounting estimates that give rise to significant risks, in addition to other substantive procedures performed to meet the requirements of ISA 330 (Redrafted), the auditor shall evaluate the following:** **(a) How management has considered alternative assumptions or outcomes, and why it has rejected them, or how management has otherwise addressed estimation uncertainty in making the accounting estimate.** **(b) Whether the significant assumptions used by management are reasonable.** **(c) Where relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, management's intent to carry out specific courses of action and its ability to do so.**	Explicit requirements not addressed in extant ISA 540.	
16	**If, in the auditor's judgment, management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor shall, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate.**	Explicit requirements not addressed in extant ISA 540.	
17	**For accounting estimates that give rise to significant risks, the auditor shall obtain sufficient appropriate audit evidence about whether:** **(a) management's decision to recognize, or to not recognize, the accounting estimates in the financial statements; and** **(b) the selected measurement basis for the accounting estimates** **are in accordance with the requirements of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
19	**The auditor shall obtain sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the requirements of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
20	**For accounting estimates that give rise to significant risks, the auditor shall also evaluate the adequacy of the disclosure of their estimation uncertainty in the financial statements in the context of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
21	**The auditor shall review the judgments and decisions made by management in the making of accounting estimates to identify whether there are indicators of possible management bias. Indicators of possible management bias do not themselves constitute misstatements for the purposes of drawing conclusions on the reasonableness of individual accounting estimates.**	Although extant ISA 540.27 (present tense text) refers to consideration of bias in relation to individual differences the requirement to look at management judgments and decisions for indications of bias together	

		with elevation of present tense text means the requirement is new.	
22	**The auditor shall obtain written representations from management whether management believes significant assumptions used by it in making accounting estimates are reasonable.**	Specific requirement was not in extant ISA 540 nor specifically referred to in extant ISA 580. This is a new requirement (auditors may have obtained representations in line with the present tense sentence in extant ISA 580.6 but were not specifically required to do so).	
23	**The audit documentation shall include:** **(a) The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks; and** **(b) Indicators of possible management bias, if any.**	Not specified in extant ISA 540. New specification.	

3.3 New requirements – elevation of present tense sentences

Owing to the scope of the revisions no present tense sentences have been elevated unaltered, however, where text has been based on material in extant present tense sentences this is noted in the tables above.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences from ISA 540 that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
13	**In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate:** (a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate. (b) Test how management made the accounting estimate **and the data on which it is based. In doing so, the auditor shall evaluate whether:** **(i) The method of measurement used is appropriate in the circumstances; and** **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.**	10	**The auditor should adopt one or a combination of the following approaches in the audit of an accounting estimate:** **(a) Review and test the process used by management to develop the estimate;** **(b) Use an independent estimate for comparison with that prepared by management; or** **(c) Review of subsequent events which provide audit evidence of the reasonableness of the estimate made.**	

	(c) **Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.** (d) Develop a point estimate or a range to evaluate management’s point estimate**. For this purpose:** **(i) When the auditor uses assumptions or methods that differ from management’s, the auditor shall obtain an understanding of management’s assumptions or methods sufficient to establish that the auditor’s point estimate or range takes into account relevant variables and to evaluate any significant differences from management’s point estimate.** **(ii) When the auditor concludes that it is appropriate to use a range, the auditor shall narrow the range, based on audit evidence available, until all outcomes within the range are considered reasonable.**			
18	**The auditor shall evaluate, based on the audit evidence, whether the accounting estimates in the financial statements are either reasonable in the context of the applicable financial reporting framework, or are misstated.**	24	**The auditor should make a final assessment of the reasonableness of the entity’s accounting estimates based on the auditor’s understanding of the entity and its environment** and whether the estimates are consistent with other audit evidence obtained during the audit.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences from ISA 540 that have not become requirements

Bold lettered (old para.)	Text	Comment	Effect rating
24	The auditor should make a final assessment of the reasonableness of the entity’s accounting estimates based on the auditor’s understanding of the entity and its environment **and whether the estimates are consistent with other audit evidence obtained during the audit.**	There is no specific requirement to assess consistency with other audit evidence, other than reviewing the outcome of estimates included in the prior period.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Extant ISA 545 (Only fair value estimates)

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objective of the auditor is to obtain sufficient appropriate audit evidence about whether:** **(a) accounting estimates, including fair value accounting estimates, in the financial statements, whether recognized or disclosed, are reasonable; and** **(b) related disclosures in the financial statements are adequate,** **in the context of the applicable financial reporting framework.**	3	**The auditor should obtain sufficient appropriate audit evidence that fair value measurements and disclosures are in accordance with the entity's applicable financial reporting framework.**	

2 Definitions

2.1 New definitions – not included in extant ISA 545

New para.	Text	Comments	Effect rating
7 (a)	**Accounting estimate – An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this ISA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.**	New text.	
7 (b)	**Auditor's point estimate or auditor's range – The amount, or range of amounts, respectively, derived from audit evidence for use in evaluating management's point estimate.**	New text.	
7 (c)	**Estimation uncertainty – The susceptibility of an accounting estimate and related disclosures to an inherent lack of precision in its measurement.**	New text.	
7 (d)	**Management bias – A lack of neutrality by management in the preparation and presentation of information.**	New text.	
7 (e)	**Management's point estimate – The amount selected by management for recognition or disclosure in the financial statements as an accounting estimate.**	New text.	
7 (f)	**Outcome of an accounting estimate –The actual monetary amount which results from the resolution of the underlying transaction(s), event(s) or condition(s) addressed by the accounting estimate.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision compared to extant ISA 545 – increase in work effort/audit quality

Requirements arising from revision that are not new compared to extant ISA 545 – no perceived increase in work effort

Requirement para.	Text	Comments	Effect rating
12(a)	**[...] Whether management has appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate; and [...].**	Reflects change in approach. Extant ISA 545 looks at the end product rather than management's process. Unlikely to result in more work, but may be less practicable in some cases.	
8 (a)	**The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.**	New requirement, was previously implied but not specified.	
8 (b) and (c)	**(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates.** **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) The method, including where applicable the model, used in making the accounting estimate;** **(ii) Relevant controls;** **(iii) Whether management has used an expert;** **(iv) The assumptions underlying the accounting estimates;** **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and** **(vi) Whether and, if so, how management has assessed the effect of estimation uncertainty.**	Considerably more detailed requirement, but based on ISA 545.10 (see below). May result in more work effort.	
9	**The auditor shall review the outcome of accounting estimates included in the prior period financial statements, or, where applicable, their subsequent re-estimation for the purpose of the current period. The nature and extent of the auditor's review takes account of the nature of the accounting estimates, and whether the information obtained from the review would be relevant to identifying and assessing risks of material misstatement of accounting estimates made in the current period financial statements. However, the review is not intended to call into question the judgments made in the prior periods that were based on information available at the time.**	New requirement.	

10	**In identifying and assessing the risks of material misstatement, as required by ISA 315 (Redrafted), the auditor shall evaluate the degree of estimation uncertainty associated with an accounting estimate.**	New specification, (based on bold text in extant ISA 545.14, which does not mention degree of estimation uncertainty).	
11	**The auditor shall determine whether, in the auditor's judgment, any of those accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks.**	New specification in respect of estimation uncertainty, but otherwise based on bold text in extant ISA 545.14.	
13 (b) (i) and (ii)	In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate: (a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate. (b) Test how management made the accounting estimate and the data on which it is based. In doing so, the auditor shall evaluate whether: **(i) The method of measurement used is appropriate in the circumstances; and** **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.**	Based on bold text in extant ISA 545.50. New specification.	
13 (c) and (d)	(c) **Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.** (d) **Develop a point estimate or a range to evaluate management's point estimate. For this purpose:** **(i) When the auditor uses assumptions or methods that differ from management's, the auditor shall obtain an understanding of management's assumptions or methods sufficient to establish that the auditor's point estimate or range takes into account relevant variables and to evaluate any significant differences from management's point estimate.** **(ii) When the auditor concludes that it is appropriate to use a range, the auditor shall narrow the range, based on audit evidence available, until all outcomes within the range are considered reasonable.**	Specification not in extant ISA 545 but may have been covered by present tense text in extant ISA 545. 33 and 52. To the extent this was not the case likely to result in increased work effort.	
15(a)	**(a) How management has considered alternative assumptions or outcomes, and why it has rejected them, or how management has otherwise addressed estimation uncertainty in making the accounting estimate [...].**	New requirement. (Previously present tense text extant ISA 545.25 dealt with the evaluation but was less specific).	

16	**If, in the auditor's judgment, management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor shall, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate.**	New requirement. (Previously present tense text extant ISA 545.34 indicted that this is one possible procedure).	
17	**For accounting estimates that give rise to significant risks, the auditor shall obtain sufficient appropriate audit evidence about whether:** **(a) management's decision to recognize, or to not recognize, the accounting estimates in the financial statements; and** **(b) the selected measurement basis for the accounting estimates** **are in accordance with the requirements of the applicable financial reporting framework.**	New requirement for significant risks not previously addressed as a specific requirement.	
21	**The auditor shall review the judgments and decisions made by management in the making of accounting estimates to identify whether there are indicators of possible management bias. Indicators of possible management bias do not themselves constitute misstatements for the purposes of drawing conclusions on the reasonableness of individual accounting estimates.**	New requirement.	
23	**The audit documentation shall include:** **(a) The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks; and** **(b) Indicators of possible management bias, if any.**	Not specified in extant ISA 545. New specification.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Owing to the scope of the revisions no present tense sentences have been elevated unaltered, however, where text has been based on material in extant present tense sentences this is noted in the tables above.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences from ISA 545 that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
18	**The auditor shall evaluate, based on the audit evidence, whether the accounting estimates in the financial statements are either reasonable in the context of the applicable financial reporting framework, or are misstated.**	17	**The auditor should evaluate whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework.**	
8(c)(v)	[...] the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates […]			

	(b) How management makes the accounting estimates, and an understanding of the data on which they are based, including [...] **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and**	27	**The auditor should evaluate whether the entity's method for its fair value measurements is applied consistently.**	
14	In determining the matters identified in paragraph 12 or in responding to the assessed risks of material misstatement in accordance with paragraph 13, **the auditor shall consider whether specialized skills or knowledge in relation to one or more aspects of the accounting estimates are required in order to obtain sufficient appropriate audit evidence**.	29	**The auditor should determine the need to use the work of an expert.**	
15	**For accounting estimates that give rise to significant risks, in addition to other substantive procedures performed to meet the requirements of ISA 330 (Redrafted), the auditor shall evaluate the following:** **(a) [...].** **(b) Whether the significant assumptions used by management are reasonable.** **(c) Where relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, management's intent to carry out specific courses of action and its ability to do so.**	39 22	**Where the auditor determines there is a significant risk related to fair values, or where otherwise applicable, the auditor should evaluate whether the significant assumptions used by management in measuring fair values, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the entity's financial statements.** **The auditor should obtain audit evidence about management's intent to carry out specific courses of action, and consider its ability to do so, where relevant to the fair value measurements and disclosures under the entity's applicable financial reporting framework.**	
19	**The auditor shall obtain sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the requirements of the applicable financial reporting framework**.	56	**The auditor should evaluate whether the disclosures about fair values made by the entity are in accordance with its financial reporting framework.**	

Bold lettered sentences from ISA 545 that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
8	**When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by ISA 315 (Redrafted), the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates:** **(a) [...].** **(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates.** **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) [...].**	10	**As part of the understanding of the entity and its environment, including its internal control, the auditor should obtain an understanding of the entity's process for determining fair value measurements and disclosures and of the relevant control activities sufficient to identify and assess the risks of material misstatement at the assertion level and to design and perform further audit procedures.**	
13	**In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate:**	33	**The auditor should design and perform further audit procedures in response to assessed risks of material misstatement of assertions relating to the entity's fair value measurements and disclosures.**	
	(a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate.	53	**The auditor should consider the effect of subsequent events on the fair value measurements and disclosures in the financial statements.**	
	(b) Test how management made the accounting estimate and the data on which it is based. In doing so, the auditor shall evaluate whether:	50	**The auditor should perform audit procedures on the data used to develop the fair value measurements and disclosures and evaluate whether the fair value measurements have been properly determined from such data and management's assumptions.**	

	(i) The method of measurement used is appropriate in the circumstances; and **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.** **[...].**		(see below re additional specification)	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences from ISA 545 that have not become requirements

Bold lettered (old para.)	Text	Comment	Effect rating
24	**Where alternative methods for measuring fair value are available under the entity's applicable financial reporting framework, or where the method of measurement is not prescribed, the auditor should evaluate whether the method of measurement is appropriate in the circumstances under the entity's applicable financial reporting framework.**	Note: 17(b) requires the auditor, for significant risks, to obtain sufficient appropriate audit evidence whether the measurement basis is in accordance with the financial reporting framework.	
61	**In making a final assessment of whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework, the auditor should evaluate the sufficiency and appropriateness of the audit evidence obtained** **as well as the consistency of that evidence with other audit evidence obtained and evaluated during the audit.**	General requirement already covered by extant ISA 500.2. Not covered.	
63	The auditor should obtain written representations from management regarding the reasonableness of significant assumptions, **including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity where relevant to the fair value measurements or disclosures.**	Requirement in paragraph 22. No longer specifically required. Now referred to in para. A126.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 550 "RELATED PARTIES"

Note: ISA 550 was revised and redrafted. The main changes relevant to cost/benefit considerations arise from the revision, in particular the risk-based approach now adopted. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
9	**The objectives of the auditor are:** **(a) Irrespective of whether the applicable financial reporting framework establishes related party requirements, to obtain an understanding of related party relationships and transactions sufficient to be able:** **(i) To recognize fraud risk factors, if any, arising from related party relationships and transactions that are relevant to the identification and assessment of the risks of material misstatement due to fraud; and** **(ii) To conclude whether the financial statements, insofar as they are affected by those relationships and transactions:** **a. Achieve fair presentation (for fair presentation frameworks); or** **b. Are not misleading (for compliance frameworks); and** **(b) In addition, where the applicable financial reporting framework establishes related party requirements, to obtain sufficient appropriate audit evidence about whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the financial statements in accordance with the framework.**	2	**The auditor should perform audit procedures designed to obtain sufficient appropriate audit evidence regarding the identification and disclosure by management of related parties and the effect of related party transactions that are material to the financial statements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 550

New para.	Text	Comments	Effect rating
10 (a)	**Arm's length transaction – A transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests.**	Extant ISA 550 does not define this term.	
10 (b)	**Related party – A party that is either:** **(i) A related party as defined in the applicable financial reporting framework; or** **(ii) Where the applicable financial reporting framework establishes minimal or no related party requirements:** **a. A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity;** **b. Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or** **c. Another entity that is under common control with the reporting entity through having:** **i. Common controlling ownership;** **ii. Owners who are close family members; or** **iii. Common key management.** **However, entities that are under common control by a state (i.e., a national, regional or local government) are not considered related unless they engage in significant transactions or share resources to a significant extent with one another.**	Extant ISA 550 uses the IASB definition in IAS 24.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
13	**The auditor shall inquire of management regarding:** **(a) The identity of the entity's related parties, including changes from the prior period; (Ref: para. A11-A14)** **(b) The nature of the relationships between the entity and these related parties; and** **(c) Whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions.**	New requirement. Old ISA 550 talks of information provided by management and those charged with governance rather than requiring the auditor make specific inquiries.	
16	**If the auditor identifies significant transactions outside the entity's normal course of business when performing the audit procedures required by paragraph 15 or through other audit procedures, the auditor shall inquire of management about:** **(a) The nature of these transactions; and** **(b) Whether related parties could be involved.**	New requirement.	
21	**If the auditor identifies arrangements or information that suggests the existence of related party relationships or**	New requirement.	

	transactions that management has not previously identified or disclosed to the auditor, the auditor shall determine whether the underlying circumstances confirm the existence of those relationships or transactions.		
22	**If the auditor identifies related parties or significant related party transactions that management has not previously identified or disclosed to the auditor, the auditor shall:** **(a) Promptly communicate the relevant information to the other members of the engagement team;** **(b) Where the applicable financial reporting framework establishes related party requirements:** **(i) Request management to identify all transactions with the newly identified related parties for the auditor's further evaluation; and** **(ii) Inquire as to why the entity's controls over related party relationships and transactions failed to enable the identification or disclosure of the related party relationships or transactions;** **(c) Perform appropriate substantive audit procedures relating to such newly identified related parties or significant related party transactions;** **(d) Reconsider the risk that other related parties or significant related party transactions may exist that management has not previously identified or disclosed to the auditor, and perform additional audit procedures as necessary; and** **(e) If the non-disclosure by management appears intentional (and therefore indicative of a risk of material misstatement due to fraud), evaluate the implications for the audit.**	New requirement.	
23	**For identified significant related party transactions outside the entity's normal course of business, the auditor shall:** **(a) Inspect the underlying contracts or agreements, if any, and evaluate whether:** **(i) The business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets;** **(ii) The terms of the transactions are consistent with management's explanations; and** **(iii) The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and** **(b) Obtain audit evidence that the transactions have been appropriately authorized and approved. (Ref: para. A40-A41)**	New requirement.	

24	**When management has made an assertion in the financial statements to the effect that a related party transaction was conducted on terms equivalent to those prevailing in an arm's length transaction, the auditor shall obtain sufficient appropriate audit evidence about the assertion.**	New requirement.	
28	**In meeting the documentation requirements of ISA 230 (Redrafted) and other ISAs, the auditor shall include in the audit documentation the names of the identified related parties and the nature of the related party relationships.**	New requirement – specification of documentation requirements.	

3.2 New requirements from other ISAs

Requirement para.	Text	Comments	Effect rating
12	**The engagement team discussion that ISA 315 (Redrafted) and ISA 240 (Redrafted) require shall include specific consideration of the susceptibility of the financial statements to material misstatement due to fraud or error that could result from the entity's related party relationships and transactions.**	Already covered by ISA 315 and 300. Requires emphasis on related parties within the discussion.	
17	**The auditor shall share relevant information obtained about the entity's related parties with the other members of the engagement team.**	New specification otherwise covered by ISA 300.	
18	**In meeting the ISA 315 (Redrafted) requirement to identify and assess the risks of material misstatement,[3] the auditor shall identify and assess the risks of material misstatement associated with related party relationships and transactions and determine whether any of those risks are significant risks. In making this determination, the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks.**	**New stipulation as to significant risks.**	
19	**If the auditor identifies fraud risk factors (including circumstances relating to the existence of a related party with dominant influence) when performing the risk assessment procedures and related activities in connection with related parties, the auditor shall consider such information when identifying and assessing the risks of material misstatement due to fraud in accordance with ISA 240 (Redrafted).**	Already covered by ISA 240, but specification is new. **New stipulation as to significant risks.**	
20	**As part of the ISA 330 (Redrafted) requirement that the auditor respond to assessed risks, the auditor designs and performs further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions. These audit procedures shall include those required by paragraphs 21-24.**	Revision to risk-based approach.	

[3] ISA 315 (Redrafted), paragraph 24.

27	**Unless all of those charged with governance are involved in managing the entity, the auditor shall communicate with those charged with governance significant matters arising during the audit in connection with the entity's related parties.**	**In part a new requirement in accordance with ISA 260.** Old ISA 550 referred to information provided by those charged with governance but did not require the auditor to communicate specifically with them.	

3.3 New requirements – elevation of present tense sentences

N/a, given the extent of the revision of this ISA.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
11	**As part of the risk assessment procedures and related activities that ISA 315 (Redrafted) and ISA 240 (Redrafted) require the auditor to perform during the audit, the auditor shall perform the audit procedures and related activities set out in paragraphs 12-17 to obtain information relevant to identifying the risks of material misstatement associated with related party relationships and transactions**	3	**Where there is any indication that such circumstances exist, the auditor should perform modified, extended or additional audit procedures as are appropriate in the circumstances.**	
15	**During the audit, the auditor shall remain alert, when inspecting records or documents, for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor.** **In particular, the auditor shall inspect the following for indications of the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor:** **(a) Bank and legal confirmations obtained as part of the auditor's procedures;** **(b) Minutes of meetings of shareholders and of those charged with governance; and** **(c) Such other records or documents as the auditor considers necessary in the circumstances of the entity.**	7	**The auditor should review information provided by those charged with governance and management identifying the names of all known related parties and should perform the following audit procedures in respect of the completeness of this information:** **(a) Review prior year working papers for names of known related parties;** **(b) Review the entity's procedures for identification of related parties;** **(c) Inquire as to the affiliation of those charged with governance and officers with other entities;** **(d) Review shareholder records to determine the names of principal shareholders or, if appropriate, obtain a listing of principal shareholders from the share register;** **(e) Review minutes of the meetings of shareholders and those charged with governance and other relevant statutory records such as the register of directors' interests;**	

		and 9	**(f) Inquire of other auditors currently involved in the audit, or predecessor auditors, as to their knowledge of additional related parties; and** **(g) Review the entity's income tax returns and other information supplied to regulatory agencies.** **If, in the auditor's judgment, there is a lower risk of significant related parties remaining undetected, these procedures may be modified as appropriate.** **The auditor should review information provided by those charged with governance and management identifying related party transactions and should be alert for other material related party transactions.**	
26	**Where the applicable financial reporting framework establishes related party requirements, the auditor shall obtain written representations from management and, where appropriate, those charged with governance that:** **(a) They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and** **(b) They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework.**	15	**The auditor should obtain a written representation from management concerning:** **(a) The completeness of information provided regarding the identification of related parties; and** **(b) The adequacy of related party disclosures in the financial statements.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
25	**In forming an opinion on the financial statements in accordance with ISA 700 (Redrafted), the auditor shall evaluate:** **(a) Whether the identified related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework; and**	8 and 13	**Where the applicable financial reporting framework requires disclosure of related party relationships, the auditor should be satisfied that the disclosure is adequate.** **In examining the identified related party transactions, the auditor should obtain sufficient appropriate audit evidence as to whether these transactions have been properly recorded and disclosed.**	

	(b) Whether the effects of the related party relationships and transactions: **(i) Prevent the financial statements from achieving fair presentation (for fair presentation frameworks); or** **(ii) Cause the financial statements to be misleading (for compliance frameworks).**		New requirement.	
14	**The auditor shall inquire of management and others within the entity, and perform other risk assessment procedures considered appropriate, to obtain an understanding of the controls, if any, that management has established to:** **(a) Identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework;** **(b) Authorize and approve significant transactions and arrangements with related parties; and** **(c) Authorize and approve significant transactions and arrangements outside the normal course of business.**	10	**When obtaining an understanding of the entity's internal control, the auditor should consider the adequacy of control activities over the authorization and recording of related party transactions.** New additional aspect of the requirement. New additional aspect of the requirement.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
16	**If the auditor is unable to obtain sufficient appropriate audit evidence concerning related parties and transactions with such parties or concludes that their disclosure in the financial statements is not adequate, the auditor should modify the auditor's report appropriately.**	Scope limitations are covered in ISA 705.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? **-3** **-2** **-1** **0** **1** **2** **3**

Redrafted ISA 560 "SUBSEQUENT EVENTS"

Note: ISA 560 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Newe para.	Text	Old bold text para.	Text	Effect rating
4	**The objectives of the auditor are to:** **(a) Obtain sufficient appropriate audit evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements; and** **(b) Respond appropriately to facts that become known to the auditor after the date of the auditor's report, that, had they been known to the auditor at that date, may have caused the auditor to amend the auditor's report.**	2 However, this text has been signifycantly expanded.	**The auditor should consider the effect of subsequent events on the financial statements and on the auditor's report.**	

2 Definitions

2.1 New definitions – not included in extant ISA 560

New para.	Text	Comments	Effect rating
5 (e)	**Subsequent events – Events occurring between the date of the financial statements and the date of the auditor's report, and facts that become known to the auditor after the date of the auditor's report.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
5 (a)	**Date of the financial statements – The date of the end of the latest period covered by the financial statements.**	4 (a)	"Date of the financial statements" is the date of the end of the latest period covered by the financial statements, which is normally the date of the most recent balance sheet in the financial statements subject to audit.	
5 (b)	**Date of approval of the financial statements – The date on which all the statements that comprise the financial state-**	4 (b)	"Date of approval of the financial statements" is the date on which those with the recognized authority assert that they have	

	ments, including the related notes, have been prepared and those with the recognized authority have asserted that they have taken responsibility for those financial statements.		prepared the entity's complete set of financial statements, including the related notes, and that they have taken responsibility for them. In some jurisdictions, the law or regulation identifies the individuals or bodies (for example, the directors) that are responsible for concluding that a complete set of financial statements has been prepared, and specifies the necessary approval process. In other jurisdictions, the approval process is not prescribed in law or regulation and the entity follows its own procedures in preparing and finalizing its financial statements in view of its management and governance structures. In some jurisdictions, final approval of the financial statements by shareholders is required before the financial statements are issued publicly. In these jurisdictions, final approval by shareholders is not necessary for the auditor to conclude that sufficient appropriate audit evidence has been obtained. The date of approval of the financial statements for purposes of the ISAs is the earlier date on which those with the recognized authority determine that a complete set of financial statements has been prepared.	
5 (c)	**Date of the auditor's report – The date the auditor dates the report on the financial statements in accordance with [proposed] ISA 700 (Redrafted).**	4 (c)	"Date of the auditor's report" is the date selected by the auditor to date the report on the financial statements. The auditor's report is not dated earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial statements.	
5 (d)	**Date the financial statements are issued – The date that the auditor's report and audited financial statements are made available to third parties.**	4 (d)	"Date the financial statements are issued" is the date that the auditor's report and audited financial statements are made available to third parties, which may be, in many circumstances, the date that they are filed with a regulatory authority.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
9	**The auditor shall request management and, where appropriate, those charged with governance, to provide a written representation in accordance with ISA 580 (Revised and Redrafted) that all events occurring subsequent to the date of the financial statements and for which the**	New requirement.	

	applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.		
12	**When law, regulation or the financial reporting framework does not prohibit management from restricting the amendment of the financial statements to the effects of the subsequent event or events causing that amendment and those responsible for approving the financial statements are not prohibited from restricting their approval to that amendment, the auditor is permitted to restrict the audit procedures on subsequent events required in paragraph 11(b)(i) to that amendment. In such cases, the auditor shall either:** **(a) Amend the auditor's report to include an additional date restricted to that amendment that thereby indicates that the auditor's procedures on subsequent events are restricted solely to the amendment of the financial statements described in the relevant note to the financial statements; or** **(b) Provide a new or amended auditor's report that includes a statement in an Emphasis of Matter paragraph or Other Matter(s) paragraph that conveys that the auditor's procedures on subsequent events are restricted solely to the amendment of the financial statements as described in the relevant note to the financial statements.**		
15 (c) and (d)	**(c) Unless the circumstances in paragraph 12 apply:** **(i) Extend the audit procedures referred to in paragraphs 6 and 7 to the date of the new auditor's report and date the new auditor's report no earlier than the date of approval of the amended financial statements; and** **(ii) Provide a new auditor's report on the amended financial statements.** **(d) When the circumstances in paragraph 12 apply, amend the auditor's report or provide a new auditor's report as required by paragraph 12.**	New material.	
17.2	**If, despite such notification, management or those charged with governance do not take these necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
6.2	**The auditor is not, however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions.**	5.3	
7	**The auditor shall perform the procedures required by paragraph 6 so that they cover the period from the date**	6.1 and 6.2	

	of the financial statements to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which shall include the following: **(a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.** **(b) Inquiring of management and, where appropriate, those charged with governance as to whether any subsequent events have occurred which might affect the financial statements.** **(c) Reading minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available.** **(d) Reading the entity's latest subsequent interim financial statements, if any.**		
10.1	**The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report.**	9.1	
11	**If management amends the financial statements, the auditor shall:** **(a) Carry out the audit procedures necessary in the circumstances on the amendment.** **(b) Unless the circumstances in paragraph 12 apply:** **(i) Extend the audit procedures referred to in paragraphs 6 and 7 to the date of the new auditor's report; and** **(ii) Provide a new auditor's report on the amended financial statements. The new auditor's report shall not be dated earlier than the date of approval of the amended financial statements.**	11	
13	**In some jurisdictions, management may not be required by law, regulation or the financial reporting framework to issue amended financial statements and, accordingly, the auditor need not provide an amended or new auditor's report. However, when management does not amend the financial statements in circumstances where the auditor believes they need to be amended, then:** **(a) If the auditor's report has not yet been provided to the entity, the auditor shall modify the opinion as required by [proposed] ISA 705 (Revised and Redrafted) and then provide the auditor's report; or** **(b) If the auditor's report has already been provided to the entity, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity, those charged with governance, not to issue the financial statements to third parties before the necessary amendments have been made. If the financial statements are**	Essential guidance (negative requirement). 13	

	nevertheless subsequently issued without the necessary amendments, the auditor shall take appropriate action, to seek to prevent reliance on the auditor's report.		
14.1	**After the financial statements have been issued, the auditor has no obligation to perform any audit procedures regarding such financial statements.**	14	
15 (a) and (b)	**(a) Carry out the audit procedures necessary in the circumstances on the amendment.** **(b) Review the steps taken by management to ensure that anyone in receipt of the previously issued financial statements together with the auditor's report thereon is informed of the situation.**	16	
17.1	**If management does not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation and does not amend the financial statements in circumstances where the auditor believes they need to be amended, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity, those charged with governance, that the auditor will seek to prevent future reliance on the auditor's report.**	18	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 570 "GOING CONCERN"

Note: ISA 570 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
9	**The objectives of the auditor are:** **(a) To obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements;** **(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and** **(c) To determine the implications for the auditor's report.**	2	**When planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 570

N/a.

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
10	When performing risk assessment procedures as required by ISA 315 (Redrafted), the auditor shall consider whether there are events or conditions that may cast significant		

	doubt on the entity's ability to continue as a going concern. **In so doing, the auditor shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and: (Ref: para. A2-A5)**	New text (however, previously implied).	
	(a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or	14	
	(b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern assumption, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.	15.1	
14	**In evaluating management's assessment, the auditor shall consider whether management's assessment includes all relevant information of which the auditor is aware as a result of the audit.**	20.2	
16	When events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: para. A15)		
	(a) **When management has not yet performed an assessment of the entity's ability to continue as a going concern, requesting management to make its assessment.**	15.2	
	(b) Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation **and whether management's plans are feasible in the circumstances.** (Ref: para. A16)	27.6	
	(c) **When the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future action:** (Ref: para. A17-A18) **(i) Evaluating the reliability of the underlying data generated to prepare the forecast; and** **(ii) Determining whether there is adequate support for the assumptions underlying the forecast.**	29.1	
	(d) **Considering whether any additional facts or information have become available since the date on which management made its assessment.**	27.5	
	(e) Requesting written representations from management or, where appropriate, those charged with go-		

	vernance, regarding their plans for future action **and the feasibility of these plans.**	27.6	
18	**When the auditor concludes that the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements:** **(a) Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and** **(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.**	32	
23	**Unless all those charged with governance are involved in managing the entity,** the auditor shall communicate with those charged with governance events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. **Such communication with those charged with governance shall include the following:** **(a) Whether the events or conditions constitute a material uncertainty;** **(b) Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and** **(c) The adequacy of related disclosures in the financial statements.**	39(b)	
24	**When there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, the auditor shall inquire as to the reasons for the delay. When the auditor believes that the delay could be related to events or conditions relating to the going concern assessment, the auditor shall perform those additional audit procedures necessary, as described in paragraph 16, as well as consider the effect on the auditor's conclusion regarding the existence of a material uncertainty, as described in paragraph 17.**	39	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 580 "WRITTEN REPRESENTATIONS"

Note: ISA 580 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the auditor are:** **(a) To obtain written representations from management that management believes that it has fulfilled the fundamental responsibilities that constitute the premise on which an audit is conducted; (Ref: para. A2-A3)** **(b) To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations if determined necessary by the auditor or required by other ISAs; and** **(c) To respond appropriately to written representations provided by management or if management does not provide the written representations requested by the auditor.**	2	**The auditor should obtain appropriate representations from management.**	

2 Definitions

2.1 New definitions – not included in extant ISA 580

New para.	Text	Comments	Effect rating
7	**Written representation – A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
11	**The auditor shall request management to provide a written representation that it has provided the auditor with all relevant information agreed in the terms of the audit engagement, and that all transactions have been recorded and are reflected in the financial statements.**	Refer to example letter in appendix to extant ISA 580.	
12	**Management's responsibilities shall be described in the written representations required by paragraphs 10 and 11 in the manner in which these responsibilities are described in the terms of the audit engagement.**	New specification.	
13	**Other ISAs require the auditor to request written representations. If, in addition to such required representations, the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements, the auditor shall request such other written representations.**	New specification.	
14	**The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial statements. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.**	New specification.	
15	**The written representations shall be in the form of a representation letter addressed to the auditor. If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required by paragraphs 10 or 11, the relevant matters covered by such statements need not be included in the representation letter.**	New specification.	
16	**If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor shall determine the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general.**	New specification.	
18	**If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with [proposed] ISA 705 (Revised and Redrafted), having regard to the requirement in paragraph 20 of this ISA.**	New specification.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

N/a, given the extent of the revision of this ISA.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.**	2	**The auditor should obtain appropriate representations from management.**	
10	**The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements as set out in the terms of the audit engagement, in particular where applicable, whether the financial statements are fairly presented (or, give a true and fair view) in accordance with the applicable financial reporting framework.**	3	**The auditor should obtain audit evidence that management acknowledges its responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework, and has approved the financial statements.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.**	2	**The auditor should obtain appropriate representations from management.**	
17	**In particular, if written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general.**	9	**If a representation by management is contradicted by other audit evidence, the auditor should investigate the circumstances and, when necessary, reconsider the reliability of other representations made by management.**	
19	**If management does not provide one or more of the requested written representations, the auditor shall:** **(a) Discuss the matter with management;** **(b) Reevaluate the integrity of management and evaluate the effect that this may have on the reliability**	15	**If management refuses to provide a representation that the auditor considers necessary, this constitutes a scope limitation and the auditor should express a qualified opinion or a disclaimer of opinion.**	

	of representations (oral or written) and audit evidence in general; and **(c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with [proposed] ISA 705 (Revised and Redrafted), having regard to the requirement in paragraph 20 of this ISA.**			
20	**The auditor shall disclaim an opinion on the financial statements in accordance with [proposed] ISA 705 (Revised and Redrafted) if:** **(a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations required by paragraphs 10 and 11 are not reliable; or** **(b) Management does not provide the written representations required by paragraphs 10 and 11.**	15	**If management refuses to provide a representation that the auditor considers necessary, this constitutes a scope limitation and the auditor should express a qualified opinion or a disclaimer of opinion.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 600 "SPECIAL CONSIDERATIONS – AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)"

Note: ISA 600 was revised thoroughly rather than being closely aligned to the extant ISA 600 (from 18 paragraphs in total of the extant ISA 600 to 50 paragraphs of requirements and 66 paragraphs of application material). The extent of the revisions mean that this standard in particular will result in a change in audit approach in most cases. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
8	**The objectives of the auditor are:** **(a) To determine whether to act as the auditor of the group financial statements;** **(b) To communicate clearly with component auditors about the scope and timing of their work on financial information related to components and their findings; and** **(c) To obtain sufficient appropriate audit evidence about the financial information of the components and the consolidation process to express an opinion whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 600

New para.	Text	Comments	Effect rating
9 (a)	**Component – An entity or business activity for which group or component management prepares financial information that should be included in the group financial statements.**		
9 (b)	**Component auditor – An auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit.**		
9 (c)	**Component management – Management responsible for preparing the financial information of a component.**		
9 (d)	**Component materiality – The materiality for a component determined by the group engagement team.**		
9 (e)	**Group – All the components whose financial information is included in the group financial statements. A group always has more than one component.**		
9 (f)	**Group audit – The audit of group financial statements.**		
9 (g)	**Group audit opinion – The audit opinion on the group financial statements.**		
9 (h)	**Group engagement partner – The partner or other person in the firm who is responsible for the group audit engagement and its performance, and for the auditor's report on the group financial statements that is issued on behalf of the firm. Where joint auditors conduct the group audit, the joint engagement partners and their engagement teams collectively constitute the group engagement partner and the group engagement team.**		

9 (i)	**Group engagement team – Partners, including the group engagement partner, and staff who establish the overall group audit strategy, communicate with component auditors, perform work on the consolidation process, and evaluate the conclusions drawn from the audit evidence as the basis for forming an opinion on the group financial statements.**		
9 (j)	**Group financial statements – Financial statements that include the financial information of more than one component. The term "group financial statements" also refers to combined financial statements aggregating the financial information prepared by components that have no parent but are under common control.**		
9 (k)	**Group management – Management responsible for preparing and presenting the group financial statements.**		
9 (l)	**Group-wide controls – Controls designed, implemented and maintained by group management over group financial reporting.**		
9 (m)	**Significant component – A component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements.**		
10.1	**Reference to "the applicable financial reporting framework" means the financial reporting framework that applies to the group financial statements.**		
10.2	**Reference to "the consolidation process" includes:** **(a) The recognition, measurement, presentation, and disclosure of the financial information of the components in the group financial statements by way of consolidation, proportionate consolidation, or the equity or cost methods of accounting; and** **(b) The aggregation in combined financial statements of the financial information of components that have no parent but are under common control.**		

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision – increase in work effort/ audit quality

Requirement para.	Text	Comments	Effect rating
11	**The group engagement partner is responsible for the direction, supervision and performance of the group audit engagement in compliance with professional standards and regulatory and legal requirements, and whether the auditor's report that is issued is appropriate in the circumstances. As a result, the auditor's report on the group financial statements shall not refer to a component auditor, unless required by law or regulation to include such reference. If such reference is required by law or regulation, the auditor's report shall indicate that the reference**	Change in approach. New requirement.	

	does not diminish the group engagement partner's or the group engagement partner's firm's responsibility for the group audit opinion.		
20	**When a component auditor does not meet the independence requirements that are relevant to the group audit, or the group engagement team has serious concerns about the other matters listed in paragraph 19(a)-(c), the group engagement team shall obtain sufficient appropriate audit evidence relating to the financial information of the component without requesting that component auditor to perform work on the financial information of that component.**	This situation was not covered in extant ISA 600, however, the general requirement of paragraph 8 of extant ISA 600 may have covered this, albeit less specifically. To the extent this was not the case, this new requirement would result in increased work effort.	
21	**The group engagement team shall determine the following:** **(a) Materiality for the group financial statements as a whole when establishing the overall group audit strategy.** **(b) If in the specific circumstances of the group, there are particular classes of transactions, account balances or disclosures in the group financial statements for which misstatements of lesser amounts than materiality for the group financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the group financial statements the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.** **(c) Component materiality for those components where component auditors will perform an audit or a review for purposes of the group audit. To reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the group financial statements exceeds materiality for the group financial statements as a whole, component materiality shall be lower than materiality for the group financial statements as a whole.** **(d) The threshold above which misstatements cannot be regarded as clearly trivial to the group financial statements.**	New requirement to reflect new approach.	
22	**Where component auditors will perform an audit for purposes of the group audit, the group engagement team shall evaluate the appropriateness of performance materiality determined at the component level.**	New requirement to reflect new approach.	
23	**When a component is subject to audit by statute, regulation or other reason, and the group engagement team decides to use that audit to provide audit evidence for the group audit, the group engagement team shall determine whether:**	New requirement to reflect new approach.	

	(a) materiality for the component financial statements as a whole; and **(b) performance materiality at the component level meet the requirements of this ISA.**		
26	**For a component that is significant due to its individual financial significance to the group, the group engagement team, or a component auditor on its behalf, shall perform an audit of the financial information of the component using component materiality.**	New stipulation	
27	**For a component that is significant because it is likely to include significant risks of material misstatement of the group financial statements due to its specific nature or circumstances, the group engagement team, or a component auditor on its behalf, shall perform one or more of the following:** **(a) An audit of the financial information of the component using component materiality.** **(b) An audit of one or more account balances, classes of transactions or disclosures relating to the likely significant risks of material misstatement of the group financial statements.** **(c) Specified audit procedures relating to the likely significant risks of material misstatement of the group financial statements.**	New stipulation.	
28	**For components that are not significant components, the group engagement team shall perform analytical procedures at group level.**	New stipulation may result in a decrease in work effort in some cases.	
29	**If the group engagement team does not consider that sufficient appropriate audit evidence on which to base the group audit opinion will be obtained from:** **(a) The work performed on the financial information of significant components;** **(b) The work performed on group-wide controls and the consolidation process; and** **(c) The analytical procedures performed at group level,** **the group engagement team shall select components that are not significant components and shall perform, or request a component auditor to perform, one or more of the following on the financial information of the individual components selected:** • **An audit of the financial information of the component using component materiality.** • **An audit of one or more account balances, classes of transactions or disclosures.** • **A review of the financial information of the component using component materiality.** • **Specified procedures.** **The group engagement team shall vary the selection of components over a period of time.**	New stipulation.	
30	**When a component auditor performs an audit of the financial information of a significant component, the group engagement team shall be involved in the component auditor's risk assessment to identify significant risks**	New stipulation.	

	of material misstatement of the group financial statements. The nature, timing and extent of this involvement are affected by the group engagement team's understanding of the component auditor, but at a minimum shall include: **(a) Discussing with the component auditor or component management those of the component's business activities that are significant to the group;** **(b) Discussing with the component auditor the susceptibility of the component to material misstatement of the financial information due to fraud or error; and** **(c) Reviewing the component auditor's documentation of identified significant risks of material misstatement of the group financial statements. Such documentation may take the form of a memorandum that reflects the component auditor's conclusion with regard to the identified significant risks.**		
31	**When significant risks of material misstatement of the group financial statements have been identified in a component on which a component auditor performs the work, the group engagement team shall evaluate the appropriateness of the further audit procedures to be performed to respond to the identified significant risks of material misstatement of the group financial statements. Based on its understanding of the component auditor, the group engagement team shall determine whether it is necessary to be involved in the further audit procedures.**	New stipulation.	
32	**In accordance with paragraph 17, the group engagement team obtains an understanding of group-wide controls and the consolidation process, including the instructions issued by group management to components. In accordance with paragraph 25, the group engagement team, or component auditor at the request of the group engagement team, tests the operating effectiveness of group-wide controls if the nature, timing and extent of the work to be performed on the consolidation process are based on an expectation that group-wide controls are operating effectively, or when substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.**	New stipulation.	
33	**The group engagement team shall design and perform further audit procedures on the consolidation process to respond to the assessed risks of material misstatement of the group financial statements arising from the consolidation process. This shall include evaluating whether all components have been included in the group financial statements.**	New stipulation.	
34	**The group engagement team shall evaluate the appropriateness, completeness and accuracy of consolidation adjustments and reclassifications, and shall evaluate whether any fraud risk factors or indicators of possible management bias exist.**	New stipulation.	

35	**If the financial information of a component has not been prepared in accordance with the same accounting policies applied to the group financial statements, the group engagement team shall evaluate whether the financial information of that component has been appropriately adjusted for purposes of preparing and presenting the group financial statements.**	New stipulation.	
36	**The group engagement team shall determine whether the financial information identified in the component auditor's communication (see paragraph 41(c)) is the financial information that is incorporated in the group financial statements.**	New stipulation.	
37	**If the group financial statements include the financial statements of a component with a financial reporting period-end that differs from that of the group, the group engagement team shall evaluate whether appropriate adjustments have been made to those financial statements in accordance with the applicable financial reporting framework.**	New stipulation.	
38	**Where the group engagement team or component auditors perform audits on the financial information of components, the group engagement team or the component auditors shall perform procedures designed to identify events at those components that occur between the dates of the financial information of the components and the date of the auditor's report on the group financial statements, and that may require adjustment to or disclosure in the group financial statements.**	New stipulation.	
39	**Where component auditors perform work other than audits of the financial information of components, the group engagement team shall request the component auditors to notify the group engagement team if they become aware of subsequent events that may require an adjustment to or disclosure in the group financial statements.**	New stipulation.	
40	**The group engagement team shall communicate its requirements to the component auditor on a timely basis. This communication shall set out the work to be performed, the use to be made of that work, and the form and content of the component auditor's communication with the group engagement team. It shall also include the following:** **(a) A request that the component auditor, knowing the context in which the group engagement team will use the work of the component auditor, confirms that the component auditor will cooperate with the group engagement team. (Ref: para. A59)** **(b) The ethical requirements that are relevant to the group audit and, in particular, the independence requirements.** **(c) In the case of an audit or review of the financial information of the component, component materiality (and, if applicable, the materiality level or le-**	See present tense text extant ISA 600.9(b). See present tense text extant ISA 600.9(a). New stipulation. New stipulation.	

	vels for particular classes of transactions, account balances or disclosures) and the threshold above which misstatements cannot be regarded as clearly trivial to the group financial statements.		
	(d) Identified significant risks of material misstatement of the group financial statements, due to fraud or error, that are relevant to the work of the component auditor. The group engagement team shall request the component auditor to communicate on a timely basis any other identified significant risks of material misstatement of the group financial statements, due to fraud or error, in the component, and the component auditor's responses to such risks.	New stipulation.	
	(e) A list of related parties prepared by group management, and any other related parties of which the group engagement team is aware. The group engagement team shall request the component auditor to communicate on a timely basis related parties not previously identified by group management or the group engagement team. The group engagement team shall determine whether to identify such additional related parties to other component auditors.		
41	**The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team's conclusion with regard the group audit. Such communication shall include:** **(a) Whether the component auditor has complied with ethical requirements that are relevant to the group audit, including independence and professional competence;** **(b) Whether the component auditor has complied with the group engagement team's requirements;** **(c) Identification of the financial information of the component on which the component auditor is reporting;** **(d) Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements;** **(e) A list of uncorrected misstatements of the financial information of the component (the list need not include misstatements that are below the threshold for clearly trivial misstatements communicated by the group engagement team (see paragraph 40(c));** **(f) Indicators of possible management bias;** **(g) Description of any identified significant deficiencies in internal control relevant to the audit at the component level;** **(h) Other significant matters that the component auditor communicated or expects to communicate to those charged with governance of the component, including fraud or suspected fraud involving component management, employees who have significant**	New stipulation.	

	roles in internal control at the component level or others where the fraud resulted in a material misstatement of the financial information of the component; **(i) Any other matters that may be relevant to the group audit, or that the component auditor wishes to draw to the attention of the group engagement team, including exceptions noted in the written representations that the component auditor requested from component management; and** **(j) The component auditor's overall findings, conclusions or opinion.**		
44	**The auditor is required to obtain sufficient appropriate audit evidence on which to base the audit opinion. The group engagement team shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed on the consolidation process and the work performed by the group engagement team and the component auditors on the financial information of the components, on which to base the group audit opinion.**	New stipulation.	
45	**The group engagement partner shall evaluate the effect on the group audit opinion of any uncorrected misstatements (either identified by the group engagement team or communicated by component auditors) […] and any instances where there has been an inability to obtain sufficient appropriate audit evidence**	New stipulation. See above extant bold paragraph 16.	
48	**A component auditor may be required by statute, regulation or for another reason, to express an audit opinion on the financial statements of a component. In that case, the group engagement team shall request group management to inform component management of any matter of which the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware. If group management refuses to communicate the matter to component management, the group engagement team shall discuss the matter with those charged with governance of the group. If the matter remains unresolved, the group engagement team, subject to legal and professional confidentiality considerations, shall consider whether to advise the component auditor not to issue the auditor's report on the financial statements of the component until the matter is resolved.**	New requirement.	

49	**The group engagement team shall communicate the following matters with those charged with governance of the group, in addition to those required by ISA 260 (Revised and Redrafted) and other ISAs:** **(a) An overview of the type of work to be performed on the financial information of the components.** **(b) An overview of the nature of the group engagement team's planned involvement in the work to be performed by the component auditors on the financial information of significant components.** **(c) Instances where the group engagement team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.** **(d) Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted.** **(e) Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.**	New specifications.	
50	**In meeting the documentation requirements in ISA 230 (Redrafted) and other ISAs, the group engagement team shall also document the following matters:** **(a) An analysis of components, indicating those that are significant, and the type of work performed on the financial information of the components.** **(b) The nature, timing and extent of the group engagement team's involvement in the work performed by the component auditors on significant components including, where applicable, the group engagement team's review of relevant parts of the component auditors' audit documentation and conclusions thereon.** **(c) Written communications between the group engagement team and the component auditors about the group engagement team's requirements.**	New specification. [NOTE: Extant ISA 600 sets forth other documentation using present tense text (extant ISA 600.14)].	

3.2 New requirements from other ISAs

Requirements arising from revision that are not new – but constitute more detailed specification

Requirement para.	Text	Comments	Effect rating
13	**If the group engagement partner concludes that:** **it will not be possible for the group engagement team to obtain sufficient appropriate audit evidence due to restrictions imposed by group management; and** **the possible effect of this inability will result in a disclaimer of opinion on the group financial statements** **the group engagement partner shall either:** **in the case of a new engagement, not accept the engagement, or, in the case of a continuing engagement, resign from the engagement; or**	New stipulations for ISA 600 but already covered by ISA 210.	

	where law or regulation prohibits an auditor from declining or resigning from an engagement, having performed the audit of the group financial statements to the extent possible, disclaim an opinion on the group financial statements.		
14	**The group engagement partner shall agree on the terms of the group audit engagement in accordance with ISA 210.**	Specifies who performs the requirement already in ISA 210.	
15	**The group engagement team shall establish an overall group audit strategy and shall develop a group audit plan in accordance with ISA 300 (Redrafted)**	Specifies who performs the requirement already in ISA 300.	
16	**The group engagement partner shall review the overall group audit strategy and group audit plan.**	Specifies who performs the requirement already in ISA 300.	
17	**The auditor is required to identify and assess the risks of material misstatement through obtaining an understanding of the entity and its environment. The group engagement team shall:** **Enhance its understanding of the group, its components, and their environments, including group-wide controls, obtained during the acceptance or continuance stage, and** **Obtain an understanding of the consolidation process, including the instructions issued by group management to components**	New requirement for ISA 600, due to change in approach. However, a group auditor with sole responsibility would already have had to do this in accordance with ISA 315.	
18	**The group engagement team shall obtain an understanding that is sufficient to:** **Confirm or revise its initial identification of components that are likely to be significant; and** **Assess the risks of material misstatement of the group financial statements, whether due to fraud or error.**	New requirement for ISA 600, due to change in approach. However, a group auditor with sole responsibility would already have had to do this in accordance with ISA 315.	
24	**The auditor is required to design and implement appropriate responses to address the assessed risks of material misstatement of the financial statements. The group engagement team shall determine the type of work to be performed by the group engagement team, or the component auditors on its behalf, on the financial information of the components (see paragraphs 26-29). The group engagement team shall also determine the nature, timing and extent of its involvement in the work of the component auditors (see paragraphs 30-31).**	New requirement to reflect new approach in ISA 600, although would be required under ISA 330.	
25	**If the nature, timing and extent of the work to be performed on the consolidation process or the financial information of the components are based on an expectation that group-wide controls are operating effectively, or when substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level, the group engagement team shall test, or request a component auditor to test, the operating effectiveness of those controls.**	New requirement to reflect new approach in ISA 600, although would be required under ISA 330.	
43	**If the group engagement team concludes that the work of the component auditor is insufficient, the group engagement team shall determine what additional procedures**	New stipulation, although implied by bold paragraph of extant ISA 600.16.	

	are to be performed, and whether they are to be performed by the component auditor or by the group engagement team.		
46	**The group engagement team shall make group management aware, on a timely basis and at an appropriate level of responsibility, of:** **All deficiencies in group-wide controls (other than those that are clearly trivial) that the group engagement team has identified, unless;** **The group engagement team has obtained sufficient appropriate audit evidence about the operating effectiveness of other group-wide controls that would prevent, or detect and correct, misstatements arising from the identified deficiencies; or** **It would be inappropriate to communicate directly to group management in the circumstances.** **Significant deficiencies_that the group engagement team has identified in internal controls at components and judges are of significance to the group; and** **Significant deficiencies_that component auditors have identified in internal controls at components and brought to the attention of the group engagement team that the group engagement team judges are of significance to the group.**	This clarifies the responsibility of the group engagement team vs. that of component auditors. This aspect was not previously addressed in ISA 600, although this reflects requirements of extant ISA 260.11, extant ISA 240.99 et seq. re fraud and extant ISA 315.120.	
47	**If fraud has been identified by the group engagement team or brought to its attention by a component auditor (see paragraph 41(h)), or information indicates that a fraud may exist, the group engagement team shall communicate this on a timely basis to the appropriate level of group management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities.**	New stipulation in ISA 600, but already required by ISA 240.93 et seq.	

3.3 New requirements – elevation of present tense sentences

N/a, given the extent of the revision of this ISA.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
12	**In applying [proposed] ISA 220 (Redrafted), the group engagement partner shall determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained in relation to the consolidation process and the financial information of the components on which to base the group audit opinion. For this purpose, the group engagement team shall obtain an understanding of the group, its components, and their envi-**	6	**The auditor should consider whether the auditor's own participation is sufficient to be able to act as the principal auditor.** Note: the increase in work effort, if any, would probably be limited, since present tense sentences within extant ISA 600.6 refer to these as factors the auditor would consider.	

	ronments that is sufficient to identify components that are likely to be significant components. Where component auditors will perform work on the financial information of such components, the group engagement partner shall evaluate whether the group engagement team will be able to be involved in the work of those component auditors to the extent necessary to obtain sufficient appropriate audit evidence.			
45	**The group engagement partner shall evaluate the effect on the group audit opinion of** [...] any uncorrected misstatements (either identified by the group engagement team or communicated by component auditors) and [...] **any instances where there has been an inability to obtain sufficient appropriate audit evidence.**	16	**When the principal auditor concludes that the work of the other auditor cannot be used and the principal auditor has not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditor, the principal auditor should express a qualified opinion or disclaimer of opinion because there is a limitation in the scope of the audit.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
19	**When the group engagement team plans to request a component auditor to perform work on the financial information of a component, the group engagement team shall obtain an understanding of the following:** (a) Whether the component auditor understands and will comply with the ethical requirements that are relevant to the group audit and, in particular, is independent; (b) **The component auditor's professional competence;** (c) Whether the group engagement team will be able to be involved in the work of the component auditor to the extent necessary to obtain sufficient appropriate audit evidence; and (d) Whether the component auditor operates in a regulatory environment that actively oversees auditors.	7	**When planning to use the work of another auditor, the principal auditor should consider the professional competence of the other auditor in the context of the specific assignment.** [NOTE: This is similar to present tense text in extant ISA 600.9(a) see below.] **Cf. above.** [Note the remainder represents increased specification of aspects of the understanding the group engagement team is required to obtain.]	
42	The group engagement team shall evaluate the component auditor's communication (see paragraph 41). **The group engagement team shall:**	12	**The principal auditor should consider the significant findings of the other auditor.**	

	(a) Discuss significant matters arising from that evaluation with the component auditor, component management or group management, as appropriate; and **(b) Determine whether it is necessary to review other relevant parts of the component auditor's audit documentation. (Ref: para. A61)**			

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comments	Effect rating
2	**When the principal auditor uses the work of another auditor, the principal auditor should determine how the work of the other auditor will affect the audit.**	Approach now changed role of the group audit team from passive to active in determining work to be performed by component auditors.	
8	**The principal auditor should perform procedures to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate for the principal auditor's purposes, in the context of the specific assignment.**	Approach now changed. The group engagement team is required to develop a group audit plan and request the component auditor to perform specific work.	
15	**The other auditor, knowing the context in which the principal auditor will use the other auditor's work, should cooperate with the principal auditor.**	Requirements for component auditors are not covered.	
18	While compliance with the guidance in the preceding paragraphs is considered desirable, the local regulations of some countries permit a principal auditor to base the audit opinion on the financial statements taken as a whole solely upon the report of another auditor regarding the audit of one or more components. **When the principal auditor does so, the principal auditor's report should state this fact clearly and should indicate the magnitude of the portion of the financial statements audited by the other auditor.**	Approach now changed.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 610 "USING THE WORK OF INTERNAL AUDITORS"

Note: ISA 610 is not yet issued in a finalized version. Analysis is therefore based on agenda item 6 (Updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the external auditor, where the entity has an internal audit function that the external auditor has determined is likely to be relevant to the audit, are to determine:** **(a) Whether, and to what extent, to use specific work of the internal auditors; and** **(b) If so, whether such work is adequate for the purposes of the audit.**	2	**The external auditor should consider the activities of internal auditing and their effect, if any, on external audit procedures.**	

2 Definitions

2.1 New definitions – not included in extant ISA 610

New para.	Text	Comments	Effect rating
7 (a)	**Internal audit function – An appraisal activity established or provided as a service to the entity. Its functions include, amongst other things, examining, evaluating and monitoring the adequacy and effectiveness of internal control.**	New term defined.	
7 (b)	**Internal auditors – Those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	In determining the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures, the external auditor shall consider: (a) The nature and scope of specific work performed, **or to be performed**, by the internal auditors; (b) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and	New text.	

	(c) **The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions.**	New text.	
9	In determining whether the work of the internal auditors is likely to be adequate for the purposes of the audit, the external auditor shall evaluate: (a) The objectivity of the internal audit function; (b) The technical competence of the internal auditors; (c) Whether the work of the internal auditors is likely to be carried out with due professional care; and (d) **Whether there is likely to be effective communication between the internal auditors and the external auditor**	New text.	
13	**When the external auditor uses specific work of the internal auditors, the external auditor shall document conclusions regarding the evaluation of the adequacy of the work of the internal auditors, and the audit procedures performed by the external auditor on that work, in accordance with paragraph 10.**	New text.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
8	**The external auditor shall determine:** (a) **Whether the work of the internal auditors is likely to be adequate for purposes of the audit; and** (b) **If so, the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures.**	10.2 and 12	
9	In determining whether the work of the internal auditors is likely to be adequate for the purposes of the audit, the external auditor shall evaluate: (a) **The objectivity of the internal audit function;** (b) **The technical competence of the internal auditors;** (c) **Whether the work of the internal auditors is likely to be carried out with due professional care; and** (d) Whether there is likely to be effective communication between the internal auditors and the external auditor.	13	

10	In determining the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures, the external auditor shall consider: (a) **The nature and scope of specific work performed,** or to be performed**, by the internal auditors;** (b) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and (c) The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions.	17	
12	**To determine the adequacy of specific work performed by the internal auditors for the external auditor's purposes, the external auditor shall evaluate whether:** **(a) The work was performed by internal auditors having adequate technical training and proficiency;** **(b) The work was properly supervised, reviewed and documented;** **(c) Adequate audit evidence has been obtained to enable the internal auditors to draw reasonable conclusions;** **(d) Conclusions reached are appropriate in the circumstances and any reports prepared by the internal auditors are consistent with the results of the work performed; and** **(e) Any exceptions or unusual matters disclosed by the internal auditors are properly resolved.**	12 and 17	

3.4 Changed requirements - based on basic principle or essential procedure
None.

3.5 Deleted requirements – basic principle or essential procedure removed
None.

4 Overall rating of potential effects
How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 620 "USING THE WORK OF AN AUDITOR'S EXPERT"

Note: ISA 620 was revised and redrafted. The main changes relevant to cost/benefit considerations arise from the revision, in particular the fact that the standard now deals with auditor's experts (and not management's experts where the work may already have been performed before the auditor becomes involved) so that the auditor determines in advance the nature, scope and objectives of the expert's work for the purposes of the audit. Agenda item 13 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are:** **(a) To determine whether to use the work of an auditor's expert; and** **(b) If using the work of an auditor's expert, to determine whether that work is adequate for the auditor's purposes.**	2	**When using the work performed by an expert, the auditor should obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.**	

2 Definitions

2.1 New definitions – not included in extant ISA 620

New para.	Text	Comments	Effect rating
6(a)	**Auditor's expert –** An individual or organization possessing expertise in a field other than accounting or auditing, **whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert.**		
6 (b)	**Expertise –Skills, knowledge and experience in a particular field.**		
6 (c)	**Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.**		

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (a)	**Auditor's expert – An individual or organization possessing expertise in a field other than accounting or auditing, [...].**	3	**"Expert" means a person or firm possessing special skill, knowledge and experience in a particular field other than accounting and auditing.**	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**The nature, timing and extent of the auditor's procedures with respect to the requirements in paragraphs 9-13 and 16(b) of this ISA will vary depending on the circumstances. In determining the nature, timing and extent of those procedures, the auditor shall consider matters including:** **(a) The nature of the matter to which that expert's work relates;** **(b) The risks of material misstatement in the matter to which that expert's work relates;** **(c) The significance of that expert's work in the context of the audit;** **(d) The auditor's knowledge of and experience with previous work performed by that expert; and** **(e) In the case of an internal expert, the nature and extent of relevant quality control policies and procedures.**	New requirement.	
10	**The auditor shall obtain a sufficient understanding of the field of expertise of the auditor's expert to enable the auditor to:** **(a) Determine the nature, scope and objectives of that expert's work for the auditor's purposes; and** **(b) Evaluate the adequacy of that work for the auditor's purposes.**	New requirement.	
11	**The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert:** (a) The nature, scope and objectives of that expert's work; (b) **The respective roles and responsibilities of the auditor and that expert, including, for example, the responsibility of the auditor's expert to respect the confidentiality of information; and** (c) **The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert.**	New requirement.	
15	**If reference to the work of an auditor's expert is relevant to an understanding of a modification to the auditor's opinion, the auditor shall indicate in the auditor's report that such reference does not reduce the auditor's responsibility for that opinion.**	New requirement.	
16	**Where the agreement required by paragraph 11 of this ISA is:** **(a) In writing, the auditor shall retain or refer to a copy of the written agreement as part of the audit documentation; or** **(b) Not in writing, the auditor shall document the matters agreed to.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Comments	Effect rating
7	**If expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate audit evidence, the auditor shall determine whether to use the work of an auditor's expert.**	Based on extant present tense text para. 7.	
11	The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert: (a) **The nature, scope and objectives of that expert's work;** (b) The respective roles and responsibilities of the auditor and that expert, including, for example, the responsibility of the auditor's expert to respect the confidentiality of information; and (c) The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert.	Based on present tense text para. 11.2.	

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. In the case of an auditor's external expert, the evaluation of objectivity **shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity.**	8 and 9	When planning to use the work of an expert, the auditor should evaluate the professional competence of the expert. The auditor should evaluate the objectivity of the expert. **Additional specification of the requirement.**	
13	If the auditor determines that the work of the auditor's expert is not adequate for the auditor's purposes, the auditor shall: **(a) Agree with that expert on the nature and extent of further work to be performed by that expert; or** **(b) Perform further audit procedures appropriate to the circumstances.**	15	If the results of the expert's work do not provide sufficient appropriate audit evidence or if the results are not consistent with other audit evidence, the auditor should resolve the matter. **Additional specification of the requirement.**	

14	The auditor shall not refer to the work of an auditor's expert in an auditor's report containing an unmodified opinion unless required by law or regulation to do so. If such reference is required by law or regulation, **the auditor shall indicate in the auditor's report that the reference does not reduce the auditor's responsibility for the audit opinion**.	16	When issuing an unmodified auditor's report, the auditor should not refer to the work of an expert. Additional specification of the requirement.	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
12	The auditor shall evaluate the adequacy of the auditor's expert's work for the auditor's purposes, including: **(a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence;** **(b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods; and** **(c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data**	11 12	The auditor should obtain sufficient appropriate audit evidence that the scope of the expert's work is adequate for the purposes of the audit. The auditor should evaluate the appropriateness of the expert's work as audit evidence regarding the assertion being considered. **Added specification** (consistency check was previously implied). New additional requirement.	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 700 "FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS"

Note: ISA 700 is not yet finalized. Analysis is therefore based on agenda item 5 including conforming amendments, IAASB September 2008.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

New para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the auditor are to:** **(a) Form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and** **(b) Express clearly that opinion through a written report that also describes the basis for the opinion.**	4	**The auditor's report should contain a clear expression of the auditor's opinion on the financial statements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 700

New para.	Text	Comments	Effect rating
7 (a)	**General purpose financial statements – Financial statements prepared and presented in accordance with a general purpose framework.**	New text.	
7 (b)	**General purpose framework – A financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.** **The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the specific requirements of the framework and:** **(i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or** **(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.** **The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.**	New text.	

7 (c)	**Unmodified opinion – The opinion expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	New text.	
8	**Reference to "financial statements" in this ISA means "a complete set of general purpose financial statements," including the related notes. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework determine the form and content of the financial statements, and what constitutes a complete set of financial statements.**	New text.	
9	**Reference to "International Financial Reporting Standards" in this ISA means the International Financial Reporting Standards issued by the International Accounting Standards Board, and reference to "International Public Sector Accounting Standards" means the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	**The auditor shall form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	Previously implicit requirement.	
12.2	The auditor shall evaluate whether the financial statements are prepared and presented, in all material respects, in accordance with the requirements of the applicable financial reporting framework. **This evaluation shall include consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments.**	Text is new to ISA 700.	
15	**The auditor shall evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework.**	Not specifically required by extant ISA 700.	
18	**If financial statements prepared and presented in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, shall determine whether it is necessary to modify the opinion in the auditor's report in accordance with [proposed] ISA 705 (Revised and Redrafted).**	New text but not covered in extant ISA 700.	18
19	**When the financial statements are prepared and presented in accordance with a compliance framework, the auditor is not required to evaluate whether the financial**	New text but not covered in extant ISA 700.	19

	statements achieve fair presentation. However, if in extremely rare circumstances the auditor concludes that such financial statements are misleading, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine whether, and how, to communicate it in the auditor's report.		
27	**Where the financial statements are prepared in accordance with a fair presentation framework, the explanation of management's responsibility for the financial statements in the auditor's report shall refer to "the preparation and fair presentation of these financial statements" or "the preparation and presentation of financial statements that give a true and fair view," as appropriate in the circumstances.**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	
32	**Where the financial statements are prepared in accordance with a fair presentation framework, the description of the audit in the auditor's report shall refer to "the entity's preparation of these financial statements in accordance with [the applicable financial reporting framework], including their fair presentation" or "the entity's preparation of financial statements that give a true and fair view," as appropriate in the circumstances.**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	
36	**When expressing an unmodified opinion on financial statements prepared and presented in accordance with a compliance framework, the auditor's opinion shall be that the financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework].**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	

3.2 New requirements from other ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
13	In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework:		
	(a) **The financial statements adequately disclose the significant accounting policies selected and applied;**	New text. Stems from extant ISA 330.65.	
	(b) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate in the circumstances;		
	(c) The accounting estimates made by management are reasonable;		
	(d) The information presented in the financial statements is relevant, reliable, comparable and understandable;		
	(e) The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and		
	(f) **The terminology used in the financial statements, including the title of each financial statement, is appropriate.**	New text stems from ISA 330.65.	

17	**If the auditor:** **(a) concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or** **(b) is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement,** **the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).**	Not in extant ISA 700, but based on ISA 200.49. Based on extant ISA 330.72.	

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
11	**In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. That conclusion shall take into account:** **(a) The auditor's conclusion, in accordance with ISA 330 (Redrafted), whether sufficient appropriate audit evidence has been obtained;** **(b) The auditor's conclusion, in accordance with ISA 450 (Revised and Redrafted), whether uncorrected misstatements are material, individually or in aggregate; and** **(c) The evaluations required by paragraphs 12-15.**	12	
12.1	**The auditor shall evaluate whether the financial statements are prepared and presented, in all material respects, in accordance with the requirements of the applicable financial reporting framework.** This evaluation shall include consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments.	13.1	
13	**In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework:** (a) The financial statements adequately disclose the significant accounting policies selected and applied; (b) **The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate in the circumstances;** (c) **The accounting estimates made by management are reasonable;** (d) **The information presented in the financial statements is relevant, reliable, comparable and understandable;** (e) **The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and**	 New (see above). 13(a) 13(b) 13(c) 13(d)	

	(f) The terminology used in the financial statements, including the title of each financial statement, is appropriate.	New (see above).	
14	**When the financial statements are prepared and presented in accordance with a fair presentation framework, the evaluation required by paragraphs 12-13 shall also include whether the financial statements achieve fair presentation. The auditor's evaluation as to whether the financial statements achieve fair presentation shall include consideration of:** **(a) The overall presentation, structure and content of the financial statements; and** **(b) Whether the financial statements, including the related notes, faithfully represent the underlying transactions and events in a manner that achieves fair presentation.**	Based on 14.1 14.3 14.4	
16	**The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	Based on 42	
24.2	**The auditor's report need not refer specifically to "management," but shall use the term that is appropriate in the context of the legal framework in the particular jurisdiction. In some jurisdictions, the appropriate reference may be to those charged with governance.**	31	
44	**An auditor may be required to conduct an audit in accordance with the auditing standards of a specific jurisdiction (the "national auditing standards"), but may additionally have complied with the ISAs in the conduct of the audit. If this is the case, the auditor's report may refer to International Standards on Auditing in addition to the national auditing standards, but the auditor shall do so only if:** **(a) There is no conflict between the requirements in the national auditing standards and those in ISAs that would lead the auditor (i) to form a different opinion, or (ii) not to include an Emphasis of Matter paragraph that, in the particular circumstances, is required by ISAs; and [...].**	Based on 63	
46 (part)	If supplementary information that is not required by the applicable financial reporting framework is presented with the audited financial statements, the auditor shall evaluate whether such supplementary information is clearly differentiated from the audited financial statements. If such supplementary information is not clearly differentiated from the audited financial statements, **the auditor shall ask management to change how the unaudited supplementary information is presented. If management refuses to do so,** the auditor shall explain in the auditor's report that such supplementary information has not been audited.	68	
47	**Supplementary information that is not required by the applicable financial reporting framework but is nevertheless an integral part of the financial statements because it**	68	

	cannot be clearly differentiated from the audited financial statements due to its nature and how it is presented shall be covered by the auditor's opinion.		

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Comment	Effect rating
25	**The auditor's report shall include a section with the heading "Management's [or other appropriate term] Responsibility for the Financial Statements."**	Required inclusion of sub-titles is new (previously examples included headings).	
28	**The auditor's report shall include a section with the heading "Auditor's Responsibility."**	Required inclusion of sub-titles is new (previously examples included headings).	
34	**The auditor's report shall include a section with the heading "Opinion."**	Required inclusion of sub-titles is new (previously examples included headings).	
38	If the auditor addresses other reporting responsibilities in the auditor's report on the financial statements that are in addition to the auditor's responsibility under the ISAs to report on the financial statements, these other reporting responsibilities shall be addressed in a separate section in the auditor's report **that shall be sub-titled "Report on Other Legal and Regulatory Requirements," or otherwise as appropriate to the content of the section.**	Required inclusion of sub-titles is new (previously examples included headings).	
39	**If the auditor's report contains a separate section on other reporting responsibilities, the headings, statements and explanations referred to in paragraphs 23-37 shall be under the sub-title "Report on the Financial Statements." The "Report on Other Legal and Regulatory Requirements" shall follow the "Report on the Financial Statements."**	Required inclusion of sub-titles is new (previously examples included headings).	

3.5 Deleted requirements – basic principle or essential procedure removed

Old bold text para.	Text	Comment	Effect rating
39	**An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.**	No longer necessary as this ISA only deals with these circumstances.	
62	**The auditor's report should refer to the audit having been conducted in accordance with the International Standards on Auditing only when the auditor has complied fully with all of the International Standards on Auditing relevant to the audit.**	No longer necessary in ISA 700 – see para. 44 in conjunction with ISA 200.20.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Revised and Redrafted ISA 705 "MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT"

Note: ISA 705 has not yet been issued in a finalized version. Analysis is therefore based on agenda item 14 (Updated) including conforming amendments from the IAASB meeting in June 2008, which has yet to be approved by the PIOB. Comparison has been made to the relevant parts of ISA 701 in the IAASB 2008 Handbook.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
4	**The objective of the auditor is to express clearly an appropriately modified opinion on the financial statements that is necessary when:** **(a) The auditor concludes, based on the audit evidence obtained, that the financial statements as a whole are not free from material misstatement; or** **(b) The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.**	11	**An auditor may not be able to express an unqualified opinion when either of the following circumstances exist and, in the auditor's judgment, the effect of the matter is or may be material to the financial statements:** **(a) There is a limitation on the scope of the auditor's work; or** **(b) There is a disagreement with management regarding the acceptability of the accounting policies selected, the method of their application or the adequacy of financial statement disclosures. The circumstances described in (a) could lead to a qualified opinion or a disclaimer of opinion. The circumstances described in (b) could lead to a qualified opinion or an adverse opinion. These circumstances are discussed more fully in paragraphs 16-21.**	

2 Definitions

2.1 New definitions – not included in extant ISA 701

New para.	Text	Comments	Effect rating
5	**(a) Pervasive – A term used, in the context of misstatements, to describe the effects on the financial statements of misstatements or the possible effects on the financial statements of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements are those that, in the auditor's judgment:** **(i) Are not confined to specific elements, accounts or items of the financial statements;** **(ii) If so confined, represent or could represent a substantial proportion of the financial statements; or**	New term defined.	

	(iii) In relation to disclosures, are fundamental to users' understanding of the financial statements. **(b) Modified opinion – A qualified opinion, an adverse opinion or a disclaimer of opinion.**		

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
11	**If, after accepting the engagement, the auditor becomes aware that management has imposed a limitation on the scope of the audit that the auditor considers likely to result in the need to express a qualified opinion or to disclaim an opinion on the financial statements, the auditor shall request that management remove the limitation.**	New requirement.	
12	**If management refuses to remove the limitation referred to in paragraph 11, the auditor shall communicate the matter to those charged with governance and determine whether it is possible to perform alternative procedures to obtain sufficient appropriate audit evidence.**	New requirement.	
14	**If the auditor resigns, as contemplated by paragraph 13(b)(i), before resigning, the auditor shall communicate to those charged with governance any matters regarding misstatements identified during the audit that would have given rise to a modification of the opinion.**	New requirement.	
15	**When the auditor considers it necessary to express an adverse opinion or disclaim an opinion on the financial statements as a whole, the auditor's report shall not also include an unmodified opinion with respect to the same financial reporting framework on a single financial statement or one or more specific elements, accounts or items of a financial statement. To include such an unmodified opinion in the same report in these circumstances would contradict the auditor's adverse opinion or disclaimer of opinion on the financial statements as a whole.**	New requirement.	
17.2	**If it is not practicable to quantify the financial effects, the auditor shall so state in the basis for modification paragraph.**	New requirement.	
18	**If there is a material misstatement of the financial statements that relates to narrative disclosures, the auditor shall include in the basis for modification paragraph an explanation of how the disclosures are misstated.**	New requirement.	
19	**If there is a material misstatement of the financial statements that relates to the non-disclosure of information required to be disclosed, the auditor shall:** **(a) Discuss the non-disclosure with those charged with governance;** **(b) Describe in the basis for modification paragraph the nature of the omitted information; and,**	New requirement. New requirement, based on example wording given in	

	(c) Unless prohibited by law or regulation, include the omitted disclosures, provided it is practicable to do so and the auditor has obtained sufficient appropriate audit evidence about the omitted information.	extant ISA 701.21.	
21	**Even if the auditor has expressed an adverse opinion or disclaimed an opinion on the financial statements, the auditor shall describe in the basis for modification paragraph the reasons for any other matters of which the auditor is aware that would have required a modification to the opinion, and the effects thereof.**	New requirement.	
22	**When the auditor modifies the audit opinion, the auditor shall use the heading "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion," as appropriate, for the opinion paragraph.**	New requirement.	
24	**When the auditor expresses an adverse opinion, the auditor shall state in the opinion paragraph that, in the auditor's opinion, because of the significance of the matter(s) described in the Basis for Adverse Opinion paragraph:** **(a) The financial statements do not present fairly (or give a true and fair view) in accordance with the applicable financial reporting framework when reporting in accordance with a fair presentation framework; or** **(b) The financial statements have not been prepared, in all material respects, in accordance with the applicable financial reporting framework when reporting in accordance with a compliance framework.**	New requirement, based on example wording given in extant ISA 701.21.	
25	**When the auditor disclaims an opinion due to an inability to obtain sufficient appropriate audit evidence, the auditor shall state in the opinion paragraph that:** **(a) because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion; and accordingly,** **(b) the auditor does not express an opinion on the financial statements.**	New requirement, based on example wording given in extant ISA 701.21.	
26	**When the auditor expresses a qualified or adverse opinion, the auditor shall amend the description of the auditor's responsibility to state that the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's modified audit opinion.**	New requirement.	
27	**When the auditor disclaims an opinion due to an inability to obtain sufficient appropriate audit evidence, the auditor shall amend the introductory paragraph of the auditor's report to state that the auditor was engaged to audit the financial statements. The auditor shall also amend the description of the auditor's responsibility and the description of the scope of the audit to state only the following: "Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because**	New requirement.	

	of the matter(s) described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion."		
28	**When the auditor expects to modify the opinion in the auditor's report, the auditor shall communicate with those charged with governance the circumstances that led to the expected modification and the proposed wording of the modification.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Present tense (old para.)	Text	Effect rating
6	**The auditor shall modify the opinion in the auditor's report when:** **(a) The auditor concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or** **(b) The auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.**	11	An auditor may not be able to express an unqualified opinion when either of the following circumstances exist and, in the auditor's judgment, the effect of the matter is or may be material to the financial statements: (a) There is a limitation on the scope of the auditor's work; or (b) There is a disagreement with management regarding the acceptability of the accounting policies selected, the method of their application or the adequacy of financial statement disclosures. The circumstances described in (a) could lead to a qualified opinion or a disclaimer of opinion. The circumstances described in (b) could lead to a qualified opinion or an adverse opinion. These circumstances are discussed more fully in paragraphs 16-21.	
10	**The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.**	9.2	However, in extreme cases, such as situations involving multiple uncertainties that are significant to the financial statements, the auditor may consider it appropriate to express a disclaimer of opinion instead of adding an emphasis of matter paragraph.	
16.2	**The auditor shall place this paragraph immediately before the opinion paragraph in the auditor's report and use the head-**	15.2	Ordinarily, this information would be set out in a separate paragraph preceding the opinion or disclaimer of opinion on the	

	ing "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion," as appropriate.		financial statements and may include a reference to a more extensive discussion, if any, in a note to the financial statements.	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Bold lettered (old para.)	Text	Effect rating
7	**The auditor shall express a qualified opinion when:** **(a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or** **(b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.**	12	**A *qualified opinion* should be expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not so material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.**	
8	**The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.**	14	**An adverse opinion should be expressed when the effect of a disagreement is so material and pervasive to the financial statements that the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements.**	
9	**The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.**	13	**A disclaimer of opinion should be expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and accordingly is unable to express an opinion on the financial statements.**	
13	**If the auditor is unable to obtain sufficient appropriate audit evidence, the auditor shall determine the implications as follows:** **(a) If the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive, the auditor shall qualify the opinion; or** **(b) If the auditor concludes that the possible effects on the financial statements of undetected misstate-**	18	**When there is a limitation on the scope of the auditor's work that requires expression of a qualified opinion or a disclaimer of opinion, the auditor's report should describe the limitation and indicate the possible adjustments to the financial statements that might have been determined to be necessary had the limitation not existed.**	

	ments, if any, could be both material and pervasive so that a qualification of the opinion would be inadequate to communicate the gravity of the situation, the auditor shall: **(i) Resign from the audit, where practicable and not prohibited by law or regulation; or** **(ii) If resignation from the audit before issuing the auditor's report is not practicable or possible, disclaim an opinion on the financial statements.**			
16.1	**When the auditor modifies the opinion on the financial statements, the auditor shall, in addition to the specific elements required by ISA 700 (Redrafted), include a paragraph in the auditor's report that provides a description of the matter giving rise to the modification.**	15.1	**Whenever the auditor expresses an opinion that is other than unqualified, a clear description of all the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the financial statements.**	
17.1	**If there is a material misstatement of the financial statements that relates to specific amounts in the financial statements (including quantitative disclosures), the auditor shall include in the basis for modification paragraph a description and quantification of the financial effects of the misstatement, unless impracticable.**	15.1	**Whenever the auditor expresses an opinion that is other than unqualified, a clear description of all the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the financial statements.**	
20	**If the modification results from an inability to obtain sufficient appropriate audit evidence, the auditor shall include in the basis for modification paragraph the reasons for that inability.**	18.1	**When there is a limitation on the scope of the auditor's work that requires expression of a qualified opinion or a disclaimer of opinion, the auditor's report should describe the limitation and indicate the possible adjustments to the financial statements that might have been determined to be necessary had the limitation not existed.**	
23	**When the auditor expresses a qualified opinion due to a material misstatement in the financial statements, the auditor shall state in the opinion paragraph that, in the auditor's opinion, except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph:** **(a) The financial statements present fairly, in all material respects (or give a true and fair view) in accordance with the applicable financial reporting framework when reporting in accordance with a fair presentation framework; or** **(b) The financial statements have been prepared, in all material respects, in**	12	**A qualified opinion should be expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not so material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.**	

	accordance with the applicable financial framework when reporting in accordance with a compliance framework. **When the modification arises from an inability to obtain sufficient appropriate audit evidence, the auditor shall use the corresponding phrase "except for the possible effects of the matter(s) [...]" for the modified opinion.**			

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
20.2	**If such disagreements are material to the financial statements, the auditor should express a qualified or an adverse opinion.**	Repetitive of other requirements.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 706 "EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER(S) PARAGRAPHS IN THE INDEPENDENT AUDITOR'S REPORT"

Note: ISA 706 has not yet been issued in a finalized version. This analysis is based on agenda item 14 (Updated) including conforming amendments, IAASB June 2008, which has not yet been approved by the PIOB. Comparison has been made to the relevant parts of ISA 701 in the IAASB 2008 Handbook.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
4	**The objective of the auditor, having formed an opinion on the financial statements is to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report, to:** **(a) a matter, although appropriately presented or disclosed in the financial statements, that is of such importance that it is fundamental to users' understanding of the financial statements, or** **(b) as appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 701

New para.	Text	Comments	Effect rating
5 (a)	**Emphasis of Matter paragraph – A paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.**	New definition.	
5 (b)	**Other Matter paragraph – A paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.**	New definition.	

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
6	**If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the audi-**	New requirement.	

	tor's report provided the auditor has obtained sufficient appropriate audit evidence that the matter is not materially misstated in the financial statements. Such a paragraph shall refer only to information presented or disclosed in the financial statements.		
7	When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall: (a) Include it immediately after the Opinion paragraph in the auditor's report; (b) **Use the heading "Emphasis of Matter," or other appropriate heading;**	New requirement.	
8	**If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report and this is not prohibited by law or regulation, the auditor shall do so in a paragraph in the auditor's report, with the heading "Other Matter," or other appropriate heading. The auditor shall include this paragraph immediately after the Opinion paragraph and any Emphasis of Matter paragraph, or elsewhere in the auditor's report if the content of the Other Matter paragraph is relevant to the Other Reporting Responsibilities section**	New requirement. Improves the quality of reporting. (Previously other matters were included as an emphasis of matter. See extant ISA 701.10).	
9	**If the auditor expects to include an Emphasis of Matter or an Other Matter paragraph in the auditor's report, the auditor shall communicate with those charged with governance regarding this expectation, and the proposed wording of this paragraph.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Present tense (old para.)	Text	Effect rating
7(a)-(c)	**When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall:** (a) **Include it immediately after the Opinion paragraph in the auditor's report;** (b) Use the heading "Emphasis of Matter," or other appropriate heading; (c) **Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements; and**	5	In certain circumstances, an auditor's report may be modified by adding an emphasis of matter paragraph to highlight a matter affecting the financial statements which is included in a note to the financial statements that more extensively discusses the matter. The addition of such an emphasis of matter paragraph does not affect the auditor's opinion. The paragraph would preferably be included after the paragraph containing the auditor's opinion but before the section on any other reporting responsibilities, if any. The emphasis of matter paragraph would ordinarily refer to the fact that the auditor's opinion is not qualified in this respect.	
7(d)	(d) **Indicate that the auditor's opinion is not modified in respect of the matter emphasized.**	8	An illustration of an emphasis of matter paragraph for a significant uncertainty in an auditor's report follows: *Without qualifying our opinion we draw attention to Note X to the financial statements. The Company is the defendant in a lawsuit alleging infringement of certain patent rights and claiming royalties and punitive damages. The Company has filed a counter action, and preliminary hearings and discovery proceedings on both actions are in progress. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.*	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
6	**The auditor should modify the auditor's report by adding a paragraph to highlight a material matter regarding a going concern problem.**	Now required by ISA 570(Redrafted).19.	
7	**The auditor should consider modifying the auditor's report by adding a paragraph if there is a significant uncertainty (other than a going concern problem), the resolution of which is dependent upon future events and which may affect the financial statements.**	Now revised to require the auditor to use professional judgment. Application material (A1) includes uncertainties as examples of possible matters.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 710 "COMPARATIVE INFORMATION – CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS"

Note: ISA 710 has not been finalized by the IAASB. Agenda item 6 including conforming amendments from the IAASB meeting in September 2008 has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are:** **(a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been prepared, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and** **(b) To report in accordance with the auditor's findings, using the approach to comparative information required in the circumstances.**	2	**The auditor should determine whether the comparatives comply in all material respects with the financial reporting framework applicable to the financial statements being audited.**	

2 Definitions

2.1 New definitions – not included in extant ISA 710

New para.	Text	Comments	Effect rating
5 (a)	**Comparative information – The amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (b)	**Corresponding figures – Comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial statements, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.**	3 (a)	Corresponding figures where amounts and other disclosures for the preceding period are included as part of the current period financial statements, and are intended to be read in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures" for the purpose of this ISA). These corresponding figures are not presented as complete financial statements capable of standing alone, but are an integral part of the current period financial statements intended to be read only in relationship to the current period figures.	
6 (c)	**Comparative financial statements – Comparative information where amounts and other disclosures for the prior period are included for comparison with the financial statements of the current period, but are considered separate financial statements on which an audit opinion is expressed. The level of information included in those comparative financial statements is comparable with that of the financial statements of the current period.**	3 (b)	Comparative financial statements where amounts and other disclosures for the preceding period are included for comparison with the financial statements of the current period, but do not form part of the current period financial statements.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
9	**As required by ISA 580 (Revised and Redrafted), the auditor shall request written representations for all periods referred to in the auditor's report.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified**. For this purpose, the auditor shall evaluate whether:** **(a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and**	6.2	

	(b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.		
8	**If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists.** If the auditor had audited the prior period's financial statements, the auditor shall also follow the relevant requirements of ISA 560 (Redrafted). If the prior period financial statements are amended, the auditor shall determine that the corresponding figures agree with the amended financial statements.	9	
10	When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures **except in the circumstances described in paragraphs 11, 12 and 14.**	11	
14	If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited**. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.**	18	
18	**If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification,** the auditor shall, communicate the misstatement with the appropriate level of management and those charged with governance and request that the predecessor auditor be informed. If the prior period financial statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period.	27	
19	If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. **Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect of the current period's financial statements.**	30.2	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Bold text (old para.)	Effect rating
18	If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification, the auditor shall, communicate the misstatement with the appropriate level of management **and those charged with governance and request that the predecessor auditor be informed**. If the prior period financial statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period.	28 See below.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 710	Text	Comment	Effect rating
19	**In situations where the incoming auditor identifies that the corresponding figures are materially misstated, the auditor should request management to revise the corresponding figures or if management refuses to do so, appropriately modify the report.**	Removed as covered in ISAs 705, 706.	
20	**The auditor should obtain sufficient appropriate audit evidence that the comparative financial statements meet the requirements of the applicable financial reporting framework.**	Deleted but covered by requirement in para. 6.	
28	In these circumstances, the incoming auditor should discuss the matter with management **and, after having obtained management's authorization, contact the predecessor auditor and propose that the prior period financial statements be restated.** If the predecessor agrees to reissue the auditor's report on the restated financial statements of the prior period, the auditor should follow the guidance in paragraph 26.	Requirement to inform the predecessor auditor directly now removed. The auditor is now required to request that the predecessor auditor be informed.	
31	**In situations where the incoming auditor identifies that the prior year unaudited figures are materially misstated, the auditor should request management to revise the prior year's figures or if management refuses to do so, appropriately modify the report.**	Removed as covered in ISAs 705, 706.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 720 "THE AUDITOR'S RESPONSIBILITY IN RELATION TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS"

Note: ISA 720 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
4	**The objective of the auditor is to respond appropriately when documents containing audited financial statements and the auditor's report thereon include other information that could undermine the credibility of those financial statements and the auditor's report.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 720

New para.	Text	Comments	Effect rating
5 (a)	**Other information – Financial and non-financial information (other than the financial statements and the auditor's report thereon) which is included, either by law, regulation or custom, in a document containing audited financial statements and the auditor's report thereon.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
5 (b)	**Inconsistency – Other information that contradicts information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statements.**	3	A "material inconsistency" exists when other information contradicts information contained in the audited financial statements. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statements.	
5 (c)	**Misstatement of fact – Other information that is unrelated to matters appearing in the audited financial statements that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing audited financial statements.**	15	For the purpose of this ISA, a "material misstatement of fact" in other information exists when such information, not related to matters appearing in the audited financial statements, is incorrectly stated or presented.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
10	When revision of the other information is necessary and management refuses to make the revision, the auditor **shall communicate this matter to those charged with governance;** and (a) Include in the auditor's report an Other Matter(s) paragraph describing the material inconsistency in accordance with [proposed] ISA 706 (Revised and Redrafted); or (b) Withhold the auditor's report; or (c) Where withdrawal is legally permitted, withdraw from the engagement.	This new requirement addresses an inconsistency in extant ISA 720. There is no reference to communication with those charged with governance re inconsistencies prior to the date of the auditor's report (para10) but only afterward (para. 23) as present tense text.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	**The auditor shall make appropriate arrangements with management or those charged with governance to obtain the other information prior to the date of the auditor's report. If it is not possible to obtain all the other information prior to the date of the auditor's report, the auditor shall read such other information as soon as practicable.**	9.2-3	
10	When revision of the other information is necessary and management refuses to make the revision, the auditor **shall communicate this matter to those charged with governance;** and (d) Include in the auditor's report an Other Matter(s) paragraph describing the material inconsistency in accordance with [proposed] ISA 706 (Revised and Redrafted); or (e) **Withhold the auditor's report; or** (f) **Where withdrawal is legally permitted, withdraw from the engagement**	See below (new requirement). 13.2 13.2	
11	**When revision of the audited financial statements is necessary, the auditor shall follow the relevant requirements in ISA 560 (Redrafted).**	21	
12	**When revision of the other information is necessary and management agrees to make the revision, the auditor shall carry out the procedures necessary under the circumstances.**	22.1	
13	When revision of the other information is necessary, but management refuses to make the revision, the auditor shall **notify those charged with governance of the auditor's concern regarding the other information and** take any further appropriate action.	23.2	

16	When the auditor concludes that there is a material misstatement of fact in the other information which management refuses to correct, the auditor shall **notify those charged with governance of the auditor's concern regarding the other information and** take any further appropriate action.	18.2	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISQC 1 "QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF FINANCIAL STATEMENTS, AND OTHER ASSURANCE AND RELATED SERVICES ENGAGEMENTS"

Note: ISQC 1 is not yet finalized. Analysis is therefore based on agenda item 10 including conforming amendments, IAASB September 2008

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
11	**The objective of the firm is to establish and maintain a system of quality control to provide it with reasonable assurance that:** **(a) The firm and its personnel comply with professional standards and regulatory and legal requirements; and** **(b) Reports issued by the firm or engagement partners are appropriate in the circumstances.**	3	**The firm should establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partners are appropriate in the circumstances.**	

2 Definitions

2.1 New definitions – not included in extant ISQC 1

New para.	Text	Comments	Effect rating
12 (a)	**Date of report – The date that the practitioner dates the report.**	New text.	
12 (l)	**Network – A larger structure:** **(i) That is aimed at cooperation, and** **(ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.**	New text.	
12 (q)	**Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) together with national requirements that are more restrictive.**	New text.	

2.2 Definitions based on present tense text in the extant ISQC

New para.	Text	Old text para.	Text	Effect rating
12 (d)	Engagement quality control review – A process designed to provide an objective evaluation, on or before the date of the	6 (c)	Engagement quality control review – A process designed to provide an objective evaluation, before the report is issued of	

	report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report. **The engagement quality control review process is for audits of financial statements of listed entities, and those other engagements, if any, for which the firm has determined an engagement quality control review is required.**		the significant judgments the engagement team made and the conclusions they reached in formulating the report. **New text.**	
12 (e)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, **none of whom is part of the engagement team**, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the report.	6 (d)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, **before the report is issued,** the significant judgments the engagement team made and the conclusions they reached in formulating the report.	
12 (f)	Engagement team **– (All) partners and staff, and any individuals engaged by the firm, who perform assurance procedures on the engagement. This excludes a practitioner's external expert** **Practitioner's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the practitioner to assist the practitioner in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's external expert (who is engaged, not employed, by the practitioner), or a practitioner's internal expert.**	6 (e)	"Engagement team" **– all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement.**	
12 (k)	**Network firm – A firm or entity that belongs to a network.**	6 (j)	**"Network firm" – an entity that under common control, ownership or management with the firm or any entity that a reasonable and informed third party having all knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally**.	
12 (o)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's "Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services," and relevant ethical requirements.	6 (m)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's "Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services," and relevant ethical requirements, **which ordinarily comprise Parts A and B of the IFAC Code and relevant national ethical requirements**.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
13	**The firm shall have an understanding of the entire text of this ISQC, including its application and other explanatory material, to understand its objective and to apply its requirements properly [...].**	Sets authority.	
14	**The firm shall comply with each requirement of this ISQC unless, in the circumstances of the firm, the requirement is not relevant to the services provided in respect of audits and reviews of financial statements, and other assurance and related services engagements.**	Sets authority, however this may be interpreted as more stringent than extant ISQC 1, paragraphs 4 and 5.	
15	**The requirements are designed to enable the firm to achieve the objective stated in this ISQC. The proper application of the requirements is therefore expected to provide a sufficient basis for the achievement of the objective. However, because circumstances vary widely and all such circumstances cannot be anticipated, the firm shall consider whether there are particular matters or circumstances that require the firm to establish policies and procedures in addition to those required by this ISQC to meet the stated objective.**	Sets authority, however this may be interpreted as more stringent than extant ISQC 1, paragraphs 4 and 5.	
25	The firm shall establish policies and procedures: (a) Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; and (b) For all audits of financial statements of listed entities, requiring the rotation of the engagement partner **and the individuals responsible for engagement quality control review, and where applicable, others subject to rotation requirements,** after a specified period in compliance with relevant ethical requirements.	New specification added to the existing bold lettered text in extant ISQC 1.25.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
27(b)	Such policies and procedures shall require: **(b) If a potential conflict of interest is identified in accepting an engagement from a new or an existing client, the firm to determine whether it is appropriate to accept the engagement**.	32	

32	The firm shall establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances. **Such policies and procedures shall include:** **(a) Matters relevant to promoting consistency in the quality of engagement performance;** **(b) Supervision responsibilities; and** **(c) Review responsibilities.**	47.1 47.1 49.1 50.1	
33	**The firm's review responsibility policies and procedures shall be determined on the basis that work of less experienced team members is reviewed by more experienced engagement team members.**	50.1	
34	The firm shall establish policies and procedures designed to provide it with reasonable assurance that: (a) Appropriate consultation takes place on difficult or contentious matters; (b) Sufficient resources are available to enable appropriate consultation to take place; (c) The nature and scope of, and conclusions resulting from, such consultations are documented **and are agreed by both the individual seeking consultation and the individual consulted**; and (d) Conclusions resulting from consultations are implemented**.**	56.1	
37	**The firm shall establish policies and procedures to require the engagement quality control review to include:** (a) **discussion of relevant matters with the engagement partner;** (b) **review of the financial statements or other subject matter information and the proposed report;** (c) evaluation of the significant judgments made by the engagement team; (d) **review of engagement documentation relating to the significant judgments and the conclusions reached**; (e) evaluation of the conclusions reached in formulating the report and **consideration of whether the proposed report is appropriate**.	64	
38	**For audits of financial statements of listed entities, the firm shall establish policies and procedures to require the engagement quality control review to also include consideration of the following:** **(a) The engagement team's evaluation of the firm's independence in relation to the specific engagement; and** **(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations.**	65 (note only 2 of the 8 bullet points are elevated to requirements)	

40	**The firm shall establish policies and procedures designed to maintain the objectivity of the engagement quality control reviewer.**	70.1	
41	**The firm's policies and procedures shall provide for the replacement of the engagement quality control reviewer where the reviewer's ability to perform an objective review may be impaired.**	71.4	
48	The firm shall establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. This process shall: (a) Include an ongoing consideration and evaluation of the firm's system of quality control including, **for each engagement partner**, inspection of a selection of completed engagements **on a cyclical basis**; (b) **Require responsibility for the monitoring process to be assigned to a partner or partners or other persons with sufficient and appropriate experience and authority in the firm to assume that responsibility; and** (c) **Require that those performing the engagement or the engagement quality control review are not involved in inspecting the engagements.**	 78.2 78.1 76.1 79.2	
54	**Some firms operate as part of a network and, for consistency, may implement some of their monitoring procedures on a network basis. Where firms within a network operate under common monitoring policies and procedures designed to comply with this ISQC, and these firms place reliance on such a monitoring system, the firm's policies and procedures shall require that:** (a) At least annually, the network communicate the overall scope, extent and results of the monitoring process to appropriate individuals within the network firms; and (b) **The network communicate promptly any identified deficiencies in the quality control system to appropriate individuals within the relevant network firm or firms so that the necessary action can be taken,** **in order that engagement partners in the network firms can rely on the results of the monitoring process implemented within the network, unless the firms or the network advise otherwise.**	87	
55	The firm shall establish policies and procedures designed to provide it with reasonable assurance that it deals appropriately with: (a) Complaints and allegations that the work performed by the firm fails to comply with professional standards and regulatory and legal requirements; and (b) Allegations of non-compliance with the firm's system of quality control. **As part of this process, the firm shall establish clearly defined channels for firm personnel to raise any concerns**	 91	

	in a manner that enables them to come forward without fear of reprisals. (Ref: para. A68)		
56	**If during the investigations into complaints and allegations, deficiencies in the design or operation of the firm's quality control policies and procedures or non-compliance with the firm's system of quality control by an individual or individuals are identified, the firm shall take appropriate actions as set out in paragraph 51.**	93	
58	**The firm shall establish policies and procedures that require retention of documentation for a period of time sufficient to permit those performing monitoring procedures to evaluate the firm's compliance with its system of quality control, or for a longer period if required by law or regulation.**	97	
59	**The firm shall establish policies and procedures requiring documentation of complaints and allegations and the responses to them.**	92.4	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Old bold text para.	Text	Effect rating
36	The firm shall establish policies and procedures setting out the nature, timing and extent of an engagement quality control review. **Such policies and procedures shall require that the engagement report not be dated until the completion of the engagement quality control review.**	61	**The firm's policies and procedures should require the completion of the engagement quality control review before the report is issued.**	
42	The firm shall establish policies and procedures on documentation of the engagement quality control review which require documentation that: (a) The procedures required by the firm's policies on engagement quality control review have been performed; (b) The engagement quality control review has been completed **on or before the date of the report is issued; and** (c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.	73	**Policies and procedures on documentation of the engagement quality control review should require documentation that:** **(a) The procedures required by the firm's policies on engagement quality control review have been performed;** **(b) The engagement quality control review has been completed before the report is issued; and** **(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.**	

44	Such policies and procedures shall require that: (a) Conclusions reached be documented and implemented; and (b) The report not be **dated** until the matter is resolved.	58.2	**The report, should not be issued until the matter is resolved.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? **-3** **-2** **-1** **0** **1** **2** **3**

Appendix 4.8: Appendix after IAASB-Meeting in December 2008

APPENDIX

If the EU adopts the ISAs, the EU would be adopting the ISAs that have been revised or redrafted in accordance with the so-called "*Clarity Project*" (clarified ISAs). This means that your assessments of the potential effects on your audit practices of this adoption in the questionnaire would need to consider the differences between your *current* audit practices and the *clarified* ISAs.

In the tables below, to facilitate identification, text in "**bold type**" indicates a new or amended objective, definition or requirement resulting from the IAASB´s Clarity Project that was not previously in basic principle or essential procedure identified in bold-type-lettering within the ISAs currently effective. Text in "grey type" represents either a basic principle or essential procedure that is not new or amended, or represents a requirement dealt with elsewhere in the analysis. Consequently, in considering the impact on the audit of new or amended objectives, definitions or requirements, you need *only* focus on the text in bold type.

You are requested to consider each new or amended objective, definition or requirement and to assess its impact on the costs of the audit. This assessment should give an indication of the audit effort that would be incurred or saved on a recurring basis each year subsequent to the first year of application of the clarified ISAs by the auditor when performing audits in the field due to differences between your *current* audit practices and each new or amended objective, definition and requirement. Consequently, please disregard any additional audit effort that would be incurred from the implementation of these in their first year of application. Please *include* only those costs that would be incurred or saved in an audit engagement in *your* country (i.e., *exclude* costs that would be incurred or saved in auditing *audit clients´ foreign subsidiaries*).

The cost effects should be assessed using the following scale:

-3 = major decrease in costs
-2 = significant decrease in costs
-1 = slight decrease in costs
0 = no change in costs
1 = slight increase in costs
2 = significant increase in costs
3 = major increase in costs

Please document your assessments in the very right column and at the end of each ISA. Use these assessments as the basis for your answers to the questions in the questionnaire.

We recognize that you will not have had any experience in applying the clarified ISAs. However, we hope that you will be able to draw upon your experience in applying the basis for your current audit practices (e.g. national auditing standards) in developing expectations of the potential effects of ISA adoption on your audit practices.

Revised and Redrafted ISA 200 "OVERALL OBJECTIVES OF THE INDEPENDENT AUDITOR AND THE CONDUCT OF AN AUDIT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING"

Gelöscht: Note: ISA 200 is not yet issued in a finalized version. Analysis is therefore based on agenda item 4 (updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB.¶

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

New para.	Text	Old bold text para.	Text	Effect rating
11	**In conducting an audit of financial statements, the overall objectives of the auditor are:** **(a) To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and** **(b) To report on the financial statements, and communicate as required by the ISAs, in accordance with the auditor's findings.**	2	**The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.**	

2 Definitions

2.1 New definitions – not included in extant ISA 200

New para.	Text	Comments	Effect rating
13 (a)	**Applicable financial reporting framework – The financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation and presentation of the financial statements that is acceptable in view of the nature of the entity and the objective of the financial statements, or that is required by law or regulation.** **The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:** **(i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or** **(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.**	Substantially new text. However extant ISA 200.37.3: "An acceptable financial reporting framework is referred to in the ISAs as the "applicable financial reporting framework."	

	The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.		
13 (b)	**Audit evidence – Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other information. For purposes of the ISAs:** **(i) Sufficiency of audit evidence is the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.** **(ii) Appropriateness of audit evidence is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.**	ISA 500.3 "Audit evidence" is all the information used by the auditor in arriving at the conclusions on which the audit opinion is based, and includes the information contained in the accounting records underlying the financial statements and other information. Auditors are not expected to address all information that may exist.1 Audit evidence, which is cumulative in nature, includes audit evidence obtained from audit procedures performed during the course of the audit and may include audit evidence obtained from other sources such as previous audits and a firm's quality control procedures for client acceptance and continuance.	
13 (d)	**Auditor – "Auditor" is used to refer to the person or persons conducting the audit, usually the engagement partner or other members of the engagement team or, as applicable, the firm. Where an ISA expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.**	New text.	
13 (g)	**Historical financial information – Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.**	New text.	
13 (i)	**Misstatement – A difference between the amount, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.** **When the auditor expresses an opinion on whether the financial statements are presented fairly, in all material respects, or give a true and fair view misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor's judgment, are necessary for the financial statements to be presented fairly, in all material respects, or to give a true and fair view.**	New text.	
13 (j)	**Premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which**	New text.	

	an audit is conducted – That management and, where appropriate, those charged with governance have acknowledged and understand that they have the following responsibilities that are fundamental to the conduct of an audit in accordance with ISAs. That is, responsibility: (i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation; (ii) For such internal control as management and, where appropriate, those charged with governance, determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and (iii) To provide the auditor with: a. Access to all information, of which management and, where appropriate, those charged with governance are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters; b. Additional information that the auditor may request from management and, where appropriate, those charged with governance for the purpose of the audit; and c. Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence. In the case of a fair presentation framework (i) above may be restated as “for the preparation and *fair* presentation of financial statements in accordance with the financial reporting framework” or “for the preparation of financial statements *that give a true and fair view* in accordance with the applicable financial reporting framework.” The “premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted” may also be referred to as the “premise”.		
13 (k)	Professional judgment – The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.	New text.	
13 (o)	Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.	New text.	

Gelöscht: has

Gelöscht: including where relevant their fair presentation

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Gelöscht: responsibility to prepare

Formatiert

Gelöscht: under which management and, where appropriate, those charged with governance have a

Gelöscht: , where management has a

Gelöscht: that give a true and fair view, the relevant part of the premise may be stated as being

Gelöscht: responsibility

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2.2 Definitions based on present tense text in the extant ISA

New	Text	Old grey	Text	Effect

para.		text para.		rating
13 (c)	**Audit risk – The risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.**	23.3 Footnote 4	The risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated is known as "audit risk". This definition of audit risk does not include the risk that the auditor might erroneously express an opinion that the financial statements are materially misstated.	
13 (e)	**Detection risk – The risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.**	31.1-2	"Detection risk" is the risk that the auditor will not detect a misstatement that exists in an assertion that could be material, either individually or when aggregated with other misstatements. Detection risk is a function of the effectiveness of an audit procedure and of its application by the auditor.	
13 (f)	**Financial statements – A structured representation of historical financial information, including related notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term "financial statements" ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement.**	34	The term "financial statements" refers to a structured representation of the financial information, which ordinarily includes accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term can refer to a complete set of financial statements, but it can also refer to a single financial statement, for example, a balance sheet, or a statement of revenues and expenses, and related explanatory notes.	

13 (h)	**Management – The person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-**	Footnote 8	The term "management" has been used in this ISA to describe those responsible for the preparation and presentation of the financial statements. Other terms may be appropriate depending on the legal framework in the particular jurisdiction.	

	manager.			
13 (l)	**Professional skepticism – An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.**	16.1	An attitude of professional skepticism means the auditor makes a critical assessment, with a questioning mind, of the validity of audit evidence obtained and is alert to audit evidence that contradicts or brings into question the reliability of documents and responses to inquiries and other information obtained from management and those charged with governance.	
13 (m)	**Reasonable assurance – In the context of an audit of financial statements, a high, but not absolute, level of assurance.**	17.2 18.1 19.1 20.1 21	Reasonable assurance is a concept relating to the accumulation of the audit evidence necessary for the auditor to conclude that there are no material misstatements in the financial statements taken as a whole. An auditor cannot obtain absolute assurance because there are inherent limitations in an audit that affect the auditor's ability to detect material misstatements. Also, the work undertaken by the auditor to form an audit opinion is permeated by judgment. Further, other limitations may affect the persuasiveness of audit evidence available to draw conclusions on particular assertions. Accordingly, because of the factors described above, an audit is not a guarantee that the financial statements are free from material misstatement, because absolute assurance is not attainable.	
13 (n)	**Risk of material misstatement – The risk that the financial statements are materially misstated prior to audit. This consists of two components, described as follows at the assertion level:** **(i) Inherent risk – The susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.** **(ii) Control risk – The risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's in-**	25.1 29.2	The term "management" has been used in this ISA to describe those responsible for the preparation and presentation of the financial statements. Other terms may be appropriate depending on the legal framework in the particular jurisdiction. The risk of material misstatement at the assertion level consists of two components as follows: • "Inherent risk" is the susceptibility of an assertion to a misstatement that could be material, either individually or when aggregated with other misstatements, assuming that there are no related controls [...]. • "Control risk" is the risk that a misstatement that could occur in an assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the enti-	

	ternal control.		ty's internal control [...].	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
19	**The auditor shall have an understanding of the entire text of an ISA, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.**	Relates to the authority of ISAs (based on material from Preface).	
21	**To achieve the overall objectives of the auditor, the auditor shall use the objectives stated in relevant ISAs in planning and performing the audit, having regard to the interrelationships among the ISAs, to:**	Relates to the authority of ISAs (based on material from Preface).	
22	**Subject to paragraph 23, the auditor shall comply with each requirement of an ISA unless, in the circumstances of the audit:**	Relates to the authority of ISAs (based on material from Preface).	
23	**In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the audit, that procedure would be ineffective in achieving the aim of the requirement.**	Relates to the authority of ISAs (based on material from Preface).	
24	**If an objective in a relevant ISA cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs, to modify the auditor's opinion or withdraw from the engagement. Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA 230 (Redrafted).**	Relates to the authority of ISAs (based on material from Preface).	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Bold lettered (old para.)	Text	Effect rating
16	**The auditor shall exercise professional judgment in planning and performing an audit of financial statements.**	25.3	The audit process involves the exercise of professional judgment in designing the audit approach, through focusing on what can go wrong (i.e., what are the potential misstatements that may arise) at the assertion level (see ISA 500, "Audit Evidence") and performing audit procedures in response to the assessed risks in order to obtain sufficient appropriate audit evidence.	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
37 (deferred until ISA 800 becomes effective)	**The auditor should determine whether the financial reporting framework adopted by management in preparing the financial statements is acceptable.**	Now required in ISA 210.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 210 "AGREEING THE TERMS OF AUDIT ENGAGEMENTS"

Note: ISA 210 was finalized by the IAASB at its meeting in December 2008, but has yet to be considered by the PIOB. This analysis is based on the text of the version of ISA 210 (Redrafted) forming agenda item 3(Updated) including conforming amendments for the IAASB meeting in December 2008.

Gelöscht: has not been

Gelöscht: The comment period for the ED closed on April 15, 2008 and potential amendments to this exposure draft have not yet been discussed by the IAASB.

Gelöscht: 8

Gelöscht: September

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objective of the auditor is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through:** **(a) Establishing whether preconditions for an audit are present; and** **(b) Confirming that there is a common understanding between the auditor and management, and where appropriate, those charged with governance of the terms of the audit engagement.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 210

New para.	Text	Comments	Effect rating
5	**For the purpose of this ISA, references to "management" should be read hereafter as "management and, where appropriate, those charged with governance".**		
4	**Preconditions for an audit - The use by management of an acceptable financial reporting framework in the preparation of the financial statements and the agreement of management and, where appropriate, those charged with governance to the premise on which an audit is conducted.**	New text.	

Gelöscht: 4 (a)

Gelöscht: R

Gelöscht: New text.

Gelöscht: **or**

Gelöscht: **, or both, as appropriate". The decision as to whether to agree, discuss, or otherwise communicate a matter with management, with those charged with governance, or with both, is to be made by the auditor in the light of their respective responsibilities or roles in the entity concerned and any relevant law or regulation. Where an ISA expressly intends to refer to "management and those charged with governance" or "those charged with governance", those terms are used**

Gelöscht: (b)

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Gelöscht: **are t**

Gelöscht: **and, where appropriate, those charged with governance**

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	Subject to paragraph 11, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include: (a) The objective and scope of the audit of the financial statements; (b) **The responsibilities of the auditor; [...].** (d) **Identification of the applicable financial reporting framework for the preparation of the financial statements; and [...].**	New specifications.	
11	**If law or regulation prescribes in sufficient detail the terms of the engagement referred to in paragraph 10, the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that management acknowledges and understands its responsibilities as set out in paragraph 6(b).**	New text.	
12	**If law or regulation prescribes responsibilities of management similar to those described in paragraph 6(b), the auditor may determine that the law or regulation includes responsibilities that, in the auditor's judgment, are equivalent in effect to those set out in that paragraph. For such responsibilities that are equivalent, the auditor may use the wording of the law or regulation to describe them in the written agreement. For those responsibilities that are not prescribed by law or regulation such that their effect is equivalent, the written agreement shall use the description in paragraph 6(b).**	New text.	
18	If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether: (a) The additional requirements can be met through additional disclosures in the financial statements; or (b) **The description of the applicable financial reporting framework in the financial statements can be amended accordingly.** If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor's opinion in accordance with ISA 705 (Revised and Redrafted).	New material.	

20	**If the conditions outlined in paragraph 19 are not present and the auditor is required by law or regulation to undertake the audit engagement, the auditor shall:**		

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Gelöscht: financial reporting
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Gelöscht: and 5(c)
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Gelöscht: management refuses to provide additional disclosures

	(a) Evaluate the effect of the misleading nature of the financial statements on the auditor's report; and **(b) Include appropriate reference to this matter in the terms of the audit engagement.**		
21	In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate: (a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so, (b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding. If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. **Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been conducted in accordance with ISAs.**	New text.	

Gelöscht: 20

3.2 New requirements from other ISAs

Requirement para.	Text	Comment	Effect rating
6	**In order to establish whether preconditions for an audit are present, the auditor shall:** **(a) Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable; and** **(b) Obtain the agreement of management that it acknowledges and understands its responsibility:** **(i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation;** **(ii) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and** **(iii) To provide the auditor with:** **a. Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;** **b. Additional information that the auditor may request from management for the purpose of the audit; and** **Unrestricted access to persons within the entity**	Material from ISA 700. Substantially revised and new text as conforming amendments to ISA 580.	

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Gelöscht: Unconditional

	from whom the auditor determines it necessary to obtain audit evidence. **(c)**		
7	**If management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.**	Conforming amendment ISA 705.	
8	**If the preconditions for an audit are not present, the auditor shall discuss the matter with management. Unless required by law or regulation to do so, the auditor** shall not accept the proposed audit engagement: (a) If the auditor has determined that the financial reporting framework to be applied in the preparation of the financial statements is unacceptable, **except as provided in paragraph 19; or** (b) **If the agreement referred to in paragraph 6(b) has not been obtained.**	New text and conforming amendments to ISA 580.	
18	**If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether:** (a) **The additional requirements can be met through additional disclosures in the financial statements; or** (b) The description of the applicable financial reporting framework in the financial statements can be amended accordingly. **If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor's opinion in accordance with ISA 705 (Revised and Redrafted).**	Based on material in extant ISA 200.42 (not yet effective until ISA 800 becomes effective).	
19	**If the auditor has determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation, the auditor shall accept the audit engagement only if the following conditions are present:** **(a) Management agrees to provide additional disclosures in the financial statements required to avoid the financial statements being misleading; and** **(b) It is recognized in the terms of the audit engagement that:** **(i) The auditor's report on the financial statements will incorporate an Emphasis of Matter paragraph, drawing users' attention to the additional disclosures, in accordance with ISA 706 (Revised and Redrafted); and**	New requirement, based on text from extant ISA 200 (not yet effective until ISA 800 becomes effective).	

Gelöscht: Obtain the agreement of management that it acknowledges and understands its responsibility for such internal control as it determines is necessary to enable its preparation of financial statements that are free from material misstatement, whether due to fraud or error, in support of its responsibility under paragraph 5(b)(i).

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Gelöscht: 18

	(ii) Unless the auditor is required by law or regulation to express the auditor's opinion on the financial statements by using the phrases "present fairly, in all material respects," or "give a true and fair view" in accordance with the applicable financial reporting framework, the auditor's opinion on the financial statements will not include such phrases.		
21	**In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate:** **(a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so,** **(b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding.** **If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. [...].**	New requirement, based on text from extant ISA 200 (not yet effective until ISA 800 becomes effective).	

Gelöscht: 20

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
10	**Subject to paragraph 11, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include:** (a) **The objective and scope of the audit of the financial statements;** (b) The responsibilities of the auditor; (c) **The responsibilities of management;** (d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and (e) **Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a** **report may differ from its expected form and content.**	5, 6	
16	If the terms of the audit engagement are changed, the auditor and management shall agree on and **record the new terms of the engagement in an engagement letter or other suitable form of written agreement.**	2.2	

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Gelöscht: 15

Gelöscht: audit

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Bold lettered	Text	Effect rating

		(old para.)		
9	The auditor shall agree the terms of the audit engagement with management **or those charged with governance , as appropriate *[Note: text in bold type represents a change subsequent to the previous version covered in this appendix]***	2	**The auditor and the client should agree on the terms of the engagement.**	
15	**If, prior to completing the audit engagement, the auditor is requested to change the audit engagement to an engagement that conveys a lower level of assurance, the auditor shall determine whether there is reasonable justification for doing so.**	12	**An auditor who, before the completion of the engagement, is requested to change the engagement to one which provides a lower level of assurance, should consider the appropriateness of doing so.**	

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Gelöscht: 14

Gelöscht: obtains

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 220 "QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 220 (Redrafted) was finalized subsequent to the initial issuance of this appendix. Analysis is based on agenda item 10-C (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: has not yet been

Gelöscht: has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that:** **(a) The audit complies with professional standards and regulatory and legal requirements; and** **(b) The auditor's report issued is appropriate in the circumstances.**	2	**The engagement team should implement quality control procedures that are applicable to the individual audit engagement.**	

Gelöscht: 8

2 Definitions

2.1 New definitions – not included in extant ISA 220

New para.	Text	Comments	Effect rating
7(j)	**Network – A larger structure:** **(i) That is aimed at cooperation, and** **(ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.**	New text.	
7(n)	**Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants'** ***Code of Ethics for Professional Accountants*** **(IFAC Code) related to an audit of financial statements together with national requirements that are more restrictive.**	New text.	

Gelöscht: 9

Gelöscht: 9

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
7(b)	Engagement quality control review – A process designed to provide an objective evaluation, **on or before the date of the auditor's report,** of the significant judgments the engagement team made and the	5 (b)	Engagement quality control review – A process designed to provide an objective evaluation, before **the auditor's report is issued** of the significant judgments the engagement team made and the conclu-	

Gelöscht: 9

	conclusions it reached in formulating the auditor's report. **The engagement quality control review process is only for audits of financial statements of listed entities, and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.**		sions they reached in formulating the auditor's report.	
7(c)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals**, none of whom is part of the engagement team**, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the auditor's report.	5(c)	"Engagement quality control reviewer" – a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, **before the auditor's report is issued**, the significant judgments the engagement team made and the conclusions they reached in formulating the auditor's report.	
7(d)	Engagement team – **All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor's external expert engaged by the firm or a network firm.**	5 (d)	"Engagement team" – **all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement.**	
7(i)	Network firm – A firm or entity that belongs to a network. See also paragraph 9(j) above.	5 (i)	**"Network firm" – an entity that under common control, ownership or management with the firm or any entity that a reasonable and informed third party having all knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally**.	
7(m)	Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.	5 (a)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's "Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services," and relevant ethical requirements, **which ordinarily comprise Parts A and B of the IFAC Code and relevant national ethical requirements**.	

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Gelöscht: Auditor's expert: An individual or organization possessing expertise in a field other than accounting or auditing whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's external expert (who is engaged, not employed, by the auditor), or an auditor's internal expert.

Gelöscht: 9

Gelöscht: 9

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
25	**The engagement quality control reviewer shall document, for the audit engagement reviewed, that:** **(a) The procedures required by the firm's policies on engagement quality control review have been performed;** **(b) The engagement quality control review has been completed on or before the date of the auditor's report; and** **(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.**	Extant ISA 220 does not contain any documentation requirements for engagement quality control reviewers.	
16	**The engagement partner shall take responsibility for reviews being performed in accordance with the firm's review policies and procedures.**	Explicit responsibility to ensure that they are set in accordance with the firm's review policies and procedures is not mentioned in extant ISA 220.	

Gelöscht: 27

Gelöscht: 18

Gelöscht: responsibilitie

Gelöscht: set

3.2 New requirements from other ISAs

Other changes

Requirement para.	Text	Comment	Effect rating
14	The engagement partner shall be satisfied that the engagement team, **and any auditor's experts who are not part of the engagement team,** collectively have the appropriate, competence and capabilities to: (a) Perform the audit engagement in accordance with professional standards and regulatory and legal requirements; and (b) Enable an auditor's report that is appropriate in the circumstances to be issued.	Additional specification has been added. This is a clarification. The extant Glossary definition of engagement team includes "any experts contracted by the firm in connection with that engagement".	

Gelöscht: 16

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
9	**(a) Throughout the audit engagement , the engagement partner shall remain alert, through observation and making enquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team.**	10.2 10.1	
10	**If matters come to the engagement partner's attention**	10	

Gelöscht: 11

Gelöscht: The engagement partner shall evaluate whether members of the engagement team have complied with relevant ethical requirements, **through**: ¶
<#> Inquiry and observation regarding ethical matters among the engagement team as necessary throughout the audit engagement; and ¶
Remaining alert for evidence of non-compliance with those requirements.

Gelöscht: 12

	through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.		
11	The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence; (b) Evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and (c) Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, **or, if considered appropriate, to withdraw from the audit engagement,** where **withdrawal** is permitted by law or regulation. The engagement partner shall promptly report to the firm any inability to resolve the matter for appropriate action.	13.2	
19	For audits of financial statements of listed entities, **and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required**, the engagement partner shall [...]. [...]. (c) Not **date** the auditor's report until the completion of the engagement quality control review	36	
20	**The engagement quality control reviewer shall perform an objective** evaluation of the significant judgments made by the engagement team**, an the conclusions reached in formulating the auditor's report. This evaluation shall involve**: (a) **Discussion of significant matters with the engagement partner;** (b) **Review of the financial statements and the proposed auditor's report;** (c) **Review of selected audit documentation relating to the significant judgments the engagement team made and the conclusions it reached; and** (d) Evaluation of the conclusions reached in formulating the auditor's report **and consideration of whether the proposed auditor's report is appropriate.**	39.1	
21	**For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:** **(a) The engagement team's evaluation of the firm's independence in relation to the audit engagement;** **(b) Whether appropriate consultation has taken place**	40 Bullet no.1	

Gelöscht: systems

Gelöscht: 13

Gelöscht: 21

Gelöscht: 22

Gelöscht: -2

Gelöscht: relevant

Gelöscht: <#>Evaluate significant judgments made by the engagement team; ¶

Gelöscht: Determine whether audit documentation selected for review reflects the work performed in relation to the significant judgments and supports

Gelöscht: Evaluate

Gelöscht: 23

Gelöscht: and

	on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached.	Bullet no. 4 39.2	
23	An effective system of quality control includes a monitoring process designed to provide the firm with reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. **The engagement partner shall consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms to evaluate whether deficiencies noted in that information may affect the audit engagement.**	41.2-3	
24	**The auditor shall document:** **(a) Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.** **(b) [...].**	11	

Gelöscht: 25

Gelöscht: , that have not been rectified by the firm,

Gelöscht: 26

3.4 Changed Requirements - based on basic principle or essential procedure

New para.	Text	Old text para.	Text	Effect rating
17	**On or before the date of the auditor's report**, the engagement partner shall, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.	26	**Before the auditor's report is issued, the engagement partner, through review of the audit documentation and discussion with the engagement team, should be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.**	

Gelöscht: 19

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 230 "AUDIT DOCUMENTATION"

Note: ISA 230 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objective of the auditor is to prepare documentation that provides:** **(a) A sufficient and appropriate record of the basis for the auditor's report; and** **(b) Evidence that the audit was planned and performed in accordance with ISAs and applicable legal and regulatory requirements.**	2	**The auditor should prepare, on a timely basis, audit documentation that provides:** **(a) A sufficient and appropriate record of the basis for the auditor's report; and** **(b) Evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 230

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old bold text para.	Text	Effect rating
6 (a)	**Audit documentation – The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).**	6 (a)	"Audit documentation" means the record of audit procedures performed,2 relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).	
6 (b)	**Audit file – One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.**	7.3	Audit documentation, however, is not a substitute for the entity's accounting records. The audit documentation for a specific audit engagement is assembled in an audit file.	
6 (c)	**Experienced auditor – An individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of:** **(i) Audit processes;** **(ii) ISAs and applicable legal and regulatory requirements;** **(iii) The business environment in which the entity operates; and**	6 (b)	"Experienced auditor" means an individual (whether internal or external to the firm) who has a reasonable understanding of (i) audit processes, (ii) ISAs and applicable legal and regulatory requirements, (iii) the business environment in which the entity operates, and (iv) auditing and financial reporting issues relevant to the entity's industry.	

	(iv) Auditing and financial reporting issues relevant to the entity's industry.			

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
10.2	The auditor shall document discussions of significant matters with management, those charged with governance, and others, **including the nature of the significant matters discussed and when and with whom the discussions took place**.	17	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold text that has not become a requirement

Requirement para.	Text	Comments	Effect rating
30(b)	When the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the assembly of the final audit file has been completed, the auditor should, regardless of the nature of the modifications or additions, document: (a) When and by whom they were made, and (where applicable) reviewed; (b) The specific reasons for making them; and (c) **Their effect, if any, on the auditor's conclusions.**	This has not become a requirement in redrafted ISA 230.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 240 "THE AUDITOR'S RESPONSIBILITIES RELATING TO FRAUD IN AN AUDIT OF FINANCIAL STATEMENTS"

Note: ISA 240 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
10	**The objectives of the auditor are:** **(a) To identify and assess the risks of material misstatement of the financial statements due to fraud;** **(b) To obtain sufficient appropriate audit evidence about the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and** **(c) To respond appropriately to identified or suspected fraud.**	3	**In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud.**	

2 Definitions

2.1 New definitions – not included in extant ISA 240

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old grey text para.	Text	Effect rating
11 (a)	**Fraud—An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.**	6.1	The term "fraud" refers to an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.	
11 (b)	**Fraud risk factors—Events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.**	12.1	Fraud involves incentive or pressure to commit fraud, a perceived opportunity to do so and some rationalization of the act.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Present tense (old para.)	Effect rating
22	The auditor shall evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, **including those related to revenue accounts**, may indicate risks of material misstatement due to fraud.	This text stems from old black-lettered para. 53 and therefore the addition of this text is a new specification of an existing requirement rather than a new requirement. This new specification is in line with the elevation of text into the requirement of paragraph 26, as above.	
39	The auditor shall obtain written representations from management **and, where applicable, those charged with governance** that: (a) **They** acknowledge **their** responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; (b) **They have** disclosed to the auditor the results of **management's** assessment of the risk that the financial statements may be materially misstated as a result of fraud; (c) **They have** disclosed to the auditor **their** knowledge of fraud or suspected fraud affecting the entity involving: (i) Management; (ii) Employees who have significant roles in internal control; or (iii) Others where the fraud could have a material effect on the financial statements; and (d) **They have** disclosed to the auditor **their** knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.	Conforming amendments from [proposed] ISA 210 extend the requirement for the auditor to obtain written representations from management (bold type text included in extant ISA 240.90.) to include those charged with governance, where appropriate.	

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
13	**Unless the auditor has reason to believe the contrary, the auditor may accept records and documents as genuine. If conditions identified during the audit cause the auditor to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the auditor, the auditor shall investigate further.**	26	

17(a) (part)	(a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, **including the nature, extent and frequency of such assessments**	35	
17(b) (part)	(b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified **or that have been brought to its attention**, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;	37	
19	For those entities that have an internal audit function, the auditor shall make inquiries of internal audit to determine whether it has knowledge of any actual, suspected or alleged fraud affecting the entity, **and to obtain its views about the risks of fraud.**	40	
26	**When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. Paragraph 47 specifies the documentation required when the auditor concludes that the presumption is not applicable in the circumstances of the engagement and, accordingly, has not identified revenue recognition as a risk of material misstatement due to fraud.**	60	
29(a) (part)	[...] Assign and supervise personnel **taking account of the knowledge, skill and ability of the individuals to be given significant engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud for the engagement [...].**	67	
29(b)	**[...] Evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings [...].**	68	
31 and 33	**Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.** **The auditor shall determine whether, in order to respond to the identified risks of management override of controls, the auditor needs to perform other audit procedures in addition to those specifically referred to above (i.e., when there are specific additional risks of management override that are not covered as part of the proce-**	74 75	

	dures performed to address the requirements in paragraph 32).		
32(a)(i)	Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to: (a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. In designing and performing audit procedures for such tests, **the auditor shall**: **(i) Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;**	77(c)	
32(a)(ii) 32(a)(iii)	**(ii) Select journal entries and other adjustments made at the end of a reporting period; and** **(iii) Consider the need to test journal entries and other adjustments throughout the period.**	79	
32(b)	Review accounting estimates for biases and **evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud**. In performing this review, **the auditor shall:** **(i) Evaluate whether the judgments and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. If so, the auditor shall reevaluate the accounting estimates taken as a whole; and** **(ii) Perform a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.**	81 80(a) 80(b)	
32(c)	For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit**, the auditor shall evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.** *[Note black-lettered text of "old" 76(c) "the auditor should design and perform audit procedures to obtain an understanding of the business rationale [...]", thus this is, whilst not entirely new, <u>it is a different, more stringent requirement</u>].*	82 *See note.*	
35	When the auditor identifies a misstatement, the auditor shall evaluate whether such a misstatement is indicative of fraud. If there is such an indication, the auditor shall evaluate the implications of the misstatement in relation to		

	other aspects of the audit, particularly the reliability of management representations, **recognizing that an instance of fraud is unlikely to be an isolated occurrence.**	87	
36	**If the auditor identifies a misstatement, whether material or not, and the auditor has reason to believe that it is or may be the result of fraud and that management (in particular, senior management) is involved, the auditor shall reevaluate the assessment of the risks of material misstatement due to fraud and its resulting impact on the nature, timing and extent of audit procedures to respond to the assessed risks. The auditor shall also consider whether circumstances or conditions indicate possible collusion involving employees, management or third parties when reconsidering the reliability of evidence previously obtained.**	88	
41	Unless all of those charged with governance are involved in managing the entity, if the auditor has identified or suspects fraud involving: (a) Management; (b) Employees who have significant roles in internal control; or (c) Others where the fraud results in a material misstatement in the financial statements, the auditor shall communicate these matters to those charged with governance on a timely basis. **If the auditor suspects fraud involving management, the auditor shall communicate these suspicions to those charged with governance and discuss with them the nature, timing and extent of audit procedures necessary to complete the audit.**	96	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 260 "COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE"

Note: ISA 260 was revised and redrafted. The main changes relevant to cost /benefit considerations arise from the revision, in particular the emphasis on two-way communication now adopted. In addition a few more matters have been stipulated. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are to:** **(a) Communicate clearly with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, and an overview of the planned scope and timing of the audit;** **(b) Obtain from those charged with governance information relevant to the audit;** **(c) Provide those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process; and** **(d) Promote effective two-way communication between the auditor and those charged with governance.**	2	**The auditor should communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity.**	

2 Definitions

2.1 New definitions – not included in extant ISA 260

New para.	Text	Comments	Effect rating
6 (b)	**Management – The person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.**	New text. *Deletions result from conforming amendments to ISA 200.*	

Gelöscht: Management is responsible for the preparation of the financial statements, overseen by those charged with governance, and in some cases management is also responsible for approving the entity's financial statements (in other cases those charged with governance have this responsibility).

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (a)	**Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager. For discussion of the diversity of governance structures, see paragraphs A5-A12.**	3	For the purposes of this ISA, "governance" is the term used to describe the role of persons entrusted with the supervision, control and direction of an entity. Those charged with governance ordinarily are accountable for ensuring that the entity achieves its objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. Those charged with governance include management only when it performs such functions. *Deletions result from conforming amendments to ISA 200.*	

Gelöscht: **In some cases, those charged with governance are responsible for approving[1] the entity's financial statements (in other cases management has this responsibility).**

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**When the auditor communicates with a subgroup of those charged with governance, for example, an audit committee, or an individual, the auditor shall determine whether the auditor also needs to communicate with the governing body.**	New requirement not covered in extant ISA 260.	
9	**In some cases, all of those charged with governance are** involved in managing the entity**, for example, a small business where a single owner manages the entity and no one else has a governance role. In these cases, if matters required by this ISA are communicated with person(s) with management responsibilities, and those person(s) also have governance responsibilities, the matters need not be communicated again with those same person(s) in their governance role. These matters are noted in paragraph 12(c). The auditor shall nonetheless be satisfied that communication with person(s) with management responsibilities adequately informs all of those with whom the auditor would otherwise communicate in their governance capacity.**	New requirement not covered in extant ISA 260.	
10	**The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that:** **(a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and** **(b) The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.**	New stipulation.	
13	**In the case of listed entities, the auditor shall communi-**	New stipulation.	

	cate with those charged with governance: (Ref: para. A25-A27) **(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and** **(b)** **(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and** **(ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.**		
14	**The auditor shall communicate with those charged with governance the form, timing and expected general content of communications.**	New stipulation.	
15	**The auditor shall communicate in writing with those charged with governance regarding significant findings from the audit when, in the auditor's professional judgment, oral communication would not be adequate. Written communications need not include all matters that arose during the course of the audit.**	New stipulation.	
16	**The auditor shall communicate in writing with those charged with governance regarding auditor independence when required by paragraph 13.**	New stipulation.	
18	**The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.**	New requirement.	
19	**Where matters required by this ISA to be communicated are communicated orally, the auditor shall document them, and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of the audit documentation.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Present tense (old para.)	Text	Effect rating
11	**The auditor shall communicate with those charged with governance an overview of the planned scope and timing of the audit.**	11	**The auditor should consider audit matters of governance interest that arise from the audit of the financial statements and communicate them with those charged with governance.** Ordinarily such matters include the following: • The general approach and overall scope of the audit, including any expected limitations thereon, or any additional requirements.	
12	**The auditor shall communicate with those charged with governance: (Ref: para. A20)** **(a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity;** **(b) Significant difficulties, if any, encountered during the audit;** **(c) Unless all of those charged with governance are involved in managing the entity:** **(i) Significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and** **(ii) Written representations the auditor is requesting; and**	11	**The auditor should consider audit matters of governance interest that arise from the audit of the financial statements and communicate them with those charged with governance.** Ordinarily such matters include the following: • The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements. Not specifically mentioned in extant ISA 260. • Other matters warranting attention by those charged with governance, such as material weaknesses in internal control, questions regarding management integrity, and fraud involving management. • Disagreements with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report. These communications include consideration of whether the matter has, or has not, been resolved and the significance of the matter. Not specifically mentioned in extant ISA 260. • Any other matters agreed upon in the	

	(d) Other matters, if any, arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process.		terms of the audit engagement • The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements. • Audit adjustments, whether or not recorded by the entity that have, or could have, a material effect on the entity's financial statements. • Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. • Expected modifications to the auditor's report.	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Bold lettered (old para.)	Text	Effect rating
7	**The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate.**	5	**The auditor should determine the relevant persons who are charged with governance and with whom audit matters of governance interest are communicated.**	
17	**The auditor shall communicate with those charged with governance on a timely basis.**	13	**The auditor should communicate audit matters of governance interest on a timely basis.**	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
11a	**The auditor should inform those charged with governance of those uncorrected misstatements aggregated by the auditor during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.**	Now required by ISA 450.12.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

NEW ISA 265 "COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL"

Note: ISA 265 is a new ISA dealing with communication of specific matters relating to internal control with those charged with governance. It was finalized by the IAASB at its meeting in December 2008, but has yet to be considered by the PIOB. The analysis has been performed using the version of ISA 265 of agenda item 2 (Updated) including conforming amendments to the IAASB Meeting in December 2008, comparing this with requirements in other ISAs that will be deleted from those ISAs when ISA 265 comes into effect.

Gelöscht: has not yet been

Gelöscht: 3

Gelöscht: September

1 Objectives

1.1 New text for the objectives

New para.	Text	Effect rating
5	**The objective of the auditor is to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified during the audit and that, in the auditor's professional judgment, are of sufficient importance to merit their respective attentions.**	

Gelöscht: management and, where appropriate,

Gelöscht: relating to financial reporting

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISAs

New para.	Text	Comments	Effect rating
6 (a)	**Deficiency in internal control – This exists when:** **(i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or** **(ii) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.**		
6 (b)	**Significant deficiency in internal control – A deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.**		

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**If the auditor has identified one or more deficiencies in internal control, the auditor shall determine, on the basis of the audit work performed, whether, individually or in combination, they constitute significant deficiencies.**	New requirement.	
11	**The auditor shall include in the written communication of significant deficiencies in internal control:**	Additional specification not in extant ISAs.	

Gelöscht: 10

	(a) A description of the deficiencies and an explanation of their potential effects; and (b) Sufficient information to enable those charged with governance and management to understand the context of the communication. In particular, the auditor shall explain that: (i) The purpose of the audit was for the auditor to express an opinion on the financial statements; (ii) The audit included consideration of internal control relevant to the preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; and (iii) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.		
10	The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis: (a) In writing, significant deficiencies in internal control that the auditor has communicated or intends to communicate to those charged with governance, unless it would be inappropriate to communicate directly to management in the circumstances; and (b) Other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor's professional judgment, are of sufficient importance to merit management's attention.	Neither (Redrafted) ISA 315 nor (Redrafted) ISA 330 require communication of weakness in controls other than "material weaknesses" (cf. ISA 315.A126[2]).	

Gelöscht: on the financial statements

Gelöscht: management and

Gelöscht: audit

Gelöscht: , and the auditor has not performed audit procedures to obtain reasonable assurance, and is not providing any assurance, on the effectiveness of internal control

Gelöscht: The auditor did not plan and perform the audit with a view to identifying deficiencies in internal control that might exist

Gelöscht: should be

Gelöscht: management and

Gelöscht: 11

Gelöscht: o

3.2 New requirements from other ISAs

Requirement para.	Text	Comments	Effect rating
7.1	**The auditor shall determine whether, on the basis of the audit work performed, the auditor has identified one or more deficiencies in internal control.**	This requirement will be deleted from (Redrafted) ISA 315.31 and (Redrafted) ISA 330.18.	
9	**The auditor shall communicate in writing significant deficiencies identified during the audit**	This is more stringent in stipulating that the communication shall be in writing (Revised and Redrafted) ISA 260. 15 requires written communication of significant findings when, in the auditor's professional judgment oral communica-	

[2] ISA 315.A126 (Redrafted): „In the audit of public sector entities, there may be additional communication or reporting requirements for public sector auditors. For example, internal control weaknesses may have to be reported to the legislature or other governing body."

	to those charged with governance on a timely basis	tion would not be adequate. (Redrafted) ISAs 315 and 330 do not require communication to management in writing. Requirement that will be deleted from ISA 260.12(c). Reflects requirement of (Revised and Redrafted) ISA 260.17, (Redrafted) ISA 315.32 and (Redrafted) ISA 330.19.	
10	The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis: (a) In writing, significant deficiencies in internal control that the auditor has communicated or intends to communicate to those charged with governance, unless it would be inappropriate to communicate directly to management in the circumstances; and ….	Requirement to communicate with management will be deleted from ISA (Redrafted) 315.32 and (Redrafted) ISA 330.19.	

Gelöscht: both management

Gelöscht: Requirement to communicate with management will be deleted from ISA (Redrafted) 315.32 and (Redrafted) ISA 330.19.¶

Gelöscht: and

3.3 New requirements – elevation of present tense sentences

N/a.

3.4 Changed requirements - based on basic principle or essential procedure

N/a.

3.5 Deleted requirements – basic principle or essential procedure removed

N/a.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 315 "IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT THROUGH UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT"

Note: ISA 315 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
3	**The objective of the auditor is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, through understanding the entity and its environment, including the entity's internal control, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement.**	2	**The auditor should obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and sufficient to design and perform further audit procedures.**	

2 Definitions

2.1 New definitions – not included in extant ISA 315

New para.	Text	Comments	Effect rating
4 (a)	**Assertions – Representations by management, explicit or otherwise, that are embodied in the financial statements, as used by the auditor to consider the different types of potential misstatements that may occur.**	New text.	
4 (b)	**Business risk – A risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.**	New definition, based on text in extant ISA 315.31-34.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4 (c)	**Internal control – The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any**	42	Internal control is the process designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations […].	

	aspects of one or more of the components of internal control.			
4 (d)	**Risk assessment procedures – The audit procedures performed to obtain an understanding of the entity and its environment, including the entity's internal control, to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels.**	3	Risk assessment procedures and sources of information about the entity and its environment, including its internal control. This section explains the audit procedures that the auditor is required to perform to obtain the understanding of the entity and its environment, including its internal control (risk assessment procedures). [...].	

2.3 Definitions based on bold text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4 (e)	**Significant risk – An identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration.**	108	**As part of the risk assessment as described in paragraph 100, the auditor should determine which of the risks identified are, in the auditor's judgment, risks that require special audit consideration (such risks are defined as "significant risks").**	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comments	Effect rating
10 (part)	**The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion.**	New requirement.	

3.2 New requirements from other ISAs

Requirement para.	Text	Comments	Effect rating
22a	**If the entity has an internal audit function, the auditor shall obtain an understanding of the following in order to determine whether the internal audit function is likely to be relevant to the audit:** **(a) The nature of the internal audit function's responsibilities and how the internal audit function fits in the entity's organizational structure; and** **(b) The activities performed, or to be performed, by the internal audit function.**	Conforming amendment to ISA 610 (September 2008)	

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
6(a) part	The risk assessment procedures shall include the following: (a) Inquiries of management, and of others within the entity **who in the auditor's judgment may have information that is likely to assist in identifying risks of material misstatement due to fraud or error.**	9	
7 and 8	**7. The auditor shall consider whether information obtained from the auditor's client acceptance or continuance process is relevant to identifying risks of material misstatement.** **8. Where the engagement partner has performed other engagements for the entity, the engagement partner shall consider whether information obtained is relevant to identifying risks of material misstatement.**	13	
10 (part)	10. The **engagement partner and other key engagement team members** shall discuss the susceptibility of the entity's financial statements to material misstatement, **and the application of the applicable financial reporting framework to the entity's facts and circumstances. The engagement partner shall determine which matters are to be communicated to engagement team members not involved in the discussion.**	16 and 17	
11(b) (i)-(iv)	The auditor shall obtain an understanding of the following: (a) Relevant industry, regulatory, and other external factors including the applicable financial reporting framework. (b) The nature of the entity, including: **(i) Its operations;** **(ii) Its ownership and governance structures;** **(iii) The types of investments that the entity is making and plans to make, including investments in special-purpose entities; and** **(iv) The way that the entity is structured and how it is financed,** **to enable the auditor to understand the classes of transactions, account balances, and disclosures to be expected in the financial statements.**	25	
11 (c)	(c) The entity's selection and application of accounting policies, **including the reasons for changes thereto**. The auditor shall evaluate whether the entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry	28	
13	**When obtaining an understanding of controls that are relevant to the audit, the auditor shall evaluate the design of those controls and determine whether they have been implemented, by performing procedures in addition to inquiry of the entity's personnel.**	54	

14(a)	14. The auditor shall obtain an understanding of the control environment. As part of obtaining this understanding, the auditor shall evaluate whether: **(a) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behavior; and**	68	
14(b)	**(b) The strengths in the control environment elements collectively provide an appropriate foundation for the other components of internal control, and whether those other components are not undermined by deficiencies in the control environment.**	73	
15(b) and (c)	15. The auditor shall obtain an understanding of whether the entity has a process for: (a) Identifying business risks relevant to financial reporting objectives; (b) **Estimating the significance of the risks;** (c) **Assessing the likelihood of their occurrence; and** (d) Deciding about actions to address those risks.	77	
16	**If the entity has established such a process (referred to hereafter as the 'entity's risk assessment process'), the auditor shall obtain an understanding of it, and the results thereof. Where the auditor identifies risks of material misstatement that management failed to identify, the auditor shall evaluate whether there was an underlying risk of a kind that the auditor expects would have been identified by the entity's risk assessment process. If there is such a risk, the auditor shall obtain an understanding of why that process failed to identify it, and evaluate whether the process is appropriate to its circumstances or determine if there is a significant deficiency in internal control with regard to the entity's risk assessment process.**	78	
17	**If the entity has not established such a process or has an ad hoc process, the auditor shall discuss with management whether business risks relevant to financial reporting objectives have been identified and how they have been addressed. The auditor shall evaluate whether the absence of a documented risk assessment process is appropriate in the circumstances, or determine whether it represents a significant deficiency in internal control.**	Requirement is based on the consideration of whether the entity's risk assessment process is appropriate to its circumstances. Referred to in grey text of paragraph 78 and 79, but extended.	
18(b) part and	The auditor shall obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including the following areas: (a) The classes of transactions in the entity's operations that are significant to the financial statements; (b) The procedures, within both information technology (IT) and manual systems, by which those transactions are initiated, recorded, processed, **corrected as necessary, transferred to the general ledger and reported in the financial statements;** (c) The related accounting records, supporting information and specific accounts in the financial statements that are used to initiate, record, process and report	82	

Gelöscht: the entity's

18(f)	transcriptions; **this includes the correction of incorrect information and how information is transferred to the general ledger.** The records may be in either manual or electronic form; (d) How the information system captures events and conditions, other than transactions, that are significant to the financial statements; (e) The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures; and (f) **Controls surrounding journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments.**	87 86	
19(a) and (b)	The auditor shall obtain an understanding of how the entity communicates financial reporting roles and responsibilities and significant matters relating to financial reporting, including: **(a) Communications between management and those charged with governance; and** **(b) External communications, such as those with regulatory authorities.**	 89	
23	**The auditor shall obtain an understanding of the sources of the information used in the entity's monitoring activities, and the basis upon which management considers the information to be sufficiently reliable for the purpose.**	99	
25	**For this purpose, the auditor shall:** **(a) Identify risks throughout the process of obtaining an understanding of the entity and its environment, including relevant controls that relate to the risks, and by considering the classes of transactions, account balances, and disclosures in the financial statements;** **(b) Assess the identified risks, and evaluate whether they relate more pervasively to the financial statements as a whole and potentially affect many assertions;** **(c) Relate the identified risks to what can go wrong at the assertion level, taking account of relevant controls that the auditor intends to test; and** **(d) Consider the likelihood of misstatement, including the possibility of multiple misstatements, and whether the potential misstatement is of a magnitude that could result in a material misstatement.**	100 and 102	
24 (part)	The auditor shall identify and assess the risks of material misstatement at: (a) The financial statement level; and (b) The assertion level for classes of transactions, account balances, and disclosures, **to provide a basis for designing and performing further audit procedures**.	 101.2	

26 and 27	26. As part of the risk assessment as described in para-		

	graph 24, the auditor shall determine whether any of the risks identified are, in the auditor's judgment, a significant risk. **In exercising this judgment, the auditor shall exclude the effects of identified controls related to the risk.** **27. In exercising judgment as to which risks are significant risks, the auditor shall consider at least the following:** **(a) Whether the risk is a risk of fraud;** **(b) Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention;** **(c) The complexity of transactions;** **(d) Whether the risk involves significant transactions with related parties;** **(e) The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and** **(f) Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.**	109 109	
30	**The auditor's assessment of the risks of material misstatement at the assertion level may change during the course of the audit as additional audit evidence is obtained. In circumstances where the auditor obtains audit evidence from performing further audit procedures, or if new information is obtained, either of which is inconsistent with the audit evidence on which the auditor originally based the assessment, the auditor shall revise the assessment and modify the further planned audit procedures accordingly.**	119	

3.4 Changed requirements – based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
120	**The auditor should make those charged with governance or management aware, as soon as practicable, and at an appropriate level of responsibility, of material weaknesses in the design or implementation of internal control which have come to the auditor's attention.**	Now removed as conforming amendment to Exposure Draft ISA 265	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 330 "THE AUDITOR'S RESPONSES TO ASSESSED RISKS"

Note: ISA 330 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
3	**The objective of the auditor is to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement, through designing and implementing appropriate responses to those risks.**	3	**In order to reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level.**	

2 Definitions

2.1 New definitions – not included in extant ISA 330

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Comments	Effect rating
4 (a)	**Substantive procedure – An audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise:** **(i) Tests of details (of classes of transactions, account balances, and disclosures), and** **(ii) Substantive analytical procedures.**	New text, based on present tense sentences in extant ISA 330. 10 et seq.	
4 (b)	**Test of controls – An audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.**	New text, based on present tense sentences in extant ISA 330. 26 et seq.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Gelöscht: None.

Requirement para.	Text	Comment	Effect rating
20a	**The auditor shall consider whether external confirmation procedures are to be performed as substantive audit procedures.**	*Confirming amendment from ISA 505*	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
7	**In designing the further audit procedures to be performed, the auditor shall:**		
	(a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure, including:	12	
	(i) The likelihood of material misstatement due to the particular characteristics of the relevant class of transactions, account balance, or disclosure (i.e., the inherent risk); **and**	7	
	(ii) Whether the risk assessment takes account of relevant controls (i.e., the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (i.e., the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures);	7	
	(b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk; and **(c) Identify those assessed risks of material misstatement at the assertion level for which external confirmation procedures are to be performed as further audit procedures.**	44	
9	**In designing and performing tests of controls, the auditor shall obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control.**	46	
10(a)(i)-(iii)	In designing and performing tests of controls, the auditor shall: (a) Perform other audit procedures in combination with inquiry to obtain audit evidence about the operating effectiveness of the controls, **including:** **(i) How the controls were applied at relevant times during the period under audit.** **(ii) The consistency with which they were applied.** **(iii) By whom or by what means they were applied.**	26	
10(b)	(b) **Determine whether the controls to be tested depend upon other controls (indirect controls), and if so, whether it is necessary to obtain audit evidence supporting the effective operation of those indirect controls.**	31	
11	**The auditor shall test controls for the particular time, or throughout the period, for which the auditor intends to rely on those controls, subject to paragraphs 12 and 15 below, in order to provide an appropriate basis for the auditor's intended reliance.**	35	

12(a)	When the auditor obtains audit evidence about the operating effectiveness of controls during an interim period, the auditor shall: (a) **Obtain audit evidence about significant changes to those controls subsequent to the interim period** (b) Determine the additional audit evidence to be obtained for the remaining period.	37	
13	**In determining whether it is appropriate to use audit evidence about the operating effectiveness of controls obtained in previous audits, and, if so, the length of the time period that may elapse before retesting a control, the auditor shall consider the following:** **(a) The effectiveness of other elements of internal control, including the control environment, the entity's monitoring of controls, and the entity's risk assessment process;** **(b) The risks arising from the characteristics of the control, including whether it is manual or automated;** **(c) The effectiveness of general IT-controls;** **(d) The effectiveness of the control and its application by the entity, including the nature and extent of deviations in the application of the control noted in previous audits, and whether there have been personnel changes that significantly affect the application of the control;** **(e) Whether the lack of a change in a particular control poses a risk due to changing circumstances; and** **(f) The risks of material misstatement and the extent of reliance on the control.**	42	
16	**When evaluating the operating effectiveness of relevant controls, the auditor shall evaluate whether misstatements that have been detected by substantive procedures indicate that controls are not operating effectively. The absence of misstatements detected by substantive procedures, however, does not provide audit evidence that controls related to the assertion being tested are effective.**	34	
17	**When deviations from controls upon which the auditor intends to rely are detected, the auditor shall make specific inquiries to understand these matters and their potential consequences, and shall determine whether:** **(a) The tests of controls that have been performed provide an appropriate basis for reliance on the controls;** **(b) Additional tests of controls are necessary; or** **(c) The potential risks of misstatement need to be addressed using substantive procedures.**	68	
22 .2	**When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details.**	52	
24	**If misstatements that the auditor did not expect when assessing the risks of material misstatement are detected at an interim date, the auditor shall evaluate whether the**	61	

	related assessment of risk and the planned nature, timing, or extent of substantive procedures covering the remaining period need to be modified.		
27	The auditor shall conclude whether sufficient appropriate audit evidence has been obtained. **In forming an opinion, the auditor shall consider all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial statements.**	70	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 402 "AUDIT CONSIDERATIONS RELATING TO AN ENTITY USING A THIRD PARTY SERVICE ORGANIZATION"

Note: ISA 402 (Revised and Redrafted) was finalized by the IAASB at its meeting in December 2008, but has yet to be considered by the PIOB. Agenda item 5 (Updated) including conforming amendments from the IAASB meeting in December 2008 has been used as a basis for this analysis.

Gelöscht: has not been

Gelöscht: 9

Gelöscht: September

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
7	**The objectives of the user auditor, when the user entity uses the services of a service organization, are:** **(a) To obtain an understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement; and** **(b) To design and perform audit procedures responsive to those risks.**	2	**The auditor should consider how an entity's use of a service organization affects the entity's internal control so as to identify and assess the risk of material misstatement and to design and perform further audit procedures.**	

Gelöscht: 7

2 Definitions

2.1 New definitions – not included in extant ISA 402

New para.	Text	Comments	Effect rating
8(a)	**Complementary user entity controls – Controls that the service organization assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives, are identified in the description of its system.**	New text.	
		New text.	
8(d)	**Service auditor – An auditor who, at the request of the service organization, provides an assurance report on the controls of a service organization.**	New text.	
8(e)	**Service organization – A third-party organization (or segment of a third-party organization) that provides services to user entities that are part of those entities' information systems relevant to financial reporting.**	New text.	

Gelöscht: 8(b)

Gelöscht: **Other auditor – An auditor performing tests of controls or substantive procedures at the service organization at the request of the user auditor. A service auditor may also act in the capacity of an other auditor.**

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Gelöscht: d

8(f)	**Service organization's system – The policies and procedures designed, implemented and maintained by the service organi-**	New text.	

Gelöscht: e

	zation to provide user entities with the services covered by the service auditor's report.		
8(g)	**Subservice organization – A service organization used by another service organization to perform some of the services provided to user entities that are part of those user entities' information systems relevant to financial reporting.**	New text.	
8(h)	**User auditor – An auditor who audits and reports on the financial statements of a user entity.**	New text.	
8(j)	**User entity – An entity that uses a service organization and whose financial statements are being audited.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
8(b)	**Report on the description and design of controls at a service organization (referred to in this ISA as a type 1 report) – A report that comprises:** **(i) A description, prepared by management of the service organization, of the service organization's system, control objectives and related controls that have been designed and implemented as at a specified date; and** **(ii) A report by the service auditor with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service organization's system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives.**	12 (1st part)	*The report of the service organization auditor will ordinarily be one of two types as follows:* Type A—Report on the Design and Implementation of Internal Control (a) A description of the service organization's internal control, ordinarily prepared by the management of the service organization; and (b) An opinion by the service organization auditor that: (i) The above description is accurate; (ii) The internal control is suitably designed to achieve their stated objectives; and (iii) The internal controls have been implemented […].	
9(c)	**Report on the description, design, and operating effectiveness of controls at a service organization (referred to in this ISA as a type 2 report) – A report that comprises:** **(i) A description, prepared by management of the service organization, of the service organization's system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and** **(ii) A report by the service auditor with the objective of conveying reasonable assurance that includes:**	12 (2nd part)	*[…] Type B—Report on the Design, Implementation and Operating Effectiveness of Internal Control* (a) A description of the service organization's internal control, ordinarily prepared by the management of the service organization; and (b) An opinion by the service organization auditor that: The above description is accurate; (ii) The internal controls is suitably designed to achieve their stated objectives; (iii) The internal controls have been implemented; and (iv) The internal controls are operating effectively based on the results from the tests of controls. In	

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Gelöscht: **Type A reports are typically reports issued under [proposed] International Standard for Assurance Engagements (ISAE) 34024 or recognized national standards.**

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	a. The service auditor's opinion on the description of the service organization's system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and **b. A description of the service auditor's tests of the controls and the results thereof.**		addition to the opinion on operating effectiveness, the service organization auditor would identify the tests of controls performed and related results [...].	

Gelöscht: Type B reports are typically reports issued under [proposed] ISAE 3402 or recognized national standards.

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision

Requirement para.	Text	Comments	Effect rating
18	**If the user auditor plans to use a type 1 or a type 2 report that excludes the services provided by a subservice organization and those services are relevant to the audit of the user entity's financial statements, the user auditor shall apply the requirements of this ISA with respect to the services provided by the subservice organization.**	This eventuality is not covered by extant ISA 402.	
20	**The user auditor shall modify the opinion in the user auditor's report in accordance with ISA 705 (Revised and Redrafted) if the user auditor is unable to obtain sufficient appropriate audit evidence regarding the services provided by the service organization relevant to the audit of the user entity's financial statements.**	Elevation of application material text agreed by IAASB at its meeting in September 2008. This aspect is not covered in extant ISA 402.	
21.2	The user auditor shall not refer to the work of a service auditor in the user auditor's report containing an unmodified opinion unless required by law or regulation to do so. **If such reference is required by law or regulation, the user auditor's report shall indicate that the reference does not diminish the user auditor's responsibility for the audit opinion.**	New specification of text in auditor's report.	
22	**If reference to the work of a service auditor is relevant to an understanding of a modification to the user auditor's opinion, the user auditor's report shall indicate that such reference does not diminish the user auditor's responsibility for that opinion.**	New specification of text in auditor's report.	
15	**In responding to assessed risks in accordance with ISA 330 (Redrafted), the user auditor shall:** **(a) Determine whether sufficient appropriate audit evidence concerning the relevant financial statement assertions is available from records held at the user entity; and, if not,** **(b) Perform further audit procedures to obtain sufficient appropriate audit evidence or [...].**	New requirement specifying response to risk.	
19	**The user auditor shall inquire of management of the user entity whether the service organization has reported to the user entity, or whether the user entity is otherwise**	New requirement not covered by extant ISA. 402	

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Gelöscht: 18

Gelöscht: whether the user entity is aware of, or

	aware of any fraud, non-compliance with laws and regulations or uncorrected misstatements affecting the financial statements of the user entity. The user auditor shall evaluate how such matters affect the nature, timing and extent of the user auditor's further audit procedures including the effect on the user auditor's conclusions and user auditor's report.		

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3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Comments	Effect rating
9	When obtaining an understanding of the user entity in accordance with ISA 315 (Redrafted), the user auditor shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations, including:		
	(a) The nature of the services provided by the service organization	Based on present tense text paragraph 5 bullet 1.	
	and the significance of those services to the user entity, **including the effect thereof on the user entity's internal control**;	Based on present tense text paragraph 5 bullet 3. New specification.	
	(b) The nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization;	Based on present tense text paragraph 5 bullet 2.	
	(c) The degree of interaction between the activities of the service organization and those of the user entity; and		
	(d) The nature of the relationship between the user entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.		
11	**The user auditor shall determine whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of risks of material misstatement.**	New requirement. Based on present tense ISA 402.8 and 9.	
12	**If the user auditor is unable to obtain a sufficient understanding from the user entity, the user auditor shall obtain that understanding from one or more of the following procedures:**		
	(a) Obtaining a type 1 or type 2 report, if available;		
	(b) Contacting the service organization, through the user entity, to obtain specific information;		
	(c) Visiting the service organization and performing procedures that will provide the necessary information about the relevant controls at the service organization**; or**		

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	(d) Using an other auditor to perform procedures that will provide the necessary information about the relevant controls at the service organization.		
16	**When the user auditor's risk assessment includes an expectation that controls at the service organization are operating effectively, the user auditor shall obtain audit evidence about the operating effectiveness of those controls from one or more of the following procedures:** **(a) Obtaining a type 2 report, if available;** **(b) Performing appropriate tests of controls at the service organization; or** **(c) Using an other auditor to perform tests of controls at the service organization on behalf of the user auditor.**	New requirement, based on present tense ISA 402.10.	
15	In responding to assessed risks in accordance with ISA 330 (Redrafted), the user auditor shall: (a) Determine whether sufficient appropriate audit evidence concerning the relevant financial statement assertions is available from records held at the user entity; and, if not, (b) Perform further audit procedures to obtain sufficient appropriate audit evidence or **use another auditor to perform those procedures at the service organization on the user auditor's behalf.**	Based on present tense text extant ISA. 402.17.	

Gelöscht: T

Gelöscht: B

Gelöscht:

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**When obtaining an understanding of the user entity in accordance with ISA 315 (Redrafted), the user auditor shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations,** including: (a) The nature of the services provided by the service organization **and the significance of those services to the user entity**, including the effect thereof on the user entity's internal control; (b) The nature and materiality of the transactions processed or accounts or financial reporting process affected by the service organization; (c) The degree of interaction between the activities of the service organization and those of the user entity; and (d) The nature of the relationship between the user entity and the service organization, including the relevant	5	**In obtaining an understanding of the entity and its environment, the auditor should determine the significance of service organization activities to the entity and the relevance to the audit.**	

	contractual terms for the activities undertaken by the service organization.			
10	**When obtaining an understanding of internal control relevant to the audit in accordance with ISA 315 (Redrafted), the user auditor shall evaluate the design and implementation of relevant controls at the user entity that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization.**	7	**If the auditor concludes that the activities of the service organization are significant to the entity and relevant to the audit, the auditor should obtain a sufficient understanding of the service organization and its environment, including its internal control, to identify and assess the risks of material misstatement and design further audit procedures in response to the assessed risks.**	
13	**In determining the sufficiency and appropriateness of the audit evidence provided by a type 1 or type 2 report, the user auditor shall be satisfied as to** **(a) The service auditor's professional competence and independence from the service organization; and** **(b) The adequacy of the standards under which the type 1 or type 2 report was issued.**	9	**If the auditor uses the report of a service organization auditor, the auditor should consider making inquiries concerning that auditor's professional competence in the context of the specific assignment undertaken by the service organization auditor.**	
21.1	**The user auditor shall not refer to the work of a service auditor in the user auditor's report containing an unmodified opinion unless required by law or regulation to do so.**	18	**When the auditor uses a report from the auditor of a service organization, no reference should be made in the entity's auditor's report to the auditor's report on the service organization.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
14	If the user auditor plans to use a type 1 or type 2 report as audit evidence to support the user auditor's understanding about the design and implementation of controls at the service organization, the user auditor shall: (a) Evaluate whether the description and design of controls at the service organization is at a date or for a period that is appropriate for the user auditor's purposes; (b) Evaluate the sufficiency and appropriateness of the evidence provided by the report for the understanding of the user entity's internal control relevant to the audit; and (c) **Determine whether complementary user entity controls identified by the service organization are relevant to**	11	**When using a service organization auditor's report, the auditor should consider the nature of and content of that report.** **[New text]**	

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Gelöscht: B

	the user entity and if so, obtain an understanding of whether the user entity has designed and implemented such controls.			
17	If, in accordance with paragraph 16(a), the user auditor plans to use a type 2 report as audit evidence that controls at the service organization are operating effectively, the user auditor shall determine whether the service auditor's report provides sufficient appropriate audit evidence about the effectiveness of the controls to support the user auditor's risk assessment by: (a) **Evaluating whether the description, design and operating effectiveness of controls at the service organization is at a date or for a period that is appropriate for the user auditor's purposes;** (b) **Determining whether complementary user entity controls identified by the service organization are relevant to the user entity and, if so, obtaining an understanding of whether the user entity has designed and implemented such controls and, if so testing their operating effectiveness;** (c) **Evaluating the adequacy of the time period covered by the tests of controls and the time elapsed since the performance of the tests of controls; and** (d) Evaluating whether the tests of controls performed by the service auditor and the results thereof, as described in the service auditor's report, are relevant to the assertions in the user entity's financial statements and provide sufficient appropriate audit evidence to support the user auditor's risk assessment.	13 16	**The auditor should consider the scope of work performed by the service organization auditor and should evaluate the usefulness and appropriateness of reports issued by the service organization auditor.** New specification. Based on present tense text in extant ISA 402.15. **For those specific tests of control and results that are relevant, the auditor should consider whether the nature, timing and extent of such tests provide sufficient appropriate audit evidence about the operating effectiveness of the internal control to support the auditor's assessed risks of material misstatement.**	

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3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences that have not become requirements

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 500 "AUDIT EVIDENCE"

Note: ISA 500 was finalized subsequent to the initial issuance of this appendix. Analysis is based on agenda item 13-E (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: has not yet been

Gelöscht: 2

Gelöscht: June

Gelöscht: has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
4	**The objective of the auditor is to design and perform audit procedures in such a way as to enable the auditor to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.**	2	**The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.**	

2 Definitions

2.1 New definitions – not included in extant ISA 500

New para.	Text	Comments	Effect rating
5 (b)	**Appropriateness (of audit evidence) – The measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.**	New term defined.	
5 (d)	**Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.**	New term defined.	
5 (e)	**Sufficiency (of audit evidence) – The measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
9	When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes, including as necessary in the circumstances: (a) Obtaining audit evidence about the accuracy and completeness of the information; and		

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	(b) **Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes.** (c)	New requirement.	
8 (conforming amendment to ISA 620 from September 2008 – to replace 8(c) above)	**When information to be used as audit evidence has been prepared using the work of a management's expert, the auditor shall, to the extent necessary, having regard to the significance of that expert's work for the auditor's purposes,:** **(a) Evaluate the competence, capabilities and objectivity of that expert;** **(b) Obtain an understanding of the work of that expert; and** **(c) Evaluate the appropriateness of that expert's work as audit evidence for the relevant assertion.**	New requirement.	
10	**When designing tests of controls and tests of details, the auditor shall determine means of selecting items for testing that are effective in meeting the purpose of the audit procedure.**	New requirement.	
11	If: (a) audit evidence obtained from one source is inconsistent with that obtained from another; or (b) the auditor has doubts over the reliability of information to be used as audit evidence, the auditor shall determine what modifications or additions to audit procedures are necessary to resolve the matter, [...]. **and shall consider the effect of the matter, if any, on other aspects of the audit.**	New requirement.	

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Gelöscht: <#>Evaluating the capabilities, competence and objectivity of a management's expert, if any.¶

Gelöscht: New requirement.

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3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	**When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit evidence.**	7.2 and 10.2	
10	**If:** **(a) audit evidence obtained from one source is inconsistent with that obtained from another; or** **(b) the auditor has doubts over the reliability of information to be used as audit evidence,** **the auditor shall determine what modifications or additions to audit procedures are necessary to resolve the matter, [...].**	12.4	

Gelöscht: A

Gelöscht: T

3.4 Changed requirements – based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 500	Text	Comment	Effect rating
16	**The auditor should use assertions for classes of transactions, account balances, and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatement and the design and performance of further audit procedures.**	Not included as covered by ISA 315.24(b), .04(a), and A104.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 501 "AUDIT EVIDENCE REGARDING SPECIFIC FINANCIAL STATEMENT ACCOUNT BALANCES AND DISCLOSURES"

Note: ISA 501 was finalized by the IAASB subsequent to the initial issuance of this appendix. Analysis is based on agenda item 4-C (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008. Furthermore, paragraphs 38- 42 of extant ISA 501 have not been included in this analysis as these relate to deleted text on "Valuation and disclosure of long term investments", which is no longer covered specifically in ISAs.

Gelöscht: has not been

Gelöscht: has been used as a basis for this analysis

Gelöscht: ¶

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the:** **(a) Existence and condition of inventory;** **(b) Completeness of litigation and claims involving the entity; and** **(c) Presentation and disclosure of segment information in accordance with the applicable financial reporting framework.**	

Gelöscht: following matters when the related financial statement account balances or disclosures are material to the financial statements

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1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 501

N/a.

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	If the auditor assesses a risk of material misstatement regarding litigation or claims that have been identified, or when **audit procedures performed indicate** that other **material** litigation or claims may exist, the auditor shall, in addition to the procedures required by other ISAs, seek direct communication with the entity's external legal counsel. The auditor shall do so through a letter of inquiry, prepared by management and sent by the auditor, requesting the entity's external legal counsel to communicate directly with the auditor. **If law, regulation or the respective legal professional body prohibits the entity's external legal counsel from communicating directly with the auditor, the auditor shall perform alternative audit procedures.**	Previously "when the auditor believes". New text not in extant ISA 501.	

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Gelöscht: Previously bold lettered text stipulated that this related to **external.** legal counsel. This stipulation has been dropped.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
4	When inventory is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of inventory by: (a) Attendance at physical inventory counting, unless impracticable**, and** **(i) Evaluate management's instructions and procedures for recording and controlling the results of the entity's physical inventory counting,** **(ii) Observe the performance of management's count procedures;** **(iii) Inspect the inventory; and** **(iv) Perform test counts; and** (b) **Performing audit procedures over the entity's final inventory records to determine whether they accurately reflect actual inventory count results.**	5.3, 12 and 13	
5	**If physical inventory counting is conducted at a date other than the date of the financial statements, the auditor shall, in addition to the procedures required by paragraph 4, perform audit procedures to obtain audit evidence about whether changes in inventory between the count date and the date of the financial statements are properly recorded.**	15	
8	**When inventory under the custody and control of a third party is material to the financial statements, the auditor shall obtain sufficient appropriate audit evidence regarding the existence and condition of that inventory by performing one or both of the following:** **(a) Request confirmation from the third party as to the quantities and condition of inventory held on behalf of the entity; or** **(b) Perform inspection or other audit procedures appropriate in the circumstances.**	18	
9	The auditor shall design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement, including: **(a) Inquiry of management and, where practicable, others within the entity including in-house legal counsel; and** **(b) Review of minutes of meetings of those charged with governance and correspondence between the entity and its external legal counsel; and** **(c) Reviewing legal expense accounts.**	32	
11	If: (a) management refuses to give the auditor permission to communicate or meet with the entity's external legal counsel; or **the entity's external legal counsel refuses to respond appropriately to the letter of inquiry, or is prohibited from responding:**	37	

Gelöscht: its

Gelöscht: physical

Gelöscht: evaluating

Gelöscht: whether it and the recording of the results thereof are properly conducted and controlled; and

Gelöscht: physical

Gelöscht: more

Gelöscht: physical

Gelöscht: those responsible for legal matters

Gelöscht: and, as necessary, examining related source documents

Gelöscht: The auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted) when

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Gelöscht: referred to in paragraph 10 , as requested,

	and (b) the auditor is unable to obtain sufficient appropriate audit evidence by performing alternative audit procedures, the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).		
12	**The auditor shall request management and, where appropriate, those charged with governance to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.**	32 (first bullet)	
13	The auditor shall obtain sufficient appropriate audit evidence regarding it's the presentation and disclosure of segment information in accordance with the applicable financial reporting framework: **(a) Obtaining an understanding of the methods used by management in determining segment information, and:** **(i) Evaluating whether such methods are likely to result in disclosure in accordance with the applicable financial reporting framework; and** **(ii) Where appropriate, testing the application of such methods; and** **(b) Performing analytical procedures or other audit procedures appropriate in the circumstances.**	45.1 44	

Gelöscht: .

Gelöscht: appropriately recognized in the financial statements

Gelöscht: and disclosed to the auditor

Gelöscht: When segment information is material to the financial statements, t

Gelöscht: its

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Gelöscht: used by management in determining segment information.

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 505 "EXTERNAL CONFIRMATIONS"

Note: ISA 505 was finalized by the IAASB subsequent to the initial issuance of this appendix. Analysis is based on agenda item 2-C (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: has not yet been

Gelöscht: has been used as a basis for this analysis.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
5	**The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 505

New para.	Text	Comments	Effect rating
6 (a)	**External confirmation – Audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.**	New text.	
6 (d)	**Non-response – A failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.**	New text.	
6 (e)	**Exception – A response that indicates a difference between information requested to be confirmed, or contained in the entity's records, and information provided by the confirming party.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (b)	**Positive confirmation request – A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.**	21	A positive external confirmation request asks the respondent to reply to the auditor in all cases either by indicating the respondent's agreement with the given information, or by asking the respondent to fill in information. A response to a positive confirmation request is ordinarily expected to provide reliable audit evidence [...].	
6 (c)	**Negative confirmation request – A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.**	22	A negative external confirmation request asks the respondent to reply only in the event of disagreement with the information provided in the request [...].	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
8	If management refuses to allow the auditor to send a confirmation request, the auditor shall: (a) Inquire as to management's reasons for the refusal, and seek audit evidence as to their validity and reasonableness; (b) **Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and** (c) Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.	New requirement brings ISA 505 more in line with the risk based approach.	
11	**If the auditor determines that a response to a confirmation request is not reliable, the auditor shall evaluate the implications on the assessment of the relevant risks of material misstatement, including the risk of fraud, and on the related nature, timing and extent of other audit procedures.**	New requirement brings ISA 505 more in line with the risk based approach.	
13	**If the auditor has determined that a response to a positive confirmation request is necessary to obtain sufficientappropriate audit, alternative audit procedures will not provide the audit evidence the auditor requires. If the auditor does not obtain such confirmation, the auditor shall determine the implications for the audit and the auditor's opinion in accordance with ISA 705 (Revised and Redrafted).**		
15	Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present: (a) **The auditor has assessed the risk of material misstatement as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion;** (b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions; (c) A very low exception rate is expected; and (d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.	New stipulation.	

Gelöscht: about

Gelöscht: evaluate their

Gelöscht: 10

Gelöscht: **The auditor shall document or accumulate the results from individual external confirmation requests.**

Gelöscht: New requirement.

Gelöscht: 12

Gelöscht: 14

Gelöscht: **respond to assessed risks of material misstatement at the assertion level**

Gelöscht: **sufficient appropriate**

Gelöscht: 16

Gelöscht: **and the auditor has concluded that the risk of material misstatement is low**

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including: (a) Determining the information to be confirmed or requested; (b) Selecting the appropriate confirming party; (c) **Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and** (d) Sending the requests, including follow-up requests, when applicable, to the confirming party.	30.3	
10	**If the auditor identifies factors that give rise to doubts about the reliability of the response to a confirmation request, the auditor shall obtain further audit evidence to resolve those doubts.**	33	
14	**The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements.**	35	
15	**Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present:** (a) The auditor has assessed the risk of material misstatements as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion; (b) **The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions;** (c) **A very low exception rate is expected; and** (d) **The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.**	22.3 23 (b) 23 (d) 23 (d)	

Gelöscht: , as appropriate

Gelöscht: 11

Gelöscht: 15

Gelöscht: 16

Gelöscht: and the auditor has concluded that the risk of material misstatement is low

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
7	**When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including:** (a) Determining the information to be confirmed or requested; (b) **Selecting the appropriate confirming party;** (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (d) **Sending the requests, including follow-up requests, when applicable, to the confirming party.**	30	**When performing confirmation procedures, the auditor should maintain control over the process of selecting those to whom a request will be sent, the preparation and sending of confirmation requests, and the responses to those requests.**	
8	**If management refuses to allow the auditor to send a confirmation request, the auditor shall:** (a) **Inquire as to management's reasons for the refusal, and seek audit evidence as to their validity and reasonableness;** (b) Evaluate the implications of management's refusal on the auditor's assessment of the relevant risks of material misstatement, including the risk of fraud, and on the nature, timing and extent of other audit procedures; and (c) **Perform alternative audit procedures designed to obtain relevant and reliable audit evidence.**	25	**When the auditor seeks to confirm certain balances or other information, and management requests the auditor not to do so, the auditor should consider whether there are valid grounds for such a request and obtain audit evidence to support the validity of management's requests. If the auditor agrees to management's request not to seek external confirmation regarding a particular matter, the auditor should apply alternative audit procedures to obtain sufficient appropriate audit evidence regarding that matter.**	
16	The auditor shall evaluate whether the results of the external confirmation procedures provide relevant and reliable audit evidence, **or whether performing further audit procedures is necessary.**	36	The auditor should evaluate whether the results of the external confirmation process **together with the results from any other audit procedures performed**, provide sufficient appropriate audit evidence regarding the assertion being audited.	

Gelöscht: as appropriate

Gelöscht: about

Gelöscht: evaluate their

Gelöscht: 17

Requirements arising from revision that are not new – but constitute more detailed specification

Requirement para.	Text	Comments	Effect rating
7	When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including: (a) **Determining the information to be confirmed or requested;** (b) Selecting the appropriate confirming party; (c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (d) Sending the requests, including follow-up requests, when appropriate, to the confirming party.	Specification of requirement in extant ISA 505.17 for the auditor to tailor external confirmation requests to the specific audit objective.	

Gelöscht: as appropriate

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 250	Text	Comment	Effect rating
2	**The auditor should determine whether the use of external confirmations is necessary to obtain sufficient appropriate audit evidence at the assertion level. In making this determination, the auditor should consider the assessed risk of material misstatement at the assertion level and how the audit evidence from other planned audit procedures will reduce the risk of material misstatement at the assertion level to an acceptably low level.**	Not specified in ISA 505 (Revised and Redrafted).	
34	**When the auditor forms a conclusion that the confirmation process and alternative audit procedures have not provided sufficient appropriate audit evidence regarding an assertion, the auditor should perform additional audit procedures to obtain sufficient appropriate audit evidence.**	ISA 505.14 (Revised and Redrafted) is more specific in those cases where sufficient appropriate audit evidence cannot be obtained.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 520 "ANALYTICAL PROCEDURES"

Note: ISA 520 was finalized by the IAASB subsequent to the initial issuance of this appendix. Analysis is based on agenda item 7-B (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: has not been

Gelöscht: has been used as a basis for this analysis.

The extant ISA requires analytical procedures be used as risk assessment procedures – this aspect is no longer covered by ISA 520, and text was moved to ISA 315, as application material, since Paragraph 6 (b) of ISA 315 (Redrafted) requires that risk assessment procedures include analytical procedures.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
3	**The objectives of the auditor are:** **(a) To obtain relevant and reliable audit evidence when using substantive analytical procedures; and** **(b) To design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.**	

Gelöscht: in drawing reasonable

Gelöscht: s

Gelöscht: on which to base

Gelöscht: opinion

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 520

None.

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
4	**For the purposes of the ISAs, the term "analytical procedures" means evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation, as is necessary, of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.**	3	"Analytical procedures" means evaluations of financial information made by a study of plausible relationships among both financial and non-financial data. Analytical procedures also encompass the investigation of identified fluctuations and relationships that are inconsistent with other relevant information or deviate significantly from predicted amounts.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
7	If analytical procedures performed in accordance with this ISA identify **fluctuations or relationships** that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor shall investigate such differences by: (a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and [...].	**Increase in work effort.** This requirement is based on bold text paragraph 17, but extended to apply to all fluctuations or relationships not only to *"significant* fluctuations or relationships" as is the case in extant ISA 520.17.	

Gelöscht: paragraphs 5 and 6

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
5	**When designing and performing substantive analytical procedures, either alone or in combination with tests of details, as substantive procedures in accordance with ISA 330 (Redrafted), the auditor shall:** **(a) Determine the suitability of particular substantive analytical procedures for given assertions, taking account of the assessed risks of material misstatement and tests of details, if any, for these assertions;** **(b) Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation;** **(c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated; and** **(d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation as required by paragraph 7.**	11 and 12(b)(a) 11 and 12(c) 11 and 12(e) 12(f)	
7(b)	If analytical procedures performed in accordance with this ISA identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, the auditor shall investigate such differences by: (a) Inquiring of management and obtaining appropriate audit evidence relevant to management's responses; and		

Gelöscht: the planned

Gelöscht: the

Gelöscht: directed towards the same

Gelöscht: 10

Gelöscht: paragraphs 5 and 6

	(b) **Performing other audit procedures as necessary in the circumstances.**	18(b)	

3.4 Changed requirements - based on basic principle or essential procedure

New para.	Text	Old text para.	Text	Effect rating
6	**The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity.**	13	**The auditor should apply analytical procedures at or near the end of the audit when forming an overall conclusion as to whether the financial statements as a whole are consistent with the auditor's understanding of the entity.**	

Gelöscht: in drawing reasonable conclusions on which to base the auditor's opinion

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 530 "AUDIT SAMPLING"

Gelöscht: Note: ISA 530 is not yet issued in a finalized version. Analysis is therefore based on agenda item 7 (Updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB. ¶

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
4	**The objective of the auditor when using audit sampling is to provide a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 530

New para.	Text	Comments	Effect rating
5 (e)	**Anomaly – A misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.**	New term defined. However, the is based on definition of "anomalous error" in extant ISA 530.5.	
5 (i)	**Tolerable misstatement – A monetary amount set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the monetary amount set by the auditor is not exceeded by the actual misstatement in the population.**	New term defined. However, the is based on definition of "tolerable error" in extant ISA 530.12.	
5 (j)	**Tolerable rate of deviation – A rate of deviation from prescribed internal control procedures set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the rate of deviation set by the auditor is not exceeded by the actual rate of deviation in the population.**	New term defined. However, the is based on definition of "tolerable error" in extant ISA 530.12.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
5 (a)	**Audit sampling (sampling) – The application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.**	3	"Audit sampling" (sampling) involves the application of audit procedures to less than 100% of items within a class of transactions or account balance such that all sampling units have a chance of selection. This will enable the auditor to obtain and evaluate audit evidence about some characteristic of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. Audit sampling can use either a statistical or a non-statistical approach.	
7 (c)	**Sampling risk – The risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same**	7	"Sampling risk" arises from the possibility that the auditor's conclusion, based on a sample may be different from the conclusion reached if the entire population were	

	audit procedure. Sampling risk can lead to two types of erroneous conclusions: **(i) In the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material misstatement does not exist when in fact it does. The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion.** **(ii) In the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.**		subjected to the same audit procedure. There are two types of sampling risk: (a) The risk the auditor will conclude, in the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material error does not exist when in fact it does. This type of risk affects audit effectiveness and is more likely to lead to an inappropriate audit opinion; and (b) The risk the auditor will conclude, in the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material error exists when in fact it does not. This type of risk affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect. The mathematical complements of these risks are termed confidence levels.	
7 (d)	**Non-sampling risk – The risk that the auditor reaches an erroneous conclusion for any reason not related to sampling risk.**	8	"Non-sampling risk" arises from factors that cause the auditor to reach an erroneous conclusion for any reason not related to the size of the sample. For example, ordinarily the auditor finds it necessary to rely on audit evidence that is persuasive rather than conclusive, the auditor might use inappropriate audit procedures, or the auditor might misinterpret audit evidence and fail to recognize an error.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
15 (b)	The auditor shall evaluate: **[...].** **(b) Whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested.**	In line with the objective, which is also new text.	

3.2 New requirements from other ISAs

New requirements arising from revision

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
10	**If the audit procedure is not applicable to the selected item, the auditor shall perform the procedure on a replacement item.**	45.1	
11	**If the auditor is unable to apply the designed audit procedures, or suitable alternative procedures, to a selected item, the auditor shall treat that item as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details.**	46.2	
13	**In the extremely rare circumstances when the auditor considers a misstatement or deviation discovered in a sample to be an anomaly, the auditor shall obtain a high degree of certainty that such misstatement or deviation is not representative of the population. The auditor shall obtain this degree of certainty by performing additional audit procedures to obtain sufficient appropriate audit evidence that the misstatement or deviation does not affect the remainder of the population.**	50.1-4	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Bold lettered para. (extant ISA)	Text	Effect rating
12	**The auditor shall investigate the nature and cause of any deviations or misstatements identified, and evaluate their possible effect on the purpose of the audit procedure and on other areas of the audit.**	47	**The auditor should consider the sample results, the nature and cause of any errors identified, and their possible effect on the particular audit objective and on other areas of the audit.**	

Gelöscht: determine

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered para.	Text	Comment	Effect rating
2	**When designing audit procedures, the auditor should determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures.**	Repetitive of other requirements in paras. 6-8.	
18	**In obtaining audit evidence, the auditor should use professional judgment to assess the risk of material misstatement (which includes inherent and control risk) and design further audit procedures to ensure this risk is reduced to an acceptably low level.**	Repetitive of other requirements in paras. 6-8.	
22	**When designing audit procedures, the auditor should determine appropriate means of selecting items for testing.**	Repetitive of other requirements in paras. 6-8	
51 (second part of sentence)	For tests of details, the auditor should project monetary errors found in the sample to the population**, and should**	Paragraph 15 covers this but using tolerable miss-	

	consider the effect of the projected error on the particular audit objective **and on other areas of the audit.**	tatement and tolerable rate of deviation instead. Not covered here, but in ISA 540.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 540 "AUDITING ACCOUNTING ESTIMATES, INCLUDING FAIR VALUE ACCOUNTING ESTIMATES, AND RELATED DISCLOSURES"

Note: ISA 540 was revised to cover both extant ISAs 540 and 545. From only 4 bold-lettered paragraphs in ISA 540 and 16 in ISA 545 there are now 23 requirements. Because two extant ISAs were combined separate consideration of the effect of changes on each of the extant standards has been undertaken. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

Extant ISA 540 (Estimates other than fair value)

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objective of the auditor is to obtain sufficient appropriate audit evidence about whether:** **(a) accounting estimates, including fair value accounting estimates, in the financial statements, whether recognized or disclosed, are reasonable; and** **(b) related disclosures in the financial statements are adequate,** **in the context of the applicable financial reporting framework.**	2 8	**The auditor should obtain sufficient appropriate audit evidence regarding accounting estimates.** **The auditor should design and perform further audit procedures to obtain sufficient appropriate audit evidence as to whether the entity's accounting estimates are reasonable in the circumstances and, when required, appropriately disclosed.**	

2 Definitions

2.1 New definitions – not included in extant ISA 540

New para.	Text	Comments	Effect rating
7 (b)	**Auditor's point estimate or auditor's range – The amount, or range of amounts, respectively, derived from audit evidence for use in evaluating management's point estimate.**	New text.	
7 (c)	**Estimation uncertainty – The susceptibility of an accounting estimate and related disclosures to an inherent lack of precision in its measurement.**	New text.	
7 (d)	**Management bias – A lack of neutrality by management in the preparation and presentation of information.**	New text.	
7 (e)	**Management's point estimate – The amount selected by management for recognition or disclosure in the financial statements as an accounting estimate.**	New text.	
7 (f)	**Outcome of an accounting estimate –The actual monetary amount which results from the resolution of the underlying transaction(s), event(s) or condition(s) addressed by the accounting estimate.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
7 (a)	**Accounting estimate – An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this ISA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.**	3.1	"Accounting estimate" means an approximation of the amount of an item in the absence of a precise means of measurement.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

Requirements arising from revision that are new compared to extant ISA 540 but were required elsewhere – no perceived increase in work effort

Requirement para.	Text	Comments	Effect rating
11	**The auditor shall determine whether, in the auditor's judgment, any of those accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks.**	New requirement in ISA 540. Extant ISA 315.108 required this already, and ISA 315.109 referred specifically to the degree of subjectivity in the measurement of financial information related to the risk especially those involving a wide range of measurement uncertainty. In addition extant ISA 540.4.3 alerts the auditor to this aspect.	

New requirements arising from revision compared to extant ISA 540 – increase in work effort/ audit quality

Requirement para.	Text	Comments	Effect rating
8	**When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by ISA 315 (Redrafted), the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates:** **(a) The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.** **(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or dis-**	The degree of detail in this approach was not covered in extant ISA 540, however, the grey-lettered text of paragraphs 8.3 and 9 of extant ISA 540 referring to the risk assessment required by ISA 315 may have covered this, albeit less specifically. This is therefore a new requirement.	

	closed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates. **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) The method, including where applicable the model, used in making the accounting estimate;** **(ii) Relevant controls;** **(iii) Whether management has used an expert;** **(iv) The assumptions underlying the accounting estimates;** **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and** **(vi) Whether and, if so, how management has assessed the effect of estimation uncertainty.**		
9	**The auditor shall review the outcome of accounting estimates included in the prior period financial statements, or, where applicable, their subsequent re-estimation for the purpose of the current period.** **The nature and extent of the auditor's review takes account of the nature of the accounting estimates, and whether the information obtained from the review would be relevant to identifying and assessing risks of material misstatement of accounting estimates made in the current period financial statements. However, the review is not intended to call into question the judgments made in the prior periods that were based on information available at the time.**	First sentence based on extant present tense text in paragraph 11(c). New text.	
10	**In identifying and assessing the risks of material misstatement, as required by ISA 315 (Redrafted), the auditor shall evaluate the degree of estimation uncertainty associated with an accounting estimate.**	New requirement – not in extant ISA 540 or extant ISA 315.	
12	**Based on the assessed risks of material misstatement, the auditor shall determine:** **(a) Whether management has appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate; and** **(b) Whether the methods for making the accounting estimates are appropriate and have been applied consistently, and whether changes, if any, in accounting estimates or in the method for making them from the prior period are appropriate in the circumstances.**	Neither aspect is mentioned in extant ISA 540.	
14	**In determining the matters identified in paragraph 12 or in responding to the assessed risks of material misstatement in accordance with paragraph 13, the auditor shall consider whether specialized skills or knowledge in rela-**	Based on present tense text in extant ISA 540.17.	

	tion to one or more aspects of the accounting estimates are required in order to obtain sufficient appropriate audit evidence.		
15	**For accounting estimates that give rise to significant risks, in addition to other substantive procedures performed to meet the requirements of ISA 330 (Redrafted), the auditor shall evaluate the following:** **(a) How management has considered alternative assumptions or outcomes, and why it has rejected them, or how management has otherwise addressed estimation uncertainty in making the accounting estimate.** **(b) Whether the significant assumptions used by management are reasonable.** **(c) Where relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, management's intent to carry out specific courses of action and its ability to do so.**	Explicit requirements not addressed in extant ISA 540.	
16	**If, in the auditor's judgment, management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor shall, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate.**	Explicit requirements not addressed in extant ISA 540.	
17	**For accounting estimates that give rise to significant risks, the auditor shall obtain sufficient appropriate audit evidence about whether:** **(a) management's decision to recognize, or to not recognize, the accounting estimates in the financial statements; and** **(b) the selected measurement basis for the accounting estimates** **are in accordance with the requirements of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
19	**The auditor shall obtain sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the requirements of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
20	**For accounting estimates that give rise to significant risks, the auditor shall also evaluate the adequacy of the disclosure of their estimation uncertainty in the financial statements in the context of the applicable financial reporting framework.**	Explicit requirements not addressed in extant ISA 540.	
21	**The auditor shall review the judgments and decisions made by management in the making of accounting estimates to identify whether there are indicators of possible management bias. Indicators of possible management bias do not themselves constitute misstatements for the purposes of drawing conclusions on the reasonableness of individual accounting estimates.**	Although extant ISA 540.27 (present tense text) refers to consideration of bias in relation to individual differences the requirement to look at management judgments and decisions for indications of bias together	

		with elevation of present tense text means the requirement is new.	
22	**The auditor shall obtain written representations from management and, where appropriate, those charged with governance whether they believe significant assumptions used in making accounting estimates are reasonable.**	Specific requirement was not in extant ISA 540 nor specifically referred to in extant ISA 580. This is a new requirement (auditors may have obtained representations in line with the present tense sentence in extant ISA 580.6 but were not specifically required to do so). Conforming amendments from [proposed] ISA 210 extend the requirement for the auditor to obtain written representations from management to include those charged with governance, where appropriate.	
23	**The audit documentation shall include:** **(a) The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks; and** **(b) Indicators of possible management bias, if any.**	Not specified in extant ISA 540. New specification.	

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3.3 New requirements – elevation of present tense sentences

Owing to the scope of the revisions no present tense sentences have been elevated unaltered, however, where text has been based on material in extant present tense sentences this is noted in the tables above.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences from ISA 540 that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
13	**In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate:** (a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate. (b) Test how management made the accounting estimate **and the data on which it is based. In doing so, the auditor shall evaluate whether:**	10	**The auditor should adopt one or a combination of the following approaches in the audit of an accounting estimate:** **(a) Review and test the process used by management to develop the estimate;** **(b) Use an independent estimate for comparison with that prepared by management; or** **(c) Review of subsequent events which provide audit evidence of the reasonableness of the estimate made.**	

	(i) The method of measurement used is appropriate in the circumstances; and **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.** (c) **Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.** (d) Develop a point estimate or a range to evaluate management's point estimate**. For this purpose:** **(i) When the auditor uses assumptions or methods that differ from management's, the auditor shall obtain an understanding of management's assumptions or methods sufficient to establish that the auditor's point estimate or range takes into account relevant variables and to evaluate any significant differences from management's point estimate.** **(ii) When the auditor concludes that it is appropriate to use a range, the auditor shall narrow the range, based on audit evidence available, until all outcomes within the range are considered reasonable.**			
18	**The auditor shall evaluate, based on the audit evidence, whether the accounting estimates in the financial statements are either reasonable in the context of the applicable financial reporting framework, or are misstated.**	24	**The auditor should make a final assessment of the reasonableness of the entity's accounting estimates based on the auditor's understanding of the entity and its environment** and whether the estimates are consistent with other audit evidence obtained during the audit.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences from ISA 540 that have not become requirements

Bold lettered (old para.)	Text	Comment	Effect rating
24	The auditor should make a final assessment of the reasonableness of the entity's accounting estimates based on the auditor's understanding of the entity and its environment **and whether the estimates are consistent with other audit evidence obtained during the audit.**	There is no specific requirement to assess consistency with other audit evidence, other than reviewing	

		the outcome of estimates included in the prior period.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Extant ISA 545 (Only fair value estimates)

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objective of the auditor is to obtain sufficient appropriate audit evidence about whether:** **(a) accounting estimates, including fair value accounting estimates, in the financial statements, whether recognized or disclosed, are reasonable; and** **(b) related disclosures in the financial statements are adequate,** **in the context of the applicable financial reporting framework.**	3	**The auditor should obtain sufficient appropriate audit evidence that fair value measurements and disclosures are in accordance with the entity's applicable financial reporting framework.**	

2 Definitions

2.1 New definitions – not included in extant ISA 545

New para.	Text	Comments	Effect rating
7 (a)	**Accounting estimate – An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where this ISA addresses only accounting estimates involving measurement at fair value, the term "fair value accounting estimates" is used.**	New text.	
7 (b)	**Auditor's point estimate or auditor's range – The amount, or range of amounts, respectively, derived from audit evidence for use in evaluating management's point estimate.**	New text.	
7 (c)	**Estimation uncertainty – The susceptibility of an accounting estimate and related disclosures to an inherent lack of precision in its measurement.**	New text.	
7 (d)	**Management bias – A lack of neutrality by management in the preparation and presentation of information.**	New text.	
7 (e)	**Management's point estimate – The amount selected by management for recognition or disclosure in the financial statements as an accounting estimate.**	New text.	
7 (f)	**Outcome of an accounting estimate –The actual monetary amount which results from the resolution of the underlying transaction(s), event(s) or condition(s) addressed by the accounting estimate.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision compared to extant ISA 545 – increase in work effort/audit quality

Requirements arising from revision that are not new compared to extant ISA 545 – no perceived increase in work effort

Requirement para.	Text	Comments	Effect rating
12(a)	**[...] Whether management has appropriately applied the requirements of the applicable financial reporting framework relevant to the accounting estimate; and [...].**	Reflects change in approach. Extant ISA 545 looks at the end product rather than management's process. Unlikely to result in more work, but may be less practicable in some cases.	
8 (a)	**The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures.**	New requirement, was previously implied but not specified.	
8 (b) and (c)	**(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates.** **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) The method, including where applicable the model, used in making the accounting estimate;** **(ii) Relevant controls;** **(iii) Whether management has used an expert;** **(iv) The assumptions underlying the accounting estimates;** **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and** **(vi) Whether and, if so, how management has assessed the effect of estimation uncertainty.**	Considerably more detailed requirement, but based on ISA 545.10 (see below). May result in more work effort.	
9	**The auditor shall review the outcome of accounting estimates included in the prior period financial statements, or, where applicable, their subsequent re-estimation for the purpose of the current period. The nature and extent of the auditor's review takes account of the nature of the accounting estimates, and whether the information obtained from the review would be relevant to identifying and assessing risks of material misstatement of accounting estimates made in the current period financial statements. However, the review is not intended to call into question the judgments made in the prior periods that were based on information available at the time.**	New requirement.	

10	**In identifying and assessing the risks of material misstatement, as required by ISA 315 (Redrafted), the auditor shall evaluate the degree of estimation uncertainty associated with an accounting estimate.**	New specification, (based on bold text in extant ISA 545.14, which does not mention degree of estimation uncertainty).	
11	**The auditor shall determine whether, in the auditor's judgment, any of those accounting estimates that have been identified as having high estimation uncertainty give rise to significant risks.**	New specification in respect of estimation uncertainty, but otherwise based on bold text in extant ISA 545.14.	
13 (b) (i) and (ii)	In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate: (a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate. (b) Test how management made the accounting estimate and the data on which it is based. In doing so, the auditor shall evaluate whether: **(i) The method of measurement used is appropriate in the circumstances; and** **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.**	Based on bold text in extant ISA 545.50. New specification.	
13 (c) and (d)	(c) **Test the operating effectiveness of the controls over how management made the accounting estimate, together with appropriate substantive procedures.** (d) **Develop a point estimate or a range to evaluate management's point estimate. For this purpose:** **(i) When the auditor uses assumptions or methods that differ from management's, the auditor shall obtain an understanding of management's assumptions or methods sufficient to establish that the auditor's point estimate or range takes into account relevant variables and to evaluate any significant differences from management's point estimate.** **(ii) When the auditor concludes that it is appropriate to use a range, the auditor shall narrow the range, based on audit evidence available, until all outcomes within the range are considered reasonable.**	Specification not in extant ISA 545 but may have been covered by present tense text in extant ISA 545. 33 and 52. To the extent this was not the case likely to result in increased work effort.	
15(a)	**(a) How management has considered alternative assumptions or outcomes, and why it has rejected them, or how management has otherwise addressed estimation uncertainty in making the accounting estimate [...].**	New requirement. (Previously present tense text extant ISA 545.25 dealt with the evaluation but was less specific).	

16	**If, in the auditor's judgment, management has not adequately addressed the effects of estimation uncertainty on the accounting estimates that give rise to significant risks, the auditor shall, if considered necessary, develop a range with which to evaluate the reasonableness of the accounting estimate.**	New requirement. (Previously present tense text extant ISA 545.34 indicted that this is one possible procedure).	
17	**For accounting estimates that give rise to significant risks, the auditor shall obtain sufficient appropriate audit evidence about whether:** **(a) management's decision to recognize, or to not recognize, the accounting estimates in the financial statements; and** **(b) the selected measurement basis for the accounting estimates** **are in accordance with the requirements of the applicable financial reporting framework.**	New requirement for significant risks not previously addressed as a specific requirement.	
21	**The auditor shall review the judgments and decisions made by management in the making of accounting estimates to identify whether there are indicators of possible management bias. Indicators of possible management bias do not themselves constitute misstatements for the purposes of drawing conclusions on the reasonableness of individual accounting estimates.**	New requirement.	
23	**The audit documentation shall include:** **(a) The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks; and** **(b) Indicators of possible management bias, if any.**	Not specified in extant ISA 545. New specification.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Owing to the scope of the revisions no present tense sentences have been elevated unaltered, however, where text has been based on material in extant present tense sentences this is noted in the tables above.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences from ISA 545 that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
18	**The auditor shall evaluate, based on the audit evidence, whether the accounting estimates in the financial statements are either reasonable in the context of the applicable financial reporting framework, or are misstated.**	17	**The auditor should evaluate whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework.**	
8(c)(v)	[...] the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates […]			

	(b) How management makes the accounting estimates, and an understanding of the data on which they are based, including [...] **(v) Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and**	27	**The auditor should evaluate whether the entity's method for its fair value measurements is applied consistently.**	
14	In determining the matters identified in paragraph 12 or in responding to the assessed risks of material misstatement in accordance with paragraph 13, **the auditor shall consider whether specialized skills or knowledge in relation to one or more aspects of the accounting estimates are required in order to obtain sufficient appropriate audit evidence**.	29	**The auditor should determine the need to use the work of an expert.**	
15	**For accounting estimates that give rise to significant risks, in addition to other substantive procedures performed to meet the requirements of ISA 330 (Redrafted), the auditor shall evaluate the following:** **(a) [...].** **(b) Whether the significant assumptions used by management are reasonable.**	39	**Where the auditor determines there is a significant risk related to fair values, or where otherwise applicable, the auditor should evaluate whether the significant assumptions used by management in measuring fair values, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the entity's financial statements.**	
	(c) Where relevant to the reasonableness of the significant assumptions used by management or the appropriate application of the applicable financial reporting framework, management's intent to carry out specific courses of action and its ability to do so.	22	**The auditor should obtain audit evidence about management's intent to carry out specific courses of action, and consider its ability to do so, where relevant to the fair value measurements and disclosures under the entity's applicable financial reporting framework.**	
19	**The auditor shall obtain sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the requirements of the applicable financial reporting framework**.	56	**The auditor should evaluate whether the disclosures about fair values made by the entity are in accordance with its financial reporting framework.**	

Bold lettered sentences from ISA 545 that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
8	**When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by ISA 315 (Redrafted), the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates:** **(a) [...].** **(b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements. In obtaining this understanding, the auditor shall make inquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates.** **(c) How management makes the accounting estimates, and an understanding of the data on which they are based, including:** **(i) [...].**	10	**As part of the understanding of the entity and its environment, including its internal control, the auditor should obtain an understanding of the entity's process for determining fair value measurements and disclosures and of the relevant control activities sufficient to identify and assess the risks of material misstatement at the assertion level and to design and perform further audit procedures.**	
13	**In responding to the assessed risks of material misstatement, as required by ISA 330 (Redrafted), the auditor shall undertake one or more of the following, taking account of the nature of the accounting estimate:**	33	**The auditor should design and perform further audit procedures in response to assessed risks of material misstatement of assertions relating to the entity's fair value measurements and disclosures.**	
	(a) Determine whether events occurring up to the date of the auditor's report provide audit evidence regarding the accounting estimate.	53	**The auditor should consider the effect of subsequent events on the fair value measurements and disclosures in the financial statements.**	
	(b) Test how management made the accounting estimate and the data on which it is based. In doing so, the auditor shall evaluate whether:	50	**The auditor should perform audit procedures on the data used to develop the fair value measurements and disclosures and evaluate whether the fair value measurements have been properly determined from such data and management's assumptions.**	

	(i) The method of measurement used is appropriate in the circumstances; and **(ii) The assumptions used by management are reasonable in light of the measurement objectives of the applicable financial reporting framework.** **[…].**		(see below re additional specification)	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered sentences from ISA 545 that have not become requirements

Bold lettered (old para.)	Text	Comment	Effect rating
24	**Where alternative methods for measuring fair value are available under the entity's applicable financial reporting framework, or where the method of measurement is not prescribed, the auditor should evaluate whether the method of measurement is appropriate in the circumstances under the entity's applicable financial reporting framework.**	Note: 17(b) requires the auditor, for significant risks, to obtain sufficient appropriate audit evidence whether the measurement basis is in accordance with the financial reporting framework.	
61	**In making a final assessment of whether the fair value measurements and disclosures in the financial statements are in accordance with the entity's applicable financial reporting framework, the auditor should evaluate the sufficiency and appropriateness of the audit evidence obtained** **as well as the consistency of that evidence with other audit evidence obtained and evaluated during the audit.**	General requirement already covered by extant ISA 500.2. Not covered.	
63	The auditor should obtain written representations from management regarding the reasonableness of significant assumptions, **including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity where relevant to the fair value measurements or disclosures.**	Requirement in paragraph 22. No longer specifically required. Now referred to in para. A126.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 570 "GOING CONCERN"

Note: ISA 570 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
9	**The objectives of the auditor are:** **(a) To obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements;** **(b) To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and** **(c) To determine the implications for the auditor's report.**	2	**When planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 570

N/a.

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

None.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Present tense sentences that have become requirements

Requirement para.	Text	Present tense (old para.)	Effect rating
10	When performing risk assessment procedures as required by ISA 315 (Redrafted), the auditor shall consider whether there are events or conditions that may cast significant		

	doubt on the entity's ability to continue as a going concern. **In so doing, the auditor shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and: (Ref: para. A2-A5)** **(a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or** **(b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern assumption, and inquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.**	New text (however, previously implied). 14 15.1	
14	**In evaluating management's assessment, the auditor shall consider whether management's assessment includes all relevant information of which the auditor is aware as a result of the audit.**	20.2	
16	When events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor shall obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists through performing additional audit procedures, including consideration of mitigating factors. These procedures shall include: (Ref: para. A15) (a) **When management has not yet performed an assessment of the entity's ability to continue as a going concern, requesting management to make its assessment.** (b) Evaluating management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation **and whether management's plans are feasible in the circumstances.** (Ref: para. A16) (c) **When the entity has prepared a cash flow forecast, and analysis of the forecast is a significant factor in considering the future outcome of events or conditions in the evaluation of management's plans for future action:** (Ref: para. A17-A18) **(i) Evaluating the reliability of the underlying data generated to prepare the forecast; and** **(ii) Determining whether there is adequate support for the assumptions underlying the forecast.** (d) **Considering whether any additional facts or information have become available since the date on which management made its assessment.** (e) Requesting written representations from management and, where appropriate, those charged with	15.2 27.6 29.1 27.5	

Gelöscht: or

	governance, regarding their plans for future action **and the feasibility of these plans.**	27.6	
18	**When the auditor concludes that the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements:** **(a) Adequately describe the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and** **(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.**	32	
23	**Unless all those charged with governance are involved in managing the entity,** the auditor shall communicate with those charged with governance events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern. **Such communication with those charged with governance shall include the following:** **(a) Whether the events or conditions constitute a material uncertainty;** **(b) Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and** **(c) The adequacy of related disclosures in the financial statements.**	39(b)	
24	**When there is significant delay in the approval of the financial statements by management or those charged with governance after the date of the financial statements, the auditor shall inquire as to the reasons for the delay. When the auditor believes that the delay could be related to events or conditions relating to the going concern assessment, the auditor shall perform those additional audit procedures necessary, as described in paragraph 16, as well as consider the effect on the auditor's conclusion regarding the existence of a material uncertainty, as described in paragraph 17.**	39	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? [-3] [-2] [-1] [0] [1] [2] [3]

Revised and Redrafted ISA 580 "WRITTEN REPRESENTATIONS"

Note: ISA 580 has been issued in final form, but this analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the auditor are:** **(a) To obtain written representations from management, and where appropriate, those charged with governance that they believe that they have fulfilled their responsibility for the preparation of the financial statements and for the completeness of the information provided to the auditor;** **(b) To support other audit evidence relevant to the financial statements or specific assertions in the financial statements by means of written representations if determined necessary by the auditor or required by other ISAs; and** **(c) To respond appropriately to written representations provided by management and, where appropriate, those charged with governance, or if management or, where appropriate, those charged with governance do not provide the written representations requested by the auditor.**	2	**The auditor should obtain appropriate representations from management.**	

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Gelöscht: the fundamental responsibilities that constitute the premise on which an audit is conducted; (Ref: para. A2-A3)

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2 Definitions

2.1 New definitions – not included in extant ISA 580

New para.	Text	Comments	Effect rating
7	**Written representation – A written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include financial statements, the assertions therein, or supporting books and records.**	New text.	

2.2 Definitions based on present tense text in the extant ISA

Gelöscht: None.

New para.	Text	Comments	Effect rating

8	**For purposes of this ISA, references to "management" should be read as "management and, where appropriate, those charged with governance." Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework; or the preparation of financial statements that give a true and fair view in accordance with the applicable financial reporting framework.**	Note: this definition is implied but not actually specified in the extant ISA 580, since paragraph 3 refers to minutes of meetings of those charged with governance as one source of evidence that management acknowledges its responsibility for the … financial statements… It is not a subsequent change, but was included in the final version of ISA 580 (Revised and Redrafted), however the objective has been changed to highlight this aspect and so the definition has been added here.	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
11	**The auditor shall request management to provide a written representation that:** **(a) It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement, and** **(b) All transactions have been recorded and are reflected in the financial statements.**	Refer to example letter in appendix to extant ISA 580.	
12	**Management's responsibilities shall be described in the written representations required by paragraphs 10 and 11 in the manner in which these responsibilities are described in the terms of the audit engagement.**	New specification.	
13	**Other ISAs require the auditor to request written representations. If, in addition to such required representations, the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements, the auditor shall request such other written representations.**	New specification.	
14	**The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial statements. The written representations shall be for all financial statements and period(s) referred to in the auditor's report.**	New specification.	
15	**The written representations shall be in the form of a representation letter addressed to the auditor. If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required by paragraphs 10 or 11, the**	New specification.	

Gelöscht:

Formatiert: Nummerierung und Aufzählungszeichen

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	relevant matters covered by such statements need not be included in the representation letter.		
16	**If the auditor has concerns about the competence, integrity, ethical values or diligence of management, or about its commitment to or enforcement of these, the auditor shall determine the effect that such concerns may have on the reliability of representations (oral or written) and audit evidence in general.**	New specification.	
18	**If the auditor concludes that the written representations are not reliable, the auditor shall take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with [proposed] ISA 705 (Revised and Redrafted), having regard to the requirement in paragraph 20 of this ISA.**	New specification.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

N/a, given the extent of the revision of this ISA.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.**	2	**The auditor should obtain appropriate representations from management.**	
10	**The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the terms of the audit engagement.**	3	**The auditor should obtain audit evidence that management acknowledges its responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework, and has approved the financial statements.**	

Gelöscht: **, in particular where applicable, whether the financial statements are fairly presented (or, give a true and fair view) in accordance with the applicable financial reporting framework**

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	**The auditor shall request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned.**	2	**The auditor should obtain appropriate representations from management.**	
17	**In particular, if written representations are inconsistent with other audit evidence, the auditor shall perform audit procedures to attempt to resolve the matter. If the matter remains unresolved, the auditor shall reconsider the assessment of the competence, integrity, ethical values or diligence of management, or of its commitment to or enforcement of these, and shall determine the effect that this may have on the reliability of representations (oral or written) and audit evidence in general.**	9	**If a representation by management is contradicted by other audit evidence, the auditor should investigate the circumstances and, when necessary, reconsider the reliability of other representations made by management.**	
19	**If management does not provide one or more of the requested written representations, the auditor shall:** **(a) Discuss the matter with management;** **(b) Reevaluate the integrity of management and evaluate the effect that this may have on the reliability of representations (oral or written) and audit evidence in general; and** **(c) Take appropriate actions, including determining the possible effect on the opinion in the auditor's report in accordance with [proposed] ISA 705 (Revised and Redrafted), having regard to the requirement in paragraph 20 of this ISA.**	15	**If management refuses to provide a representation that the auditor considers necessary, this constitutes a scope limitation and the auditor should express a qualified opinion or a disclaimer of opinion.**	
20	**The auditor shall disclaim an opinion on the financial statements in accordance with [proposed] ISA 705 (Revised and Redrafted) if:** **(a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations required by paragraphs 10 and 11 are not reliable; or** **(b) Management does not provide the written representations required by paragraphs 10 and 11.**	15	**If management refuses to provide a representation that the auditor considers necessary, this constitutes a scope limitation and the auditor should express a qualified opinion or a disclaimer of opinion.**	

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 600 "SPECIAL CONSIDERATIONS – AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)"

Note: ISA 600 was revised thoroughly rather than being closely aligned to the extant ISA 600 (from 18 paragraphs in total of the extant ISA 600 to 50 paragraphs of requirements and 66 paragraphs of application material). The extent of the revisions mean that this standard in particular will result in a change in audit approach in most cases. This analysis includes additional conforming amendments from standards approved by the IAASB thereafter.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
8	**The objectives of the auditor are:** **(a) To determine whether to act as the auditor of the group financial statements;** **(b) To communicate clearly with component auditors about the scope and timing of their work on financial information related to components and their findings; and** **(c) To obtain sufficient appropriate audit evidence about the financial information of the components and the consolidation process to express an opinion whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	

1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 600

New para.	Text	Comments	Effect rating
9 (a)	**Component – An entity or business activity for which group or component management prepares financial information that should be included in the group financial statements.**		
9 (b)	**Component auditor – An auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit.**		
9 (c)	**Component management – Management responsible for preparing the financial information of a component.**		
9 (d)	**Component materiality – The materiality for a component determined by the group engagement team.**		
9 (e)	**Group – All the components whose financial information is included in the group financial statements. A group always has more than one component.**		
9 (f)	**Group audit – The audit of group financial statements.**		
9 (g)	**Group audit opinion – The audit opinion on the group financial statements.**		
9 (h)	**Group engagement partner – The partner or other person in the firm who is responsible for the group audit engagement and its performance, and for the auditor's report on the group financial statements that is issued on behalf of the firm. Where joint auditors conduct the group audit, the joint engagement partners and their engagement teams collectively constitute the group engagement partner and the group engagement team.**		

9 (i)	**Group engagement team – Partners, including the group engagement partner, and staff who establish the overall group audit strategy, communicate with component auditors, perform work on the consolidation process, and evaluate the conclusions drawn from the audit evidence as the basis for forming an opinion on the group financial statements.**		
9 (j)	**Group financial statements – Financial statements that include the financial information of more than one component. The term "group financial statements" also refers to combined financial statements aggregating the financial information prepared by components that have no parent but are under common control.**		
9 (k)	**Group management – Management responsible for preparing and presenting the group financial statements.**		
9 (l)	**Group-wide controls – Controls designed, implemented and maintained by group management over group financial reporting.**		
9 (m)	**Significant component – A component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial statements.**		
10.1	**Reference to "the applicable financial reporting framework" means the financial reporting framework that applies to the group financial statements.**		
10.2	**Reference to "the consolidation process" includes:** **(a) The recognition, measurement, presentation, and disclosure of the financial information of the components in the group financial statements by way of consolidation, proportionate consolidation, or the equity or cost methods of accounting; and** **(b) The aggregation in combined financial statements of the financial information of components that have no parent but are under common control.**		

2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

New requirements arising from revision – increase in work effort/ audit quality

Requirement para.	Text	Comments	Effect rating
11	**The group engagement partner is responsible for the direction, supervision and performance of the group audit engagement in compliance with professional standards and regulatory and legal requirements, and whether the auditor's report that is issued is appropriate in the circumstances. As a result, the auditor's report on the group financial statements shall not refer to a component auditor, unless required by law or regulation to include such reference. If such reference is required by law or regulation, the auditor's report shall indicate that the reference**	Change in approach. New requirement.	

	does not diminish the group engagement partner's or the group engagement partner's firm's responsibility for the group audit opinion.		
20	**When a component auditor does not meet the independence requirements that are relevant to the group audit, or the group engagement team has serious concerns about the other matters listed in paragraph 19(a)-(c), the group engagement team shall obtain sufficient appropriate audit evidence relating to the financial information of the component without requesting that component auditor to perform work on the financial information of that component.**	This situation was not covered in extant ISA 600, however, the general requirement of paragraph 8 of extant ISA 600 may have covered this, albeit less specifically. To the extent this was not the case, this new requirement would result in increased work effort.	
21	**The group engagement team shall determine the following:** **(a) Materiality for the group financial statements as a whole when establishing the overall group audit strategy.** **(b) If in the specific circumstances of the group, there are particular classes of transactions, account balances or disclosures in the group financial statements for which misstatements of lesser amounts than materiality for the group financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the group financial statements the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.** **(c) Component materiality for those components where component auditors will perform an audit or a review for purposes of the group audit. To reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the group financial statements exceeds materiality for the group financial statements as a whole, component materiality shall be lower than materiality for the group financial statements as a whole.** **(d) The threshold above which misstatements cannot be regarded as clearly trivial to the group financial statements.**	New requirement to reflect new approach.	
22	**Where component auditors will perform an audit for purposes of the group audit, the group engagement team shall evaluate the appropriateness of performance materiality determined at the component level.**	New requirement to reflect new approach.	
23	**When a component is subject to audit by statute, regulation or other reason, and the group engagement team decides to use that audit to provide audit evidence for the group audit, the group engagement team shall determine whether:**	New requirement to reflect new approach.	

	(a) materiality for the component financial statements as a whole; and **(b) performance materiality at the component level meet the requirements of this ISA.**		
26	**For a component that is significant due to its individual financial significance to the group, the group engagement team, or a component auditor on its behalf, shall perform an audit of the financial information of the component using component materiality.**	New stipulation	
27	**For a component that is significant because it is likely to include significant risks of material misstatement of the group financial statements due to its specific nature or circumstances, the group engagement team, or a component auditor on its behalf, shall perform one or more of the following:** **(a) An audit of the financial information of the component using component materiality.** **(b) An audit of one or more account balances, classes of transactions or disclosures relating to the likely significant risks of material misstatement of the group financial statements.** **(c) Specified audit procedures relating to the likely significant risks of material misstatement of the group financial statements.**	New stipulation.	
28	**For components that are not significant components, the group engagement team shall perform analytical procedures at group level.**	New stipulation may result in a decrease in work effort in some cases.	
29	**If the group engagement team does not consider that sufficient appropriate audit evidence on which to base the group audit opinion will be obtained from:** **(a) The work performed on the financial information of significant components;** **(b) The work performed on group-wide controls and the consolidation process; and** **(c) The analytical procedures performed at group level,** **the group engagement team shall select components that are not significant components and shall perform, or request a component auditor to perform, one or more of the following on the financial information of the individual components selected:** • **An audit of the financial information of the component using component materiality.** • **An audit of one or more account balances, classes of transactions or disclosures.** • **A review of the financial information of the component using component materiality.** • **Specified procedures.** **The group engagement team shall vary the selection of components over a period of time.**	New stipulation.	
30	**When a component auditor performs an audit of the financial information of a significant component, the group engagement team shall be involved in the component auditor's risk assessment to identify significant risks**	New stipulation.	

	of material misstatement of the group financial statements. The nature, timing and extent of this involvement are affected by the group engagement team's understanding of the component auditor, but at a minimum shall include: **(a) Discussing with the component auditor or component management those of the component's business activities that are significant to the group;** **(b) Discussing with the component auditor the susceptibility of the component to material misstatement of the financial information due to fraud or error; and** **(c) Reviewing the component auditor's documentation of identified significant risks of material misstatement of the group financial statements. Such documentation may take the form of a memorandum that reflects the component auditor's conclusion with regard to the identified significant risks.**		
31	**When significant risks of material misstatement of the group financial statements have been identified in a component on which a component auditor performs the work, the group engagement team shall evaluate the appropriateness of the further audit procedures to be performed to respond to the identified significant risks of material misstatement of the group financial statements. Based on its understanding of the component auditor, the group engagement team shall determine whether it is necessary to be involved in the further audit procedures.**	New stipulation.	
32	**In accordance with paragraph 17, the group engagement team obtains an understanding of group-wide controls and the consolidation process, including the instructions issued by group management to components. In accordance with paragraph 25, the group engagement team, or component auditor at the request of the group engagement team, tests the operating effectiveness of group-wide controls if the nature, timing and extent of the work to be performed on the consolidation process are based on an expectation that group-wide controls are operating effectively, or when substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level.**	New stipulation.	
33	**The group engagement team shall design and perform further audit procedures on the consolidation process to respond to the assessed risks of material misstatement of the group financial statements arising from the consolidation process. This shall include evaluating whether all components have been included in the group financial statements.**	New stipulation.	
34	**The group engagement team shall evaluate the appropriateness, completeness and accuracy of consolidation adjustments and reclassifications, and shall evaluate whether any fraud risk factors or indicators of possible management bias exist.**	New stipulation.	

35	**If the financial information of a component has not been prepared in accordance with the same accounting policies applied to the group financial statements, the group engagement team shall evaluate whether the financial information of that component has been appropriately adjusted for purposes of preparing and presenting the group financial statements.**	New stipulation.	
36	**The group engagement team shall determine whether the financial information identified in the component auditor's communication (see paragraph 41(c)) is the financial information that is incorporated in the group financial statements.**	New stipulation.	
37	**If the group financial statements include the financial statements of a component with a financial reporting period-end that differs from that of the group, the group engagement team shall evaluate whether appropriate adjustments have been made to those financial statements in accordance with the applicable financial reporting framework.**	New stipulation.	
38	**Where the group engagement team or component auditors perform audits on the financial information of components, the group engagement team or the component auditors shall perform procedures designed to identify events at those components that occur between the dates of the financial information of the components and the date of the auditor's report on the group financial statements, and that may require adjustment to or disclosure in the group financial statements.**	New stipulation.	
39	**Where component auditors perform work other than audits of the financial information of components, the group engagement team shall request the component auditors to notify the group engagement team if they become aware of subsequent events that may require an adjustment to or disclosure in the group financial statements.**	New stipulation.	
40	**The group engagement team shall communicate its requirements to the component auditor on a timely basis. This communication shall set out the work to be performed, the use to be made of that work, and the form and content of the component auditor's communication with the group engagement team. It shall also include the following:**	See present tense text extant ISA 600.9(b).	
	(a) A request that the component auditor, knowing the context in which the group engagement team will use the work of the component auditor, confirms that the component auditor will cooperate with the group engagement team. (Ref: para. A59)	See present tense text extant ISA 600.9(a).	
	(b) The ethical requirements that are relevant to the group audit and, in particular, the independence requirements.	New stipulation.	
	(c) In the case of an audit or review of the financial information of the component, component materiality (and, if applicable, the materiality level or le-	New stipulation.	

	vels for particular classes of transactions, account balances or disclosures) and the threshold above which misstatements cannot be regarded as clearly trivial to the group financial statements. **(d) Identified significant risks of material misstatement of the group financial statements, due to fraud or error, that are relevant to the work of the component auditor. The group engagement team shall request the component auditor to communicate on a timely basis any other identified significant risks of material misstatement of the group financial statements, due to fraud or error, in the component, and the component auditor's responses to such risks.** **(e) A list of related parties prepared by group management, and any other related parties of which the group engagement team is aware. The group engagement team shall request the component auditor to communicate on a timely basis related parties not previously identified by group management or the group engagement team. The group engagement team shall determine whether to identify such additional related parties to other component auditors.**	New stipulation.	
41	**The group engagement team shall request the component auditor to communicate matters relevant to the group engagement team's conclusion with regard the group audit. Such communication shall include:** **(a) Whether the component auditor has complied with ethical requirements that are relevant to the group audit, including independence and professional competence;** **(b) Whether the component auditor has complied with the group engagement team's requirements;** **(c) Identification of the financial information of the component on which the component auditor is reporting;** **(d) Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements;** **(e) A list of uncorrected misstatements of the financial information of the component (the list need not include misstatements that are below the threshold for clearly trivial misstatements communicated by the group engagement team (see paragraph 40(c));** **(f) Indicators of possible management bias;** **(g) Description of any identified significant deficiencies in internal control at the component level;** **(h) Other significant matters that the component auditor communicated or expects to communicate to those charged with governance of the component, including fraud or suspected fraud involving component management, employees who have significant roles in internal control at the component level or**	New stipulation.	

Gelöscht: relevant to the audit

	others where the fraud resulted in a material misstatement of the financial information of the component; **(i) Any other matters that may be relevant to the group audit, or that the component auditor wishes to draw to the attention of the group engagement team, including exceptions noted in the written representations that the component auditor requested from component management; and** **(j) The component auditor's overall findings, conclusions or opinion.**		
44	**The auditor is required to obtain sufficient appropriate audit evidence on which to base the audit opinion. The group engagement team shall evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed on the consolidation process and the work performed by the group engagement team and the component auditors on the financial information of the components, on which to base the group audit opinion.**	New stipulation.	
45	**The group engagement partner shall evaluate the effect on the group audit opinion of any uncorrected misstatements (either identified by the group engagement team or communicated by component auditors) […] and any instances where there has been an inability to obtain sufficient appropriate audit evidence**	New stipulation. See above extant bold paragraph 16.	
48	**A component auditor may be required by statute, regulation or for another reason, to express an audit opinion on the financial statements of a component. In that case, the group engagement team shall request group management to inform component management of any matter of which the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware. If group management refuses to communicate the matter to component management, the group engagement team shall discuss the matter with those charged with governance of the group. If the matter remains unresolved, the group engagement team, subject to legal and professional confidentiality considerations, shall consider whether to advise the component auditor not to issue the auditor's report on the financial statements of the component until the matter is resolved.**	New requirement.	

49	**The group engagement team shall communicate the fol-**	New specifications.	

	lowing matters with those charged with governance of the group, in addition to those required by ISA 260 (Revised and Redrafted) and other ISAs: **(a) An overview of the type of work to be performed on the financial information of the components.** **(b) An overview of the nature of the group engagement team's planned involvement in the work to be performed by the component auditors on the financial information of significant components.** **(c) Instances where the group engagement team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.** **(d) Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted.** **(e) Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.**		
50	**In meeting the documentation requirements in ISA 230 (Redrafted) and other ISAs, the group engagement team shall also document the following matters:** **(a) An analysis of components, indicating those that are significant, and the type of work performed on the financial information of the components.** **(b) The nature, timing and extent of the group engagement team's involvement in the work performed by the component auditors on significant components including, where applicable, the group engagement team's review of relevant parts of the component auditors' audit documentation and conclusions thereon.** **(c) Written communications between the group engagement team and the component auditors about the group engagement team's requirements.**	New specification. [NOTE: Extant ISA 600 sets forth other documentation using present tense text (extant ISA 600.14)].	

3.2 New requirements from other ISAs

Requirements arising from revision that are not new – but constitute more detailed specification

Requirement para.	Text	Comments	Effect rating
13	**If the group engagement partner concludes that:** **it will not be possible for the group engagement team to obtain sufficient appropriate audit evidence due to restrictions imposed by group management; and** **the possible effect of this inability will result in a disclaimer of opinion on the group financial statements** **the group engagement partner shall either:** **in the case of a new engagement, not accept the engagement, or, in the case of a continuing engagement, resign from the engagement; or** **where law or regulation prohibits an auditor from declin-**	New stipulations for ISA 600 but already covered by ISA 210.	

	ing or resigning from an engagement, having performed the audit of the group financial statements to the extent possible, disclaim an opinion on the group financial statements.		
14	**The group engagement partner shall agree on the terms of the group audit engagement in accordance with ISA 210.**	Specifies who performs the requirement already in ISA 210.	
15	**The group engagement team shall establish an overall group audit strategy and shall develop a group audit plan in accordance with ISA 300 (Redrafted)**	Specifies who performs the requirement already in ISA 300.	
16	**The group engagement partner shall review the overall group audit strategy and group audit plan.**	Specifies who performs the requirement already in ISA 300.	
17	**The auditor is required to identify and assess the risks of material misstatement through obtaining an understanding of the entity and its environment. The group engagement team shall:** **Enhance its understanding of the group, its components, and their environments, including group-wide controls, obtained during the acceptance or continuance stage, and** **Obtain an understanding of the consolidation process, including the instructions issued by group management to components**	New requirement for ISA 600, due to change in approach. However, a group auditor with sole responsibility would already have had to do this in accordance with ISA 315.	
18	**The group engagement team shall obtain an understanding that is sufficient to:** **Confirm or revise its initial identification of components that are likely to be significant; and** **Assess the risks of material misstatement of the group financial statements, whether due to fraud or error.**	New requirement for ISA 600, due to change in approach. However, a group auditor with sole responsibility would already have had to do this in accordance with ISA 315.	
24	**The auditor is required to design and implement appropriate responses to address the assessed risks of material misstatement of the financial statements. The group engagement team shall determine the type of work to be performed by the group engagement team, or the component auditors on its behalf, on the financial information of the components (see paragraphs 26-29). The group engagement team shall also determine the nature, timing and extent of its involvement in the work of the component auditors (see paragraphs 30-31).**	New requirement to reflect new approach in ISA 600, although would be required under ISA 330.	
25	**If the nature, timing and extent of the work to be performed on the consolidation process or the financial information of the components are based on an expectation that group-wide controls are operating effectively, or when substantive procedures alone cannot provide sufficient appropriate audit evidence at the assertion level, the group engagement team shall test, or request a component auditor to test, the operating effectiveness of those controls.**	New requirement to reflect new approach in ISA 600, although would be required under ISA 330.	
43	**If the group engagement team concludes that the work of**	New stipulation, although	

	the component auditor is insufficient, the group engagement team shall determine what additional procedures are to be performed, and whether they are to be performed by the component auditor or by the group engagement team.	implied by bold paragraph of extant ISA 600.16.	
46	**The group engagement team shall determine which identified deficiencies in internal control to communicate to those charged with governance and group management in accordance with ISA 265. In making this determination, the group engagement team shall consider:** **(a) Deficiencies in group-wide internal control that the group engagement team has identified;** **(b) Deficiencies in internal control that the group engagement team has identified in internal controls at components and judges are of significance to the group; and** **(c) Deficiencies in internal control that component auditors have brought to the attention of the group engagement team.**	This clarifies the responsibility of the group engagement team vs. that of component auditors. This aspect was not previously addressed in ISA 600, although this reflects requirements of extant ISA 260.11, extant ISA 240.99 et seq. re fraud and extant ISA 315.120. It also includes a new requirement –based on the requirement in paragraph 7 of [proposed] ISA 265	
47	**If fraud has been identified by the group engagement team or brought to its attention by a component auditor (see paragraph 41(h)), or information indicates that a fraud may exist, the group engagement team shall communicate this on a timely basis to the appropriate level of group management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities.**	New stipulation in ISA 600, but already required by ISA 240.93 et seq.	

Gelöscht: make

Gelöscht: aware, on a timely basis and at an appropriate level of responsibility, of

Gelöscht: All d

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Gelöscht: (other than those that are clearly trivial)

Gelöscht: , unless

Gelöscht: <#>The group engagement team has obtained sufficient appropriate audit evidence about the operating effectiveness of other group-wide controls that would prevent, or detect and correct, misstatements arising from the identified deficiencies; or ¶
<#>It would be inappropriate to communicate directly to group management in the circumstances.¶
Significant d

Gelöscht: Significant d

Gelöscht: identified in internal controls at components and

Gelöscht: that the group engagement team judges are of significance to the group

Gelöscht: The auditor shall determine whether these matters are significant deficiencies in the group's internal control for purposes of communication identified significant deficiencies in internal control to those charged with governance in accordance with [proposed] ISA 265.

Gelöscht: New requirement –based on the requirement in paragraph 7 of [proposed] ISA 265

3.3 New requirements – elevation of present tense sentences

N/a, given the extent of the revision of this ISA.

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
12	**In applying [proposed] ISA 220 (Redrafted), the group engagement partner shall determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained in relation to the consolidation process and the financial information of the components on which to base the group audit opinion. For this purpose, the group engagement team shall obtain an understanding of the group, its components, and their environments that is sufficient to identify components that are likely to be significant components. Where component auditors will perform work on the financial information of such components, the group engagement partner shall evaluate whether the group engagement team will be able to be involved in the work of those component auditors to the extent necessary to obtain sufficient appropriate audit evidence.**	6	**The auditor should consider whether the auditor's own participation is sufficient to be able to act as the principal auditor.** Note: the increase in work effort, if any, would probably be limited, since present tense sentences within extant ISA 600.6 refer to these as factors the auditor would consider.	
45	**The group engagement partner shall evaluate the effect on the group audit opinion of** [...] any uncorrected misstatements (either identified by the group engagement team or communicated by component auditors) and [...] **any instances where there has been an inability to obtain sufficient appropriate audit evidence.**	16	**When the principal auditor concludes that the work of the other auditor cannot be used and the principal auditor has not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditor, the principal auditor should express a qualified opinion or disclaimer of opinion because there is a limitation in the scope of the audit.**	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
19	**When the group engagement team plans to request a component auditor to perform work on the financial information of a component, the group engagement team shall obtain an understanding of the following:** (a) Whether the component auditor understands and will comply with the ethical requirements that are rele-	7	**When planning to use the work of another auditor, the principal auditor should consider the professional competence of the other auditor in the context of the specific assignment.** [NOTE: This is similar to present tense text in extant ISA 600.9(a) see below.]	

	vant to the group audit and, in particular, is independent; (b) **The component auditor's professional competence;** (c) Whether the group engagement team will be able to be involved in the work of the component auditor to the extent necessary to obtain sufficient appropriate audit evidence; and (d) Whether the component auditor operates in a regulatory environment that actively oversees auditors.		**Cf. above.** [Note the remainder represents increased specification of aspects of the understanding the group engagement team is required to obtain.]	
42	The group engagement team shall evaluate the component auditor's communication (see paragraph 41). **The group engagement team shall:** **(a) Discuss significant matters arising from that evaluation with the component auditor, component management or group management, as appropriate; and** **(b) Determine whether it is necessary to review other relevant parts of the component auditor's audit documentation. (Ref: para. A61)**	12	**The principal auditor should consider the significant findings of the other auditor.**	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comments	Effect rating
2	**When the principal auditor uses the work of another auditor, the principal auditor should determine how the work of the other auditor will affect the audit.**	Approach now changed role of the group audit team from passive to active in determining work to be performed by component auditors.	
8	**The principal auditor should perform procedures to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate for the principal auditor's purposes, in the context of the specific assignment.**	Approach now changed. The group engagement team is required to develop a group audit plan and request the component auditor to perform specific work.	
15	**The other auditor, knowing the context in which the principal auditor will use the other auditor's work, should cooperate with the principal auditor.**	Requirements for component auditors are not covered.	
18	While compliance with the guidance in the preceding paragraphs is considered desirable, the local regulations of some countries permit a principal auditor to base the audit opinion on the financial statements taken as a whole solely upon the report of another auditor regarding the audit of one or more components. **When the principal auditor does so, the principal auditor's report should state this**	Approach now changed.	

	fact clearly and should indicate the magnitude of the portion of the financial statements audited by the other auditor.		

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 610 “USING THE WORK OF INTERNAL AUDITORS“

Gelöscht: Note: ISA 610 is not yet issued in a finalized version. Analysis is therefore based on agenda item 6 (Updated) including conforming amendments, IAASB June 2008, which has yet to be approved by the PIOB. ¶

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the external auditor, where the entity has an internal audit function that the external auditor has determined is likely to be relevant to the audit, are to determine:** **(a) Whether, and to what extent, to use specific work of the internal auditors; and** **(b) If so, whether such work is adequate for the purposes of the audit.**	2	**The external auditor should consider the activities of internal auditing and their effect, if any, on external audit procedures.**	

2 Definitions

2.1 New definitions – not included in extant ISA 610

New para.	Text	Comments	Effect rating
7 (a)	**Internal audit function – An appraisal activity established or provided as a service to the entity. Its functions include, amongst other things, examining, evaluating and monitoring the adequacy and effectiveness of internal control.**	New term defined.	
7 (b)	**Internal auditors – Those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	In determining the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor’s procedures, the external auditor shall consider:		
	(a) The nature and scope of specific work performed, **or to be performed**, by the internal auditors;	New text.	
	(b) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and		
	(c) **The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal audi-**	New text.	

	tors in support of the relevant assertions.		
9	In determining whether the work of the internal auditors is likely to be adequate for purposes of the audit, the external auditor shall evaluate: (a) The objectivity of the internal audit function; (b) The technical competence of the internal auditors; (c) Whether the work of the internal auditors is likely to be carried out with due professional care; and (d) **Whether there is likely to be effective communication between the internal auditors and the external auditor.**	New text.	
13	**When the external auditor uses specific work of the internal auditors, the external auditor shall document conclusions regarding the evaluation of the adequacy of the work of the internal auditors, and the audit procedures performed by the external auditor on that work, in accordance with paragraph 11.**	New text.	

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3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
8	**The external auditor shall determine:** (a) **Whether the work of the internal auditors is likely to be adequate for purposes of the audit; and** (b) **If so, the planned effect of the work of the internal auditors on the nature, timing or extent of the external auditor's procedures.**	10.2 and 12	
9	In determining whether the work of the internal auditors is likely to be adequate for purposes of the audit, the external auditor shall evaluate: (a) **The objectivity of the internal audit function;** (b) **The technical competence of the internal auditors;** (c) **Whether the work of the internal auditors is likely to be carried out with due professional care; and** (d) Whether there is likely to be effective communication between the internal auditors and the external auditor.	13	
10	In determining the planned effect of the work of the inter-		

Gelöscht: the

	nal auditors on the nature, timing or extent of the external auditor's procedures, the external auditor shall consider: (a) **The nature and scope of specific work performed,** or to be performed**, by the internal auditors;** (b) The assessed risks of material misstatement at the assertion level for particular classes of transactions, account balances, and disclosures; and (c) The degree of subjectivity involved in the evaluation of the audit evidence gathered by the internal auditors in support of the relevant assertions.	17	
12	**To determine the adequacy of specific work performed by the internal auditors for the external auditor's purposes, the external auditor shall evaluate whether:** **(a) The work was performed by internal auditors having adequate technical training and proficiency;** **(b) The work was properly supervised, reviewed and documented;** **(c) Adequate audit evidence has been obtained to enable the internal auditors to draw reasonable conclusions;** **(d) Conclusions reached are appropriate in the circumstances and any reports prepared by the internal auditors are consistent with the results of the work performed; and** **(e) Any exceptions or unusual matters disclosed by the internal auditors are properly resolved.**	12 and 17	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 620 "USING THE WORK OF AN AUDITOR'S EXPERT"

Note: ISA 620 was revised and redrafted. The main changes relevant to cost/benefit considerations arise from the revision, in particular the fact that the standard now deals with auditor's experts (and not management's experts where the work may already have been performed before the auditor becomes involved) so that the auditor determines in advance the nature, scope and objectives of the expert's work for the purposes of the audit.

Note: ISA 620 was finalized by the IAASB subsequent to the initial issuance of this appendix. Analysis is based on agenda item 13-C (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

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Gelöscht: has been used as a basis for this analysis

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are:** **(a) To determine whether to use the work of an auditor's expert; and** **(b) If using the work of an auditor's expert, to determine whether that work is adequate for the auditor's purposes.**	2	**When using the work performed by an expert, the auditor should obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.**	

2 Definitions

2.1 New definitions – not included in extant ISA 620

New para.	Text	Comments	Effect rating
6(a)	**Auditor's expert –** An individual or organization possessing expertise in a field other than accounting or auditing, **whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert.**		
6 (b)	**Expertise –Skills, knowledge and experience in a particular field.**		
6 (c)	**Management's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial statements.**		

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (a)	**Auditor's expert – An individual or organization possessing expertise in a field other than accounting or auditing, [...].**	3	**"Expert" means a person or firm possessing special skill, knowledge and experience in a particular field other than accounting and auditing.**	

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
8	**The nature, timing and extent of the auditor's procedures with respect to the requirements in paragraphs 9-13 of this ISA will vary depending on the circumstances. In determining the nature, timing and extent of those procedures, the auditor shall consider matters including:** **(a) The nature of the matter to which that expert's work relates;** **(b) The risks of material misstatement in the matter to which that expert's work relates;** **(c) The significance of that expert's work in the context of the audit;** **(d) The auditor's knowledge of and experience with previous work performed by that expert; and** **(e) Whether that expert is subject to the auditor's firm's quality control policies and procedures.**	New requirement.	
10	**The auditor shall obtain a sufficient understanding of the field of expertise of the auditor's expert to enable the auditor to:** **(a) Determine the nature, scope and objectives of that expert's work for the auditor's purposes; and** **(b) Evaluate the adequacy of that work for the auditor's purposes.**	New requirement.	
11	**The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert:** (a) The nature, scope and objectives of that expert's work; (b) **The respective roles and responsibilities of the auditor and that expert;** (c) **The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert; and** (d) **The need for the auditor's expert to observe confidentiality requirements.**	New requirement.	
15	**If the auditor makes reference to the work of an auditor's expert in the auditor's report because such reference is relevant to an understanding of a modification to the auditor's opinion, the auditor shall indicate in the auditor's report that such reference does not reduce the auditor's responsibility for that opinion.**	New requirement.	
	(a)		

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Gelöscht: In the case of an internal expert, the nature and extent of relevant

Gelöscht: , including, for example, the responsibility of the auditor's expert to respect the confidentiality of information

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Gelöscht: 16

Gelöscht: Where the agreement required by paragraph 11 of this ISA is: ¶
<#> In writing, the auditor shall retain or refer to a copy of the written agreement as part of the audit documentation; or ¶
Not in writing, the auditor shall document the matters agreed to.

Gelöscht: New requirement.

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Comments	Effect rating
7	**If expertise in a field other than accounting or auditing is**	Based on extant present	

	necessary to obtain sufficient appropriate audit evidence, the auditor shall determine whether to use the work of an auditor's expert.	tense text para. 7.	
11	The auditor shall agree, in writing when appropriate, on the following matters with the auditor's expert: (a) **The nature, scope and objectives of that expert's work;** (b) The respective roles and responsibilities of the auditor and that expert; (c) The nature, timing and extent of communication between the auditor and that expert, including the form of any report to be provided by that expert. (d) The need for the auditor's expert to observe confidentiality requirements.	Based on present tense text para. 11.2.	

Gelöscht: , including, for example, the responsibility of the auditor's expert to respect the confidentiality of information

Gelöscht: and

3.4 Changed requirements - based on basic principle or essential procedure

Bold lettered sentences that have become requirements similar in terms of work effort

New para.	Text	Bold lettered (old para.)	Text	Effect rating
9	The auditor shall evaluate whether the auditor's expert has the necessary competence, capabilities and objectivity for the auditor's purposes. In the case of an auditor's external expert, the evaluation of objectivity **shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity.**	8 and 9	When planning to use the work of an expert, the auditor should evaluate the professional competence of the expert. The auditor should evaluate the objectivity of the expert. **Additional specification of the requirement.**	
13	If the auditor determines that the work of the auditor's expert is not adequate for the auditor's purposes, the auditor shall: **(a) Agree with that expert on the nature and extent of further work to be performed by that expert; or** **(b) Perform further audit procedures appropriate to the circumstances.**	15	If the results of the expert's work do not provide sufficient appropriate audit evidence or if the results are not consistent with other audit evidence, the auditor should resolve the matter. **Additional specification of the requirement.**	
14	The auditor shall not refer to the work of an auditor's expert in an auditor's report containing an unmodified opinion unless required by law or regulation to do so. If such reference is required by law or regulation, **the auditor shall indicate in the auditor's report that the reference does not reduce the auditor's responsibility for the audit opinion**.	16	When issuing an unmodified auditor's report, the auditor should not refer to the work of an expert. Additional specification of the requirement.	

Bold lettered sentences that have become requirements with increased work effort

New para.	Text	Bold lettered	Text	Effect rating

		(old para.)		
12	The auditor shall evaluate the adequacy of the auditor's expert's work for the auditor's purposes, including:	11 12	The auditor should obtain sufficient appropriate audit evidence that the scope of the expert's work is adequate for the purposes of the audit. The auditor should evaluate the appropriateness of the expert's work as audit evidence regarding the assertion being considered.	
	(a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other audit evidence;		**Added specification** (consistency check was previously implied).	
	(b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and		New additional requirement.	
	(c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data			

3.5 Deleted requirements – basic principle or essential procedure removed

None.

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISA 700 "FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS"

Note: ISA 700 is not yet finalized. Analysis is therefore based on agenda item 5-B (Updated) including conforming amendments, IAASB September 2008 together with subsequent conforming amendments resulting from ISA 210 determined at the IAASB meeting in December 2008.

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

New para.	Text	Old bold text para.	Text	Effect rating
6	**The objectives of the auditor are to:** **(a) Form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and** **(b) Express clearly that opinion through a written report that also describes the basis for the opinion.**	4	**The auditor's report should contain a clear expression of the auditor's opinion on the financial statements.**	

2 Definitions

2.1 New definitions – not included in extant ISA 700

New para.	Text	Comments	Effect rating
7 (a)	**General purpose financial statements – Financial statements prepared in accordance with a general purpose framework.**	New text.	
7 (b)	**General purpose framework – A financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.** **The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:** **(i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or** **(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such departures are expected to be necessary only in extremely rare circumstances.** **The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.**	New text.	

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7 (c)	**Unmodified opinion – The opinion expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	New text.	
8	**Reference to “financial statements” in this ISA means “a complete set of general purpose financial statements, including the related notes.” The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework determine the form and content of the financial statements, and what constitutes a complete set of financial statements.**	New text.	
9	**Reference to “International Financial Reporting Standards” in this ISA means the International Financial Reporting Standards issued by the International Accounting Standards Board, and reference to “International Public Sector Accounting Standards” means the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.**	New text.	

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2.2 Definitions based on present tense text in the extant ISA

N/a.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
10	**The auditor shall form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	Previously implicit requirement.	
12.2	The auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework. **This evaluation shall include consideration of the qualitative aspects of the entity’s accounting practices, including indicators of possible bias in management’s judgments.**	Text is new to ISA 700.	
15	**The auditor shall evaluate whether the financial statements adequately refer to or describe the applicable financial reporting framework.**	Not specifically required by extant ISA 700.	
18	**If financial statements prepared in accordance with the requirements of a fair presentation framework do not achieve fair presentation, the auditor shall discuss the matter with management and, depending on the requirements of the applicable financial reporting framework and how the matter is resolved, shall determine whether it is necessary to modify the opinion in the auditor’s report in accordance with ISA 705 (Revised and Redrafted).**	New text but not covered in extant ISA 700.	18
19	**When the financial statements are prepared in accordance with a compliance framework, the auditor is not required to evaluate whether the financial statements**	New text but not covered in extant ISA 700.	19

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	achieve fair presentation. However, if in extremely rare circumstances the auditor concludes that such financial statements are misleading, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine whether, and how, to communicate it in the auditor's report.		
27	**Where the financial statements are prepared in accordance with a fair presentation framework, the explanation of management's responsibility for the financial statements in the auditor's report shall refer to "the preparation and fair presentation of these financial statements" or "the preparation of financial statements that give a true and fair view," as appropriate in the circumstances.**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	
32	**Where the financial statements are prepared in accordance with a fair presentation framework, the description of the audit in the auditor's report shall refer to "the entity's preparation and fair presentation of the financial statements in" or "the entity's preparation of financial statements that give a true and fair view," as appropriate in the circumstances.**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	
36	**When expressing an unmodified opinion on financial statements prepared in accordance with a compliance framework, the auditor's opinion shall be that the financial statements are prepared, in all material respects, in accordance with [the applicable financial reporting framework].**	Extant ISA 700 did not differentiate between fair presentation and compliance frameworks.	

3.2 New requirements from other ISAs

New requirements arising from clarity redrafting

Requirement para.	Text	Comment	Effect rating
13	In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework:		
	(a) **The financial statements adequately disclose the significant accounting policies selected and applied;**	New text. Stems from extant ISA 330.65.	
	(b) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate;		
	(c) The accounting estimates made by management are reasonable;		
	(d) The information presented in the financial statements is relevant, reliable, comparable and understandable;		
	(e) The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and		
	(f) **The terminology used in the financial statements, including the title of each financial statement, is ap-**	New text stems from ISA 330.65.	

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Gelöscht: accordance with [the applicable financial reporting framework], including their fair presentation

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	propriate.		
17	**If the auditor:** **(a) concludes that, based on the audit evidence obtained, the financial statements as a whole are not free from material misstatement; or** **(b) is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement,** **the auditor shall modify the opinion in the auditor's report in accordance with ISA 705 (Revised and Redrafted).**	Not in extant ISA 700, but based on ISA 200.49. Based on extant ISA 330.72.	

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
11	**In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. That conclusion shall take into account:** **(a) The auditor's conclusion, in accordance with ISA 330 (Redrafted), whether sufficient appropriate audit evidence has been obtained;** **(b) The auditor's conclusion, in accordance with ISA 450 (Revised and Redrafted), whether uncorrected misstatements are material, individually or in aggregate; and** **(c) The evaluations required by paragraphs 12-15.**	12	
12.1	**The auditor shall evaluate whether the financial statements are prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework.** This evaluation shall include consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgments.	13.1	
13	**In particular, the auditor shall evaluate whether, in view of the requirements of the applicable financial reporting framework:** (a) The financial statements adequately disclose the significant accounting policies selected and applied; (b) **The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate;** (c) **The accounting estimates made by management are reasonable;** (d) **The information presented in the financial statements is relevant, reliable, comparable and understandable;** (e) **The financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements; and** (f) The terminology used in the financial statements,	New (see above). 13(a) 13(b) 13(c) 13(d)	

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	including the title of each financial statement, is appropriate.	New (see above).	
14	**When the financial statements are prepared in accordance with a fair presentation framework, the evaluation required by paragraphs 12-13 shall also include whether the financial statements achieve fair presentation. The auditor's evaluation as to whether the financial statements achieve fair presentation shall include consideration of:** **(a) The overall presentation, structure and content of the financial statements; and** **(b) Whether the financial statements, including the related notes, represent the underlying transactions and events in a manner that achieves fair presentation.**	Based on 14.1 14.3 14.4	
16	**The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.**	Based on 42	
24.2	**The auditor's report need not refer specifically to "management," but shall use the term that is appropriate in the context of the legal framework in the particular jurisdiction. In some jurisdictions, the appropriate reference may be to those charged with governance.**	31	
44	**An auditor may be required to conduct an audit in accordance with the auditing standards of a specific jurisdiction (the "national auditing standards"), but may additionally have complied with the ISAs in the conduct of the audit. If this is the case, the auditor's report may refer to International Standards on Auditing in addition to the national auditing standards, but the auditor shall do so only if:** **(a) There is no conflict between the requirements in the national auditing standards and those in ISAs that would lead the auditor (i) to form a different opinion, or (ii) not to include an Emphasis of Matter paragraph that, in the particular circumstances, is required by ISAs; and [...].**	Based on 63	
46 (part)	If supplementary information that is not required by the applicable financial reporting framework is presented with the audited financial statements, the auditor shall evaluate whether such supplementary information is clearly differentiated from the audited financial statements. If such supplementary information is not clearly differentiated from the audited financial statements, **the auditor shall ask management to change how the unaudited supplementary information is presented. If management refuses to do so,** the auditor shall explain in the auditor's report that such supplementary information has not been audited.	68	

47	**Supplementary information that is not required by the applicable financial reporting framework but is neverthe-**	68	

Gelöscht: and presented

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	less an integral part of the financial statements because it cannot be clearly differentiated from the audited financial statements due to its nature and how it is presented shall be covered by the auditor's opinion.		

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Comment	Effect rating
25	**The auditor's report shall include a section with the heading "Management's [or other appropriate term] Responsibility for the Financial Statements."**	Required inclusion of sub-titles is new (previously examples included headings).	
26	The auditor's report shall describe management's responsibility for the preparation of the financial statements. The description shall include an explanation that management is responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework, and for **such** internal control **as it determines is necessary to enable the** preparation of financial statements that are free from material misstatement, whether due to fraud or error.	This paragraph is based on the bold lettered text of paragraph 28 of extant ISA 700. However, redrafting of subsequent ISAs, and in particular [proposed] ISA 210, which have led to changes in the way responsibility for internal control is described.	
28	**The auditor's report shall include a section with the heading "Auditor's Responsibility."**	Required inclusion of sub-titles is new (previously examples included headings).	
34	**The auditor's report shall include a section with the heading "Opinion."**	Required inclusion of sub-titles is new (previously examples included headings).	
38	If the auditor addresses other reporting responsibilities in the auditor's report on the financial statements that are in addition to the auditor's responsibility under the ISAs to report on the financial statements, these other reporting responsibilities shall be addressed in a separate section in the auditor's report **that shall be sub-titled "Report on Other Legal and Regulatory Requirements," or otherwise as appropriate to the content of the section.**	Required inclusion of sub-titles is new (previously examples included headings).	
39	**If the auditor's report contains a separate section on other reporting responsibilities, the headings, statements and explanations referred to in paragraphs 23-37 shall be under the sub-title "Report on the Financial Statements." The "Report on Other Legal and Regulatory Requirements" shall follow the "Report on the Financial Statements."**	Required inclusion of sub-titles is new (previously examples included headings).	

3.5 Deleted requirements – basic principle or essential procedure removed

Old bold text para.	Text	Comment	Effect rating
39	**An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.**	No longer necessary as this ISA only deals with these circumstances.	
62	**The auditor's report should refer to the audit having been conducted in accordance with the International Standards on Auditing only when the auditor has complied fully with all of the International Standards on Auditing relevant to the audit.**	No longer necessary in ISA 700 – see para. 44 in conjunction with ISA 200.20.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Revised and Redrafted ISA 706 "EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER(S) PARAGRAPHS IN THE INDEPENDENT AUDITOR'S REPORT"

Note: Comparison has been made to the relevant parts of ISA 701 in the IAASB 2008 Handbook.

Gelöscht: ISA 706 has not yet been issued in a finalized version. This analysis is based on agenda item 14 (Updated) including conforming amendments, IAASB June 2008, which has not yet been approved by the PIOB.

1 Objectives

1.1 New text for the objectives

Objective para.	Text	Effect rating
4	**The objective of the auditor, having formed an opinion on the financial statements is to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report, to:** **(a) A matter, although appropriately presented or disclosed in the financial statements, that is of such importance that it is fundamental to users' understanding of the financial statements, or** **(b) As appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.**	

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1.2 Basic principles and essential procedures that have become objectives

N/a.

2 Definitions

2.1 New definitions – not included in extant ISA 701

New para.	Text	Comments	Effect rating
5 (a)	**Emphasis of Matter paragraph – A paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.**	New definition.	
5 (b)	**Other Matter paragraph – A paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.**	New definition.	

2.2 Definitions based on present tense text in the extant ISA

None.

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
6	**If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report provided the auditor has obtained sufficient appropriate audit evidence that the matter is not mate-**	New requirement.	

	rially misstated in the financial statements. Such a paragraph shall refer only to information presented or disclosed in the financial statements.		
7	When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall: (a) Include it immediately after the Opinion paragraph in the auditor's report; (b) **Use the heading "Emphasis of Matter," or other appropriate heading;**	New requirement.	
8	**If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report and this is not prohibited by law or regulation, the auditor shall do so in a paragraph in the auditor's report, with the heading "Other Matter," or other appropriate heading. The auditor shall include this paragraph immediately after the Opinion paragraph and any Emphasis of Matter paragraph, or elsewhere in the auditor's report if the content of the Other Matter paragraph is relevant to the Other Reporting Responsibilities section**	New requirement. Improves the quality of reporting. (Previously other matters were included as an emphasis of matter. See extant ISA 701.10).	
9	**If the auditor expects to include an Emphasis of Matter or an Other Matter paragraph in the auditor's report, the auditor shall communicate with those charged with governance regarding this expectation, and the proposed wording of this paragraph.**	New requirement.	

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

New para.	Text	Present tense (old para.)	Text	Effect rating
7(a)-(c)	**When the auditor includes an Emphasis of Matter paragraph in the auditor's report, the auditor shall:** (a) **Include it immediately after the Opinion paragraph in the auditor's report;** (b) Use the heading "Emphasis of Matter," or other appropriate heading; (c) **Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements; and**	5	In certain circumstances, an auditor's report may be modified by adding an emphasis of matter paragraph to highlight a matter affecting the financial statements which is included in a note to the financial statements that more extensively discusses the matter. The addition of such an emphasis of matter paragraph does not affect the auditor's opinion. The paragraph would preferably be included after the paragraph containing the auditor's opinion but before the section on any other reporting responsibilities, if any. The emphasis of matter paragraph would ordinarily refer to the fact that the auditor's opinion is not qualified in this respect.	
7(d)	(d) **Indicate that the auditor's opinion is not modified in respect of the matter emphasized.**	8	An illustration of an emphasis of matter paragraph for a significant uncertainty in an auditor's report follows: *Without qualifying our opinion we draw attention to Note X to the financial statements. The Company is the defendant in a lawsuit alleging infringement of certain patent rights and claiming royalties and punitive damages. The Company has filed a counter action, and preliminary hearings and discovery proceedings on both actions are in progress. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.*	

3.4 Changed requirements - based on basic principle or essential procedure

None.

3.5 Deleted requirements – basic principle or essential procedure removed

Bold lettered (old para.)	Text	Comment	Effect rating
6	**The auditor should modify the auditor's report by adding a paragraph to highlight a material matter regarding a going concern problem.**	Now required by ISA 570(Redrafted).19.	
7	**The auditor should consider modifying the auditor's report by adding a paragraph if there is a significant uncertainty (other than a going concern problem), the resolution of which is dependent upon future events and which may affect the financial statements.**	Now revised to require the auditor to use professional judgment. Application material (A1) includes uncertainties as examples of possible matters.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? $\boxed{-3}$ $\boxed{-2}$ $\boxed{-1}$ $\boxed{0}$ $\boxed{1}$ $\boxed{2}$ $\boxed{3}$

Redrafted ISA 710 "COMPARATIVE INFORMATION – CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS"

Note: ISA 710 was finalized by the IAASB subsequent to the initial issuance of this appendix. Analysis is based on agenda item 6-C (Updated) including conforming amendments from the IAASB meeting in September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: has not been

Gelöscht: has been used as a basis for this analysis

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1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
5	**The objectives of the auditor are:** **(a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements has been presented, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and** **(b) To report in accordance with the auditor's reporting responsibilities.**	2	**The auditor should determine whether the comparatives comply in all material respects with the financial reporting framework applicable to the financial statements being audited.**	

Gelöscht: prepared

Gelöscht: findings, using the approach to comparative information required in the circumstances

2 Definitions

2.1 New definitions – not included in extant ISA 710

New para.	Text	Comments	Effect rating
5 (a)	**Comparative information – The amounts and disclosures included in the financial statements in respect of one or more prior periods in accordance with the applicable financial reporting framework.**	New term defined.	

2.2 Definitions based on present tense text in the extant ISA

New para.	Text	Old text para.	Text	Effect rating
6 (b)	**Corresponding figures – Comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial statements, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.**	3 (a)	Corresponding figures where amounts and other disclosures for the preceding period are included as part of the current period financial statements, and are intended to be read in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures" for the purpose of this ISA). These corresponding figures are not presented as complete financial statements capable of standing alone, but are an integral part of the current period financial statements intended to be read only in relationship to the current period figures.	
6 (c)	**Comparative financial statements – Comparative information where amounts and other disclosures for the prior period are included for comparison with the financial statements of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial statements is comparable with that of the financial statements of the current period.**	3 (b)	Comparative financial statements where amounts and other disclosures for the preceding period are included for comparison with the financial statements of the current period, but do not form part of the current period financial statements.	

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Gelöscht: considered separate financial statements on which an audit opinion is expressed

3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comment	Effect rating
9	**As required by ISA 580 (Revised and Redrafted), the auditor shall request written representations for all periods referred to in the auditor's opinion. The auditor shall also obtain a specific written representation regarding any restatements made to correct a material misstatement in prior period financial statements that affect the comparative information.**	New requirement.	

Gelöscht: report

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
7	The auditor shall determine whether the financial statements include the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. **For this purpose, the auditor shall evaluate whether:** **(a) The comparative information agrees with the amounts and other disclosures presented in the**	6.2	

	prior period or, when appropriate, have been restated; and **(b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed.**		
8	**If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, the auditor shall perform such additional audit procedures as are necessary in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists.** If the auditor had audited the prior period's financial statements, the auditor shall also follow the relevant requirements of ISA 560 (Redrafted). If the prior period financial statements are amended, the auditor shall determine that the comparative information agrees with the amended financial statements.	9	
10	When corresponding figures are presented, the auditor's opinion shall not refer to the corresponding figures **except in the circumstances described in paragraphs 11, 12 and 14.**	11	
14	If the prior period financial statements were not audited, the auditor shall state in an Other Matter paragraph in the auditor's report that the corresponding figures are unaudited**. Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.**	18	
18	**If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification,** the auditor shall, communicate the misstatement with the appropriate level of management and those charged with governance and request that the predecessor auditor be informed. If the prior period financial statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period.	27	

Gelöscht: corresponding figures

19	If the prior period financial statements were not audited,		

	the auditor shall state in an Other Matter paragraph that the comparative financial statements are unaudited. **Such a statement does not, however, relieve the auditor of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect of the current period's financial statements.**	30.2	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Bold text (old para.)	Effect rating
18	If the auditor concludes that a material misstatement exists that affects the prior period financial statements on which the predecessor auditor had previously reported without modification, the auditor shall, communicate the misstatement with the appropriate level of management **and those charged with governance and request that the predecessor auditor be informed**. If the prior period financial statements are amended, and the predecessor auditor agrees to issue a new auditor's report on the amended financial statements of the prior period, the auditor shall report only on the current period.	28 See below.	

3.5 Deleted requirements – basic principle or essential procedure removed

Bold letter para. in extant ISA 710	Text	Comment	Effect rating
19	**In situations where the incoming auditor identifies that the corresponding figures are materially misstated, the auditor should request management to revise the corresponding figures or if management refuses to do so, appropriately modify the report.**	Removed as covered in ISAs 705, 706.	
20	**The auditor should obtain sufficient appropriate audit evidence that the comparative financial statements meet the requirements of the applicable financial reporting framework.**	Deleted but covered by requirement in para. 6.	
28	In these circumstances, the incoming auditor should discuss the matter with management **and, after having obtained management's authorization, contact the predecessor auditor and propose that the prior period financial statements be restated.** If the predecessor agrees to reissue the auditor's report on the restated financial statements of the prior period, the auditor should follow the guidance in paragraph 26.	Requirement to inform the predecessor auditor directly now removed. The auditor is now required to request that the predecessor auditor be informed.	
31	**In situations where the incoming auditor identifies that the prior year unaudited figures are materially misstated, the auditor should request management to revise the prior year's figures or if management refuses to do so, appropriately modify the report.**	Removed as covered in ISAs 705, 706.	

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Redrafted ISQC 1 "QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF FINANCIAL STATEMENTS, AND OTHER ASSURANCE AND RELATED SERVICES ENGAGEMENTS"

Note: ISQC 1 was finalized subsequent to the initial issuance of this appendix. Analysis is based on agenda item 10-F (Updated) including conforming amendments, IAASB September 2008, since the due process does not allow for further changes in content between this version and the final version issued on December 15, 2008.

Gelöscht: is not yet

Gelöscht: therefore

1 Objectives

1.1 New text for the objectives

N/a.

1.2 Basic principles and essential procedures that have become objectives

Basic principles and essential procedures that have become objectives

Objective para.	Text	Old bold text para.	Text	Effect rating
11	**The objective of the firm is to establish and maintain a system of quality control to provide it with reasonable assurance that:** **(a) The firm and its personnel comply with professional standards and regulatory and legal requirements; and** **(b) Reports issued by the firm or engagement partners are appropriate in the circumstances.**	3	**The firm should establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partners are appropriate in the circumstances.**	

2 Definitions

2.1 New definitions – not included in extant ISQC 1

New para.	Text	Comments	Effect rating
12 (a)	**Date of report – The date selected by the practitioner to date the report.**	New text.	
12 (l)	**Network – A larger structure:** **(i) That is aimed at cooperation, and** **(ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.**	New text.	
12 (q)	**Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) together with national requirements that are more restrictive.**	New text.	

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2.2 Definitions based on present tense text in the extant ISQC

New para.	Text	Old text para.	Text	Effect rating
12 (d)	Engagement quality control review – A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report. **The engagement quality control review process is for audits of financial statements of listed entities, and those other engagements, if any, for which the firm has determined an engagement quality control review is required.**	6 (c)	Engagement quality control review – A process designed to provide an objective evaluation, before the report is issued of the significant judgments the engagement team made and the conclusions they reached in formulating the report. **New text.**	
12 (e)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, **none of whom is part of the engagement team**, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the report.	6 (d)	Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, **before the report is issued,** the significant judgments the engagement team made and the conclusions they reached in formulating the report.	
12 (f)	Engagement team – **All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm, who perform assurance procedures on the engagement. This excludes external experts engaged by the firm or a network firm.**	6 (e)	"Engagement team" – **all personnel performing an engagement, including any experts contracted by the firm in connection with that engagement.**	
12 (k)	**Network firm – A firm or entity that belongs to a network.**	6 (j)	**"Network firm" – an entity that under common control, ownership or management with the firm or any entity that a reasonable and informed third party having all knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally**.	
12 (o)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services, and relevant ethical requirements.	6 (m)	Professional standards – IAASB Engagement Standards, as defined in the IAASB's "Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services," and relevant ethical requirements, **which ordinarily comprise Parts A and B of the IFAC Code and relevant national ethical requirements**.	

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Gelöscht: a practitioner's external expert

Gelöscht: Practitioner's expert – An individual or organization possessing expertise in a field other than accounting or auditing, whose work in that field is used by the practitioner to assist the practitioner in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's external expert (who is engaged, not employed, by the practitioner), or a practitioner's internal expert.

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3 Requirements

3.1 New requirements – not previously in extant ISAs

Requirement para.	Text	Comments	Effect rating
13	**Personnel within the firm responsible for establishing and maintaining the firm's system of quality control shall have an understanding of the entire text of this ISQC, including its application and other explanatory material, to understand its objective and to apply its requirements properly [...].**	Sets authority.	
14	**The firm shall comply with each requirement of this ISQC unless, in the circumstances of the firm, the requirement is not relevant to the services provided in respect of audits and reviews of financial statements, and other assurance and related services engagements.**	Sets authority, however this may be interpreted as more stringent than extant ISQC 1, paragraphs 4 and 5.	
15	**The requirements are designed to enable the firm to achieve the objective stated in this ISQC. The proper application of the requirements is therefore expected to provide a sufficient basis for the achievement of the objective. However, because circumstances vary widely and all such circumstances cannot be anticipated, the firm shall consider whether there are particular matters or circumstances that require the firm to establish policies and procedures in addition to those required by this ISQC to meet the stated objective.**	Sets authority, however this may be interpreted as more stringent than extant ISQC 1, paragraphs 4 and 5.	
25	The firm shall establish policies and procedures: (a) Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; and (b) Requiring for audits of financial statements of listed entities, the rotation of the engagement partner **and the individuals responsible for engagement quality control review, and where applicable, others subject to rotation requirements,** after a specified period in compliance with relevant ethical requirements.	New specification added to the existing bold lettered text in extant ISQC 1.25.	

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Gelöscht: For all audits of financial statements of listed entities, r

3.2 New requirements from other ISAs

None.

3.3 New requirements – elevation of present tense sentences

Requirement para.	Text	Present tense (old para.)	Effect rating
27(b)	Such policies and procedures shall require: **(b) If a potential conflict of interest is identified in accepting an engagement from a new or an existing client, the firm to determine whether it is appropriate to accept the engagement**.	32	
32	The firm shall establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances. **Such policies and procedures shall include:** **(a) Matters relevant to promoting consistency in the quality of engagement performance;** **(b) Supervision responsibilities; and** **(c) Review responsibilities.**	47.1 47.1 49.1 50.1	
33	**The firm's review responsibility policies and procedures shall be determined on the basis that work of less experienced team members is reviewed by more experienced engagement team members.**	50.1	
34	The firm shall establish policies and procedures designed to provide it with reasonable assurance that: (a) Appropriate consultation takes place on difficult or contentious matters; (b) Sufficient resources are available to enable appropriate consultation to take place; (c) The nature and scope of, and conclusions resulting from, such consultations are documented **and are agreed by both the individual seeking consultation and the individual consulted**; and (d) Conclusions resulting from consultations are implemented**.**	56.1	
37	**The firm shall establish policies and procedures to require the engagement quality control review to include:** (a) **Discussion of significant matters with the engagement partner;** (b) **Review of the financial statements or other subject matter information and the proposed report;** (c) **Review of selected engagement documentation relating to significant judgments the engagement team made and the conclusions it reached**; and (d) Evaluation of the conclusions reached in formulating the report and **consideration of whether the proposed report is appropriate**.	64	
38	**For audits of financial statements of listed entities, the firm shall establish policies and procedures to require the engagement quality control review to also include consideration of the following:** **(a) The engagement team's evaluation of the firm's independence in relation to the specific engage-**	65 (note only 2 of the 8 bullet points are elevated to requirements)	

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	ment; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached.		
40	**The firm shall establish policies and procedures designed to maintain the objectivity of the engagement quality control reviewer.**	70.1	
41	**The firm's policies and procedures shall provide for the replacement of the engagement quality control reviewer where the reviewer's ability to perform an objective review may be impaired.**	71.4	
48	The firm shall establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. This process shall: (a) Include an ongoing consideration and evaluation of the firm's system of quality control including, on a cyclical basis, inspection of at least one completed engagement for each engagement partner; (b) **Require responsibility for the monitoring process to be assigned to a partner or partners or other persons with sufficient and appropriate experience and authority in the firm to assume that responsibility; and** (c) **Require that those performing the engagement or the engagement quality control review are not involved in inspecting the engagements.**	78.2 78.1 76.1 79.2	
54	**Some firms operate as part of a network and, for consistency, may implement some of their monitoring procedures on a network basis. Where firms within a network operate under common monitoring policies and procedures designed to comply with this ISQC, and these firms place reliance on such a monitoring system, the firm's policies and procedures shall require that:** (a) At least annually, the network communicate the overall scope, extent and results of the monitoring process to appropriate individuals within the network firms; and (b) **The network communicate promptly any identified deficiencies in the system of quality control to appropriate individuals within the relevant network firm or firms so that the necessary action can be taken,** **in order that engagement partners in the network firms can rely on the results of the monitoring process implemented within the network, unless the firms or the network advise otherwise.**	87	

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55	The firm shall establish policies and procedures designed to provide it with reasonable assurance that it deals appropriately with: (a) Complaints and allegations that the work performed by the firm fails to comply with professional standards and regulatory and legal requirements; and (b) Allegations of non-compliance with the firm's system of quality control. **As part of this process, the firm shall establish clearly defined channels for firm personnel to raise any concerns in a manner that enables them to come forward without fear of reprisals. (Ref: para. A68)**	91	
56	**If during the investigations into complaints and allegations, deficiencies in the design or operation of the firm's quality control policies and procedures or non-compliance with the firm's system of quality control by an individual or individuals are identified, the firm shall take appropriate actions as set out in paragraph 51.**	93	
58	**The firm shall establish policies and procedures that require retention of documentation for a period of time sufficient to permit those performing monitoring procedures to evaluate the firm's compliance with its system of quality control, or for a longer period if required by law or regulation.**	97	
59	**The firm shall establish policies and procedures requiring documentation of complaints and allegations and the responses to them.**	92.4	

3.4 Changed requirements - based on basic principle or essential procedure

Requirement para.	Text	Old bold text para.	Text	Effect rating
36	The firm shall establish policies and procedures setting out the nature, timing and extent of an engagement quality control review. **Such policies and procedures shall require that the engagement report not be dated until the completion of the engagement quality control review.**	61	**The firm's policies and procedures should require the completion of the engagement quality control review before the report is issued.**	
42	The firm shall establish policies and procedures on documentation of the engagement quality control review which require documentation that: (a) The procedures required by the firm's policies on engagement quality control review have been performed; (b) The engagement quality control review has been completed **on or before the date of the report; and** (c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that	73	**Policies and procedures on documentation of the engagement quality control review should require documentation that:** **(a) The procedures required by the firm's policies on engagement quality control review have been performed;** **(b) The engagement quality control review has been completed before the report is issued; and** **(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that**	

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	the significant judgments the engagement team made and the conclusions it reached were not appropriate.		**the significant judgments the engagement team made and the conclusions they reached were not appropriate.**	
44	Such policies and procedures shall require that: (a) Conclusions reached be documented and implemented; and (b) The report not be **dated** until the matter is resolved.	58.2	**The report, should not be issued until the matter is resolved.**	

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3.5 Deleted requirements – basic principle or essential procedure removed

None

4 Overall rating of potential effects

How do you rate the changes to this ISA in terms of costs overall? -3 -2 -1 0 1 2 3

Appendix 5: Qualitative Analysis

Appendix 5.1: **Audit Firms**

Audit Firm: Size

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Big Four	23	71,9	71,9
	Mid Tier	9	28,1	100,0
	Total	32	100,0	

Audit Firm: Region

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	South-East	8	25,0	25,0
	West	24	75,0	100,0
	Total	32	100,0	

Audit Firm: Country

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	CZ	1	3,1	3,1
	DE	5	15,6	18,8
	DK	6	18,8	37,5
	ES	1	3,1	40,6
	F	6	18,8	59,4
	HUN	1	3,1	62,5
	NL	1	3,1	65,6
	PL	5	15,6	81,3
	UK	6	18,8	100,0
	Total	32	100,0	

Audit Firm: I.A

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	3,1	3,1
	National standards are adopted ISAs with translation	5	15,6	18,8
	National standards are transposed ISAs (minor differences)	20	62,5	81,3
	National standards are based upon the ISAs (significant differences)	4	12,5	93,8
	National standards not based upon the ISAs	2	6,3	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: I.A	missing	Count	1	0	1
		% within Audit Firm: I.A	100,0%	,0%	100,0%
		% within Audit Firm: Size	4,3%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	National standards are adopted ISAs with translation	Count	3	2	5
		% within Audit Firm: I.A	60,0%	40,0%	100,0%
		% within Audit Firm: Size	13,0%	22,2%	15,6%
		% of Total	9,4%	6,3%	15,6%
	National standards are transposed ISAs (minor differences)	Count	13	7	20
		% within Audit Firm: I.A	65,0%	35,0%	100,0%
		% within Audit Firm: Size	56,5%	77,8%	62,5%
		% of Total	40,6%	21,9%	62,5%
	National standards are based upon the ISAs (significant differences)	Count	4	0	4
		% within Audit Firm: I.A	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	National standards not based upon the ISAs	Count	2	0	2
		% within Audit Firm: I.A	100,0%	,0%	100,0%
		% within Audit Firm: Size	8,7%	,0%	6,3%
		% of Total	6,3%	,0%	6,3%

	Total	Count	23	9	32
		% within Audit Firm: I.A	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: I.A	missing	Count	1	0	1
		% within Audit Firm: I.A	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	National standards are adopted ISAs with translation	Count	3	2	5
		% within Audit Firm: I.A	60,0%	40,0%	100,0%
		% within Audit Firm: Region	37,5%	8,3%	15,6%
		% of Total	9,4%	6,3%	15,6%
	National standards are transposed ISAs (minor differences)	Count	1	19	20
		% within Audit Firm: I.A	5,0%	95,0%	100,0%
		% within Audit Firm: Region	12,5%	79,2%	62,5%
		% of Total	3,1%	59,4%	62,5%
	National standards are based upon the ISAs (significant differences)	Count	1	3	4
		% within Audit Firm: I.A	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	National standards not based upon the ISAs	Count	2	0	2
		% within Audit Firm: I.A	100,0%	,0%	100,0%
		% within Audit Firm: Region	25,0%	,0%	6,3%
		% of Total	6,3%	,0%	6,3%
	Total	Count	8	24	32
		% within Audit Firm: I.A	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: I.B

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	3,1	3,1
	National auditing standards (as described above)	4	12,5	15,6
	National auditing standards (as described above) and additional firm practices	3	9,4	25,0
	International Standards on Auditing currently effective	1	3,1	28,1
	Both national auditing standards (as described above) and ISAs currently effective	1	3,1	31,3
	Both national auditing standards (as described above) and ISAs currently effective and additional firm practices	22	68,8	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: I.B	missing	Count	1	0	1
		% within Audit Firm: I.B	100,0%	,0%	100,0%
		% within Audit Firm: Size	4,3%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	National auditing standards (as described above)	Count	1	3	4
		% within Audit Firm: I.B	25,0%	75,0%	100,0%
		% within Audit Firm: Size	4,3%	33,3%	12,5%
		% of Total	3,1%	9,4%	12,5%
	National auditing standards (as described above) and additional firm practices	Count	2	1	3
		% within Audit Firm: I.B	66,7%	33,3%	100,0%
		% within Audit Firm: Size	8,7%	11,1%	9,4%
		% of Total	6,3%	3,1%	9,4%
	International Standards on Auditing currently effective	Count	0	1	1
		% within Audit Firm: I.B	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Both national auditing standards (as described above) and ISAs currently effective	Count	0	1	1
		% within Audit Firm: I.B	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Both national auditing standards (as described above) and ISAs currently effective and additional firm practices	Count	19	3	22
		% within Audit Firm: I.B	86,4%	13,6%	100,0%
		% within Audit Firm: Size	82,6%	33,3%	68,8%
		% of Total	59,4%	9,4%	68,8%
	Total	Count	23	9	32
		% within Audit Firm: I.B	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: I.B	missing	Count	1	0	1
		% within Audit Firm: I.B	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	National auditing standards (as described above)	Count	1	3	4
		% within Audit Firm: I.B	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	National auditing standards (as described above) and additional firm practices	Count	0	3	3
		% within Audit Firm: I.B	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	12,5%	9,4%
		% of Total	,0%	9,4%	9,4%
	International Standards on Auditing currently effective	Count	0	1	1
		% within Audit Firm: I.B	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Both national auditing standards (as described above) and ISAs currently effective	Count	1	0	1
		% within Audit Firm: I.B	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	Both national auditing standards (as described above) and ISAs currently effective and additional firm practices	Count	5	17	22
		% within Audit Firm: I.B	22,7%	77,3%	100,0%
		% within Audit Firm: Region	62,5%	70,8%	68,8%
		% of Total	15,6%	53,1%	68,8%
	Total	Count	8	24	32
		% within Audit Firm: I.B	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: I.D

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	3,1	3,1
	Firm audit practices will not be amended to reflect all clarified ISAs in the future unless they are adopted by the EU or incorporated into national auditing standards.	2	6,3	9,4
	Firm audit practices will be amended to partly reflect clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	2	6,3	15,6
	Firm audit practices will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	27	84,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: I.D	missing	Count	1	0	1
		% within Audit Firm: I.D	100,0%	,0%	100,0%
		% within Audit Firm: Size	4,3%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	Firm audit practices will not be amended to reflect all clarified ISAs in the future unless they are adopted by the EU or incorporated into national auditing standards.	Count	1	1	2
		% within Audit Firm: I.D	50,0%	50,0%	100,0%
		% within Audit Firm: Size	4,3%	11,1%	6,3%
		% of Total	3,1%	3,1%	6,3%
	Firm audit practices will be amended to partly reflect clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	Count	0	2	2
		% within Audit Firm: I.D	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	Firm audit practices will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	Count	21	6	27
		% within Audit Firm: I.D	77,8%	22,2%	100,0%
		% within Audit Firm: Size	91,3%	66,7%	84,4%
		% of Total	65,6%	18,8%	84,4%
	Total	Count	23	9	32
		% within Audit Firm: I.D	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: I.D	missing	Count	0	1	1
		% within Audit Firm: I.D	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Firm audit practices will not be amended to reflect all clarified ISAs in the future unless they are adopted by the EU or incorporated into national auditing standards.	Count	1	1	2
		% within Audit Firm: I.D	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	Firm audit practices will be amended to partly reflect clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	Count	1	1	2
		% within Audit Firm: I.D	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	Firm audit practices will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU or not incorporated in the national auditing standards.	Count	6	21	27
		% within Audit Firm: I.D	22,2%	77,8%	100,0%
		% within Audit Firm: Region	75,0%	87,5%	84,4%
		% of Total	18,8%	65,6%	84,4%
	Total	Count	8	24	32
		% within Audit Firm: I.D	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: II.21 (overall)

	(1) Changed probability of detecting material misstatements															(2)	(3)	Overall
ISA	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)			
200	0,30	0,22	0,61	0,09	0,04	0,04	0,09	0,00	0,04	-0,04	0,04	0,04	0,04	0,00	0,04	0,22	0,17	**0,14**
210	0,22	0,04	0,26	0,00	0,04	0,17	0,35	-0,04	0,04	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,43	**0,16**
220	0,00	0,00	0,26	0,04	0,26	0,00	0,00	0,00	0,00	0,00	0,04	0,04	0,04	0,00	0,09	0,04	0,00	**0,04**
230	0,00	0,04	0,26	0,00	0,26	0,00	0,00	0,00	0,04	0,00	0,00	0,00	0,00	0,00	0,04	-0,13	0,00	**-0,03**
240	0,22	0,17	0,43	0,00	0,04	0,04	0,00	0,17	0,17	0,00	0,00	0,13	0,04	0,13	0,17	0,22	0,04	**0,14**
250	0,17	0,22	0,39	0,22	0,04	0,00	0,00	0,26	0,04	0,00	0,13	0,17	0,04	0,00	0,09	0,04	0,04	**0,06**
260	0,17	0,04	0,22	0,00	0,00	0,00	0,09	0,04	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,91	**0,32**
265	0,00	0,04	0,09	0,22	0,04	0,00	0,00	0,09	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,17	1,17	**0,45**
300	0,09	0,04	0,26	0,00	0,00	0,00	0,00	0,09	0,09	0,00	0,04	0,04	0,04	0,00	0,04	0,04	0,00	**0,03**
315	0,22	0,09	0,30	0,22	0,00	0,00	0,00	0,39	0,09	0,04	0,22	0,26	0,04	0,00	0,13	0,17	0,00	**0,10**
320	0,04	0,04	0,35	0,22	0,00	0,00	0,00	0,00	0,00	0,30	0,04	0,04	0,04	0,13	0,30	0,13	0,00	**0,14**
330	0,04	0,09	0,26	0,22	0,04	0,00	0,00	0,04	0,13	0,00	0,09	0,04	0,22	0,00	0,13	0,17	0,04	**0,12**
402	0,00	0,04	0,22	0,00	0,00	0,00	0,00	0,35	0,17	0,00	0,30	0,00	0,22	0,22	0,26	0,22	0,13	**0,20**
450	0,04	0,35	0,26	0,39	0,00	0,00	0,04	0,00	0,00	0,22	0,17	0,09	0,00	0,61	0,48	0,17	0,04	**0,23**
500	0,04	0,30	0,26	0,00	0,00	0,00	0,00	0,00	0,04	0,04	0,04	0,04	0,22	0,00	0,04	0,00	0,00	**0,01**
501	0,04	0,04	0,26	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,04	0,00	-0,13	-0,04	0,00	0,00	0,00	**0,00**
505	0,00	0,04	0,26	0,48	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,00	0,22	0,00	0,22	0,00	0,00	**0,07**
510	0,04	0,00	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
520	0,04	0,09	0,30	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,04	0,17	0,00	0,26	0,00	0,00	**0,09**
530	0,00	0,04	0,26	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,00	0,00	0,04	0,00	**0,01**
540	0,04	0,26	0,57	0,17	0,00	0,00	0,00	0,83	0,65	0,00	0,87	1,13	1,00	0,57	0,96	0,52	0,00	**0,49**
550	0,00	0,43	0,52	0,39	0,00	0,00	0,00	1,00	0,22	0,00	0,39	0,30	0,74	0,17	0,83	0,35	0,48	**0,55**
560	0,00	0,00	0,22	0,00	0,00	0,00	0,00	0,00	0,13	0,00	0,00	0,13	0,00	0,00	0,00	0,00	0,04	**0,01**
570	0,04	0,04	0,26	0,04	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	**0,01**
580	0,00	0,26	0,30	0,09	0,00	0,17	0,00	0,04	0,04	0,00	0,04	0,04	0,35	0,17	0,39	0,39	0,17	**0,32**
600	0,39	0,48	0,43	0,39	0,78	0,52	0,26	0,70	0,65	0,78	0,57	0,52	1,30	0,39	1,13	0,70	0,70	**0,84**
610	0,00	0,13	0,26	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,00	0,04	0,04	0,00	0,04	0,00	0,04	**0,03**
620	0,00	0,09	0,43	0,35	0,35	0,00	0,00	0,43	0,22	0,00	0,35	0,39	0,87	0,26	0,57	0,35	0,00	**0,30**
700	0,00	0,00	0,26	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,70	0,59	**0,43**
705	0,04	0,04	0,39	0,39	0,00	0,00	0,00	0,04	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,43	0,57	**0,33**
706	0,04	0,09	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,52	0,65	**0,39**
710	0,00	0,00	0,22	0,17	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,22	0,39	**0,20**
720	0,04	0,00	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,04	0,00	0,04	0,04	**0,03**
Overall	**0,07**	**0,12**	**0,31**	**0,13**	**0,06**	**0,03**	**0,03**	**0,14**	**0,09**	**0,05**	**0,11**	**0,11**	**0,17**	**0,09**	**0,20**	**0,18**	**0,21**	

Audit Firm: II.21 (Big Four)

ISA	(1) Changed probability of detecting material misstatements															(2)	(3)	**Overall**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)			
200	0,00	0,36	0,93	0,00	0,00	0,00	0,00	-0,07	0,00	-0,07	0,00	0,00	0,00	0,00	-0,07	0,00	0,00	**-0,02**
210	0,00	0,00	0,36	0,00	0,00	0,00	0,36	-0,07	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,57	**0,19**
220	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
230	0,00	0,00	0,36	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-0,29	0,00	**-0,10**
240	0,00	0,21	0,36	0,00	0,00	0,00	0,00	0,21	0,00	0,00	0,00	0,21	0,00	0,21	0,21	0,21	0,00	**0,14**
250	0,00	0,29	0,64	0,29	0,00	0,00	0,00	0,36	0,00	0,00	0,00	0,29	0,00	0,00	0,00	0,00	0,00	**0,00**
260	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,14	**0,38**
265	0,00	0,00	0,07	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,64	**0,55**
300	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,07	0,00	0,00	0,00	0,00	0,07	0,00	0,00	0,00	0,00	**0,00**
315	0,00	0,00	0,36	0,29	0,00	0,00	0,00	0,50	0,00	0,00	0,29	0,29	0,00	0,00	0,00	0,00	0,00	**0,00**
320	0,00	0,00	0,36	0,36	0,00	0,00	0,00	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,36	0,00	0,00	**0,12**
330	0,00	0,00	0,36	0,29	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,29	0,00	0,00	0,00	0,00	**0,00**
402	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,57	0,29	0,00	0,29	0,00	0,29	0,36	0,36	0,36	0,00	**0,24**
450	0,00	0,36	0,36	0,64	0,00	0,00	0,00	0,00	0,00	0,36	0,00	0,00	0,00	0,93	0,64	0,29	0,00	**0,31**
500	0,00	0,36	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,29	0,00	0,00	0,00	0,00	**0,00**
501	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-0,29	-0,07	0,00	0,00	0,00	**0,00**
505	0,00	0,00	0,36	0,57	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,29	0,00	0,29	0,00	0,00	**0,10**
510	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
520	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,29	0,00	0,29	-0,07	0,00	**0,07**
530	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
540	0,00	0,29	0,64	0,29	0,00	0,00	0,00	1,36	1,00	0,00	1,36	1,57	1,43	0,93	1,50	0,57	0,00	**0,69**
550	0,00	0,64	0,64	0,64	0,00	0,00	0,00	1,57	0,36	0,00	0,57	0,50	1,14	0,29	1,21	0,29	0,57	**0,69**
560	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
570	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
580	0,00	0,36	0,36	0,00	0,00	0,29	0,00	0,00	0,00	0,00	0,00	0,00	0,57	0,29	0,57	0,57	0,00	**0,38**
600	0,64	0,64	0,64	0,64	1,21	0,86	0,36	1,00	0,93	1,29	0,71	0,64	2,07	0,64	1,57	0,93	1,00	**1,17**
610	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
620	0,00	0,00	0,64	0,57	0,57	0,00	0,00	0,71	0,36	0,00	0,57	0,64	1,21	0,43	0,86	0,50	0,00	**0,45**
700	0,00	0,00	0,36	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,07	0,69	**0,59**
705	0,00	0,00	0,64	0,64	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,71	0,64	**0,45**
706	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,71	0,64	**0,45**
710	0,00	0,00	0,36	0,29	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,29	0,57	**0,29**
720	0,00	0,00	0,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Overall	**0,02**	**0,11**	**0,43**	**0,19**	**0,07**	**0,04**	**0,02**	**0,19**	**0,09**	**0,06**	**0,12**	**0,13**	**0,24**	**0,13**	**0,24**	**0,19**	**0,23**	

Audit Firm: II.21 (Mid Tier)

	(1) Changed probability of detecting material misstatements															(2)	(3)	**Overall**
ISA	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)			
200	0,78	0,00	0,11	0,22	0,11	0,11	0,22	0,11	0,11	0,00	0,11	0,11	0,11	0,00	0,22	0,56	0,44	**0,41**
210	0,56	0,11	0,11	0,00	0,11	0,44	0,33	0,00	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,22	**0,11**
220	0,00	0,00	0,11	0,11	0,67	0,00	0,00	0,00	0,00	0,00	0,11	0,11	0,11	0,00	0,22	0,11	0,00	**0,11**
230	0,00	0,11	0,11	0,00	0,11	0,00	0,00	0,00	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,11	0,00	**0,07**
240	0,56	0,11	0,56	0,00	0,11	0,11	0,00	0,11	0,44	0,00	0,00	0,00	0,11	0,00	0,11	0,22	0,11	**0,15**
250	0,44	0,11	0,00	0,11	0,11	0,00	0,00	0,11	0,11	0,00	0,33	0,00	0,11	0,00	0,22	0,11	0,11	**0,15**
260	0,44	0,11	0,00	0,00	0,00	0,00	0,22	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,56	**0,22**
265	0,00	0,11	0,11	0,00	0,11	0,00	0,00	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,44	0,44	**0,30**
300	0,22	0,11	0,11	0,00	0,00	0,00	0,00	0,11	0,22	0,00	0,11	0,11	0,00	0,00	0,11	0,11	0,00	**0,07**
315	0,56	0,22	0,22	0,11	0,00	0,00	0,00	0,22	0,22	0,11	0,11	0,22	0,11	0,00	0,33	0,44	0,00	**0,26**
320	0,11	0,11	0,33	0,00	0,00	0,00	0,00	0,00	0,00	0,22	0,11	0,11	0,11	0,33	0,22	0,33	0,00	**0,19**
330	0,11	0,22	0,11	0,11	0,11	0,00	0,00	0,11	0,33	0,00	0,22	0,11	0,11	0,00	0,33	0,44	0,11	**0,30**
402	0,00	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,33	0,00	0,11	0,00	0,11	0,00	0,33	**0,15**
450	0,11	0,33	0,11	0,00	0,00	0,00	0,11	0,00	0,00	0,00	0,44	0,22	0,00	0,11	0,22	0,00	0,11	**0,11**
500	0,11	0,22	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,11	0,11	0,11	0,11	0,00	0,11	0,00	0,00	**0,04**
501	0,11	0,11	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,11	0,00	0,11	0,00	0,00	0,00	0,00	**0,00**
505	0,00	0,11	0,11	0,33	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,11	0,00	0,11	0,00	0,00	**0,04**
510	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
520	0,11	0,22	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,11	0,00	0,00	0,22	0,11	0,00	**0,11**
530	0,00	0,11	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,00	0,11	0,00	**0,04**
540	0,11	0,22	0,44	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,11	0,44	0,33	0,00	0,11	0,44	0,00	**0,19**
550	0,00	0,11	0,33	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,11	0,00	0,11	0,00	0,22	0,44	0,33	**0,33**
560	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,33	0,00	0,00	0,33	0,00	0,00	0,00	0,00	0,11	**0,04**
570	0,11	0,11	0,11	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	**0,04**
580	0,00	0,11	0,22	0,22	0,00	0,00	0,00	0,11	0,11	0,00	0,11	0,11	0,00	0,00	0,11	0,11	0,44	**0,22**
600	0,00	0,22	0,11	0,00	0,11	0,00	0,11	0,22	0,22	0,00	0,33	0,33	0,11	0,00	0,44	0,33	0,22	**0,33**
610	0,00	0,33	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,11	0,11	0,00	0,11	0,00	0,11	**0,07**
620	0,00	0,22	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,33	0,00	0,11	0,11	0,00	**0,07**
700	0,00	0,00	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,11	0,44	**0,19**
705	0,11	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,00	0,44	**0,15**
706	0,11	0,22	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,22	0,67	**0,30**
710	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,11	0,11	**0,07**
720	0,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,11	0,00	0,11	0,11	**0,07**
Overall	**0,15**	**0,13**	**0,13**	**0,04**	**0,05**	**0,02**	**0,03**	**0,05**	**0,08**	**0,02**	**0,09**	**0,08**	**0,07**	**0,03**	**0,13**	**0,16**	**0,17**	

Audit Firm: II.21 (West)

	(1) Changed probability of detecting material misstatements															(2)	(3)	**Overall**
ISA	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)			
200	0,26	0,21	0,58	0,05	0,05	0,05	0,05	0,00	0,00	0,00	0,05	0,05	0,05	0,00	0,05	0,26	0,21	**0,18**
210	0,21	0,00	0,21	0,00	0,00	0,21	0,32	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,42	**0,16**
220	0,00	0,00	0,21	0,00	0,32	0,00	0,00	0,00	0,00	0,00	0,05	0,05	0,05	0,00	0,11	0,05	0,00	**0,05**
230	0,00	0,00	0,21	0,00	0,26	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	-0,11	0,00	**-0,02**
240	0,26	0,16	0,42	0,00	0,05	0,05	0,00	0,21	0,21	0,00	0,00	0,16	0,05	0,16	0,21	0,26	0,05	**0,18**
250	0,21	0,26	0,37	0,21	0,05	0,00	0,00	0,26	0,05	0,00	0,16	0,21	0,05	0,00	0,11	0,05	0,05	**0,07**
260	0,21	0,05	0,21	0,00	0,00	0,00	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,95	**0,33**
265	0,00	0,05	0,05	0,21	0,05	0,00	0,00	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,21	1,16	**0,46**
300	0,05	0,05	0,21	0,00	0,00	0,00	0,00	0,05	0,05	0,00	0,05	0,05	0,00	0,00	0,05	0,05	0,00	**0,04**
315	0,21	0,05	0,26	0,21	0,00	0,00	0,00	0,42	0,11	0,05	0,21	0,21	0,05	0,00	0,16	0,21	0,00	**0,12**
320	0,00	0,05	0,37	0,21	0,00	0,00	0,00	0,00	0,00	0,32	0,05	0,00	0,00	0,16	0,32	0,16	0,00	**0,16**
330	0,00	0,11	0,26	0,21	0,05	0,00	0,00	0,05	0,11	0,00	0,05	0,05	0,21	0,00	0,16	0,21	0,05	**0,14**
402	0,00	0,05	0,21	0,00	0,00	0,00	0,00	0,37	0,21	0,00	0,37	0,00	0,21	0,21	0,26	0,21	0,16	**0,21**
450	0,00	0,32	0,21	0,37	0,00	0,00	0,05	0,00	0,00	0,21	0,21	0,05	0,00	0,58	0,47	0,16	0,05	**0,23**
500	0,00	0,26	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,21	0,00	0,05	0,00	0,00	**0,02**
501	0,00	0,00	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	-0,11	0,00	0,00	0,00	0,00	**0,00**
505	0,00	0,05	0,21	0,47	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,21	0,00	0,21	0,00	0,00	**0,07**
510	0,00	0,00	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
520	0,00	0,05	0,26	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,05	0,16	0,00	0,21	0,05	0,00	**0,09**
530	0,00	0,00	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,00	0,05	0,00	**0,02**
540	0,00	0,21	0,53	0,16	0,00	0,00	0,00	0,79	0,63	0,00	0,84	1,11	1,05	0,53	1,00	0,63	0,00	**0,54**
550	0,00	0,42	0,53	0,37	0,00	0,00	0,00	0,95	0,21	0,00	0,37	0,32	0,74	0,21	0,84	0,42	0,47	**0,58**
560	0,00	0,00	0,21	0,00	0,00	0,00	0,00	0,00	0,16	0,00	0,00	0,16	0,00	0,00	0,00	0,00	0,05	**0,02**
570	0,00	0,00	0,26	0,05	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	**0,02**
580	0,00	0,26	0,32	0,11	0,00	0,21	0,00	0,05	0,05	0,00	0,05	0,05	0,32	0,21	0,42	0,42	0,21	**0,35**
600	0,37	0,42	0,37	0,37	0,74	0,53	0,26	0,68	0,68	0,74	0,58	0,58	1,32	0,42	1,16	0,74	0,74	**0,88**
610	0,00	0,11	0,21	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,00	0,05	0,05	0,00	0,05	0,00	0,05	**0,04**
620	0,00	0,05	0,37	0,32	0,32	0,00	0,00	0,42	0,21	0,00	0,42	0,42	0,89	0,21	0,58	0,42	0,00	**0,33**
700	0,00	0,00	0,21	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,68	0,58	**0,42**
705	0,00	0,00	0,37	0,37	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,42	0,58	**0,33**
706	0,00	0,05	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,05	0,00	0,53	0,68	**0,40**
710	0,00	0,00	0,21	0,16	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,16	0,32	**0,16**
720	0,00	0,00	0,21	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Overall	**0,06**	**0,10**	**0,28**	**0,13**	**0,06**	**0,03**	**0,02**	**0,13**	**0,09**	**0,05**	**0,11**	**0,11**	**0,17**	**0,09**	**0,21**	**0,20**	**0,21**	

Audit Firm: II.21 (South East)

ISA	(1) Changed probability of detecting material misstatements															(2)	(3)	**Overall**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)			
200	0,50	0,25	0,75	0,25	0,00	0,00	0,25	0,00	0,25	-0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
210	0,25	0,25	0,50	0,00	0,25	0,00	0,50	-0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	**0,17**
220	0,00	0,00	0,50	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
230	0,00	0,25	0,50	0,00	0,25	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	-0,25	0,00	**-0,08**
240	0,00	0,25	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
250	0,00	0,00	0,50	0,25	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
260	0,00	0,00	0,25	0,00	0,00	0,00	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,75	**0,25**
265	0,00	0,00	0,25	0,25	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,25	**0,42**
300	0,25	0,00	0,50	0,00	0,00	0,00	0,00	0,25	0,25	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	**0,00**
315	0,25	0,25	0,50	0,25	0,00	0,00	0,00	0,25	0,00	0,00	0,25	0,50	0,00	0,00	0,00	0,00	0,00	**0,00**
320	0,25	0,00	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,25	0,00	0,25	0,00	0,00	**0,08**
330	0,25	0,00	0,25	0,25	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,00	0,25	0,00	0,00	0,00	0,00	**0,00**
402	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,25	0,25	0,25	0,25	0,00	**0,17**
450	0,25	0,50	0,50	0,50	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,00	0,75	0,50	0,25	0,00	**0,25**
500	0,25	0,50	0,50	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,25	0,25	0,00	0,00	0,00	0,00	**0,00**
501	0,25	0,25	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	-0,25	-0,25	0,00	0,00	0,00	**0,00**
505	0,00	0,00	0,50	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,00	0,00	**0,08**
510	0,25	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
520	0,25	0,25	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,50	-0,25	0,00	**0,08**
530	0,00	0,25	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
540	0,25	0,50	0,75	0,25	0,00	0,00	0,00	1,00	0,75	0,00	1,00	1,25	0,75	0,75	0,75	0,00	0,00	**0,25**
550	0,00	0,50	0,50	0,50	0,00	0,00	0,00	1,25	0,25	0,00	0,50	0,25	0,75	0,00	0,75	0,00	0,50	**0,42**
560	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
570	0,25	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
580	0,00	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,00	0,25	0,25	0,00	**0,17**
600	0,50	0,75	0,75	0,50	1,00	0,50	0,25	0,75	0,50	1,00	0,50	0,25	1,25	0,25	1,00	0,50	0,50	**0,67**
610	0,00	0,25	0,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
620	0,00	0,25	0,75	0,50	0,50	0,00	0,00	0,50	0,25	0,00	0,00	0,25	0,75	0,50	0,50	0,00	0,00	**0,17**
700	0,00	0,00	0,50	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,75	0,67	**0,47**
705	0,25	0,25	0,50	0,50	0,00	0,00	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,50	**0,33**
706	0,25	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,50	**0,33**
710	0,00	0,00	0,25	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,50	0,75	**0,42**
720	0,25	0,00	0,25	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,25	0,25	**0,17**
Overall	**0,15**	**0,20**	**0,45**	**0,17**	**0,06**	**0,02**	**0,04**	**0,16**	**0,10**	**0,04**	**0,09**	**0,10**	**0,17**	**0,09**	**0,16**	**0,10**	**0,19**	

Audit Firm: II.22

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	20	62,5	62,5
	slight improvement	3	9,4	71,9
	missing	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.22	no change	Count	13	7	20
		% within Audit Firm: II.22	65,0%	35,0%	100,0%
		% within Audit Firm: Size	56,5%	77,8%	62,5%
		% of Total	40,6%	21,9%	62,5%
	slight improvement	Count	1	2	3
		% within Audit Firm: II.22	33,3%	66,7%	100,0%
		% within Audit Firm: Size	4,3%	22,2%	9,4%
		% of Total	3,1%	6,3%	9,4%
	missing	Count	9	0	9
		% within Audit Firm: II.22	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.22	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.22	no change	Count	2	18	20
		% within Audit Firm: II.22	10,0%	90,0%	100,0%
		% within Audit Firm: Region	25,0%	75,0%	62,5%
		% of Total	6,3%	56,3%	62,5%
	slight improvement	Count	2	1	3
		% within Audit Firm: II.22	66,7%	33,3%	100,0%
		% within Audit Firm: Region	25,0%	4,2%	9,4%
		% of Total	6,3%	3,1%	9,4%
	missing	Count	4	5	9
		% within Audit Firm: II.22	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.22	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	23
	Missing	9
	Mean	,13

Audit Firm: Size	Audit Firm: II.22
Big Four	,07
Mid Tier	,22
Total	,13

Audit Firm: Region	Audit Firm: II.22
South-East	,50
West	,05
Total	,13

Audit Firm: II.23

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	6	18,8	18,8
	slight improvement	17	53,1	71,9
	missing	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.23	no change	Count	4	2	6
		% within Audit Firm: II.23	66,7%	33,3%	100,0%
		% within Audit Firm: Size	17,4%	22,2%	18,8%
		% of Total	12,5%	6,3%	18,8%
	slight improvement	Count	10	7	17
		% within Audit Firm: II.23	58,8%	41,2%	100,0%
		% within Audit Firm: Size	43,5%	77,8%	53,1%
		% of Total	31,3%	21,9%	53,1%
	missing	Count	9	0	9
		% within Audit Firm: II.23	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.23	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.23	no change	Count	1	5	6
		% within Audit Firm: II.23	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	slight improvement	Count	3	14	17
		% within Audit Firm: II.23	17,6%	82,4%	100,0%
		% within Audit Firm: Region	37,5%	58,3%	53,1%
		% of Total	9,4%	43,8%	53,1%
	missing	Count	4	5	9
		% within Audit Firm: II.23	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.23	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	23
	Missing	9
	Mean	,74

Audit Firm: Size	Audit Firm: II.23
Big Four	,71
Mid Tier	,78
Total	,74

Audit Firm: Region	Audit Firm: II.23
South-East	,75
West	,74
Total	,74

Audit Firm: II.24

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	1	3,1	3,1
	no change	2	6,3	9,4
	slight improvement	20	62,5	71,9
	missing	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.24	slight impairment	Count	0	1	1
		% within Audit Firm: II.24	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	2	2
		% within Audit Firm: II.24	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight improvement	Count	14	6	20
		% within Audit Firm: II.24	70,0%	30,0%	100,0%
		% within Audit Firm: Size	60,9%	66,7%	62,5%
		% of Total	43,8%	18,8%	62,5%
	missing	Count	9	0	9
		% within Audit Firm: II.24	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%

	Total	Count	23	9	32
		% within Audit Firm: II.24	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.24	slight impairment	Count	0	1	1
		% within Audit Firm: II.24	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	2	2
		% within Audit Firm: II.24	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	8,3%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight improvement	Count	4	16	20
		% within Audit Firm: II.24	20,0%	80,0%	100,0%
		% within Audit Firm: Region	50,0%	66,7%	62,5%
		% of Total	12,5%	50,0%	62,5%
	missing	Count	4	5	9
		% within Audit Firm: II.24	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.24	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	23
	Missing	9
	Mean	,83

Audit Firm: Size	Audit Firm: II.24
Big Four	1,00
Mid Tier	,56
Total	,83

Audit Firm: Region	Audit Firm: II.24
South-East	1,00
West	,79
Total	,83

Audit Firm: II.25

	N	Mean
Audit Firm: II.25 Risk of professional sanctions/Changed client selection	23	-,22
Audit Firm: II.25 Risk of professional sanctions/Changed terms of engagement	23	,00
Audit Firm: II.25 Risk of professional sanction/Changed audit quality	23	-,09
Audit Firm: II.25 Liability risk/Changed client selection	23	-,22
Audit Firm: II.25 Liability risk/Changed terms of engagement	23	,04
Audit Firm: II.25 Liability risk/Changed audit quality	23	-,13
Audit Firm: II.25 Reputational risk/Changed client selection	23	-,22
Audit Firm: II.25 Reputational risk/Changed terms of engagement	23	,00
Audit Firm: II.25 Reputational risk/Changed audit quality	23	-,04
Valid N (listwise)	23	

Audit Firm: Size	Audit Firm: II.25 Risk of professional sanctions/Changed client selection	Audit Firm: II.25 Risk of professional sanctions/Changed terms of engagement	Audit Firm: II.25 Risk of professional sanction/Changed audit quality	Audit Firm: II.25 Liability risk/Changed client selection	Audit Firm: II.25 Liability risk/Changed terms of engagement	Audit Firm: II.25 Liability risk/Changed audit quality	Audit Firm: II.25 Reputational risk/Changed client selection	Audit Firm: II.25 Reputational risk/Changed terms of engagement	Audit Firm: II.25 Reputational risk/Changed audit quality
Big Four	-,36	,00	-,36	-,36	,00	-,36	-,36	,00	-,36
Mid Tier	,00	,00	,33	,00	,11	,22	,00	,00	,44
Total	-,22	,00	-,09	-,22	,04	-,13	-,22	,00	-,04

Audit Firm: Region	Audit Firm: II.25 Risk of professional sanctions/Changed client selection	Audit Firm: II.25 Risk of professional sanctions/Changed terms of engagement	Audit Firm: II.25 Risk of professional sanction/Changed audit quality	Audit Firm: II.25 Liability risk/Changed client selection	Audit Firm: II.25 Liability risk/Changed terms of engagement	Audit Firm: II.25 Liability risk/Changed audit quality	Audit Firm: II.25 Reputational risk/Changed client selection	Audit Firm: II.25 Reputational risk/Changed terms of engagement	Audit Firm: II.25 Reputational risk/Changed audit quality
South-East	-,25	,00	-,25	-,25	,00	-,25	-,25	,00	-,25
West	-,21	,00	-,05	-,21	,05	-,11	-,21	,00	,00
Total	-,22	,00	-,09	-,22	,04	-,13	-,22	,00	-,04

Audit Firm: II.26

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change in risk	22	68,8	68,8
	slight increase in risk	1	3,1	71,9
	missing	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.26	no change in risk	Count	14	8	22
		% within Audit Firm: II.26	63,6%	36,4%	100,0%
		% within Audit Firm: Size	60,9%	88,9%	68,8%
		% of Total	43,8%	25,0%	68,8%
	slight increase in risk	Count	0	1	1
		% within Audit Firm: II.26	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	9	0	9
		% within Audit Firm: II.26	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.26	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.26	no change in risk	Count	4	18	22
		% within Audit Firm: II.26	18,2%	81,8%	100,0%
		% within Audit Firm: Region	50,0%	75,0%	68,8%
		% of Total	12,5%	56,3%	68,8%
	slight increase in risk	Count	0	1	1
		% within Audit Firm: II.26	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	4	5	9
		% within Audit Firm: II.26	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.26	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	23
	Missing	9
	Mean	,04

Audit Firm: Size	Audit Firm: II.26
Big Four	,00
Mid Tier	,11
Total	,04

Audit Firm: Region	Audit Firm: II.26
South-East	,00
West	,05
Total	,04

Audit Firm: II.27

	N	Mean
Audit Firm: II.27 Changed use by management and those charged with governance of audit reporting / communication of audit findings	18	,50
Audit Firm: II.27 Changed internal control relevant to financial reporting	18	,61
Audit Firm: II.27 Changed financial reporting (a)	18	,33
Audit Firm: II.27 Changed financial reporting (b)	18	,39
Audit Firm: II.27 Changed financial reporting (c)	18	,33
Audit Firm: II.27 Changed financial reporting (d)	18	,39
Audit Firm: II.27 Changed financial reporting (e)	18	,39
Audit Firm: II.27 Changed management accounting and internal control	18	,61
Audit Firm: II.27 Changed corporate governance	18	,28
Audit Firm: II.27 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	18	,22
Valid N (listwise)	18	

Audit Firm: Size	Audit Firm: II.27 Changed use by management and those charged with governance of audit reporting / communication of audit findings	Audit Firm: II.27 Changed internal control relevant to financial reporting	Audit Firm: II.27 Changed financial reporting (a)	Audit Firm: II.27 Changed financial reporting (b)	Audit Firm: II.27 Changed financial reporting (c)	Audit Firm: II.27 Changed financial reporting (d)	Audit Firm: II.27 Changed financial reporting (e)	Audit Firm: II.27 Changed management accounting and internal control	Audit Firm: II.27 Changed corporate governance	Audit Firm: II.27 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards
Big Four	1,00	,56	,56	,78	,44	,56	,56	,56	,56	,11
Mid Tier	,00	,67	,11	,00	,22	,22	,22	,67	,00	,33
Total	,50	,61	,33	,39	,33	,39	,39	,61	,28	,22

Audit Firm: Region	Audit Firm: II.27 Changed use by management and those charged with governance of audit reporting / communication of audit findings	Audit Firm: II.27 Changed internal control relevant to financial reporting	Audit Firm: II.27 Changed financial reporting (a)	Audit Firm: II.27 Changed financial reporting (b)	Audit Firm: II.27 Changed financial reporting (c)	Audit Firm: II.27 Changed financial reporting (d)	Audit Firm: II.27 Changed financial reporting (e)	Audit Firm: II.27 Changed management accounting and internal control	Audit Firm: II.27 Changed corporate governance	Audit Firm: II.27 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards
South-East	,67	,67	,33	,33	,00	,67	,33	,67	,67	,00
West	,47	,60	,33	,40	,40	,33	,40	,60	,20	,27
Total	,50	,61	,33	,39	,33	,39	,39	,61	,28	,22

Audit Firm: II.28

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	1	3,1	3,1
	no change	6	18,8	21,9
	slight improvement	6	18,8	40,6
	missing	19	59,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.28	slight impairment	Count	0	1	1
		% within Audit Firm: II.28	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	6	6
		% within Audit Firm: II.28	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	66,7%	18,8%
		% of Total	,0%	18,8%	18,8%
	slight improvement	Count	4	2	6
		% within Audit Firm: II.28	66,7%	33,3%	100,0%
		% within Audit Firm: Size	17,4%	22,2%	18,8%
		% of Total	12,5%	6,3%	18,8%
	missing	Count	19	0	19
		% within Audit Firm: II.28	100,0%	,0%	100,0%
		% within Audit Firm: Size	82,6%	,0%	59,4%
		% of Total	59,4%	,0%	59,4%
	Total	Count	23	9	32
		% within Audit Firm: II.28	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.28	slight impairment	Count	0	1	1
		% within Audit Firm: II.28	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	1	5	6
		% within Audit Firm: II.28	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	slight improvement	Count	1	5	6
		% within Audit Firm: II.28	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	missing	Count	6	13	19
		% within Audit Firm: II.28	31,6%	68,4%	100,0%
		% within Audit Firm: Region	75,0%	54,2%	59,4%
		% of Total	18,8%	40,6%	59,4%
	Total	Count	8	24	32
		% within Audit Firm: II.28	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	13
	Missing	19
	Mean	,38

Audit Firm: Size	Audit Firm: II.28
Big Four	1,00
Mid Tier	,11
Total	,38

Audit Firm: Region	Audit Firm: II.28
South-East	,50
West	,36
Total	,38

Audit Firm: II.29

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant impairment	1	3,1	3,1
	slight impairment	1	3,1	6,3
	no change	6	18,8	25,0
	slight improvement	5	15,6	40,6
	missing	19	59,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.29	significant impairment	Count	0	1	1
		% within Audit Firm: II.29	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight impairment	Count	0	1	1
		% within Audit Firm: II.29	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	6	6
		% within Audit Firm: II.29	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	66,7%	18,8%
		% of Total	,0%	18,8%	18,8%
	slight improvement	Count	4	1	5
		% within Audit Firm: II.29	80,0%	20,0%	100,0%
		% within Audit Firm: Size	17,4%	11,1%	15,6%
		% of Total	12,5%	3,1%	15,6%
	missing	Count	19	0	19
		% within Audit Firm: II.29	100,0%	,0%	100,0%
		% within Audit Firm: Size	82,6%	,0%	59,4%
		% of Total	59,4%	,0%	59,4%
	Total	Count	23	9	32
		% within Audit Firm: II.29	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.29	significant impairment	Count	1	0	1
		% within Audit Firm: II.29	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	slight impairment	Count	0	1	1
		% within Audit Firm: II.29	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	6	6
		% within Audit Firm: II.29	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	25,0%	18,8%
		% of Total	,0%	18,8%	18,8%
	slight improvement	Count	1	4	5
		% within Audit Firm: II.29	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	missing	Count	6	13	19
		% within Audit Firm: II.29	31,6%	68,4%	100,0%
		% within Audit Firm: Region	75,0%	54,2%	59,4%
		% of Total	18,8%	40,6%	59,4%
	Total	Count	8	24	32
		% within Audit Firm: II.29	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	13
	Missing	19
	Mean	,15

Audit Firm: Size	Audit Firm: II.29
Big Four	1,00
Mid Tier	-,22
Total	,15

Audit Firm: Region	Audit Firm: II.29
South-East	-,50
West	,27
Total	,15

Audit Firm: II.30

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	11	34,4	34,4
	slight improvement	1	3,1	37,5
	significant improvement	1	3,1	40,6
	missing	19	59,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.30	no change	Count	4	7	11
		% within Audit Firm: II.30	36,4%	63,6%	100,0%
		% within Audit Firm: Size	17,4%	77,8%	34,4%
		% of Total	12,5%	21,9%	34,4%
	slight improvement	Count	0	1	1
		% within Audit Firm: II.30	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	significant improvement	Count	0	1	1
		% within Audit Firm: II.30	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	19	0	19
		% within Audit Firm: II.30	100,0%	,0%	100,0%
		% within Audit Firm: Size	82,6%	,0%	59,4%
		% of Total	59,4%	,0%	59,4%
	Total	Count	23	9	32
		% within Audit Firm: II.30	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.30	no change	Count	1	10	11
		% within Audit Firm: II.30	9,1%	90,9%	100,0%
		% within Audit Firm: Region	12,5%	41,7%	34,4%
		% of Total	3,1%	31,3%	34,4%
	slight improvement	Count	1	0	1
		% within Audit Firm: II.30	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	significant improvement	Count	0	1	1
		% within Audit Firm: II.30	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	6	13	19
		% within Audit Firm: II.30	31,6%	68,4%	100,0%
		% within Audit Firm: Region	75,0%	54,2%	59,4%
		% of Total	18,8%	40,6%	59,4%
	Total	Count	8	24	32
		% within Audit Firm: II.30	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	13
	Missing	19
	Mean	,23

Audit Firm: Size	Audit Firm: II.30
Big Four	,00
Mid Tier	,33
Total	,23

Audit Firm: Region	Audit Firm: II.30
South-East	,50
West	,18
Total	,23

Audit Firm: II.31

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	1	3,1	3,1
	no change	7	21,9	25,0
	slight improvement	5	15,6	40,6
	missing	19	59,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.31	slight impairment	Count	0	1	1
		% within Audit Firm: II.31	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	2	5	7
		% within Audit Firm: II.31	28,6%	71,4%	100,0%
		% within Audit Firm: Size	8,7%	55,6%	21,9%
		% of Total	6,3%	15,6%	21,9%
	slight improvement	Count	2	3	5
		% within Audit Firm: II.31	40,0%	60,0%	100,0%
		% within Audit Firm: Size	8,7%	33,3%	15,6%
		% of Total	6,3%	9,4%	15,6%
	missing	Count	19	0	19
		% within Audit Firm: II.31	100,0%	,0%	100,0%
		% within Audit Firm: Size	82,6%	,0%	59,4%
		% of Total	59,4%	,0%	59,4%
	Total	Count	23	9	32
		% within Audit Firm: II.31	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.31	slight impairment	Count	0	1	1
		% within Audit Firm: II.31	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	0	7	7
		% within Audit Firm: II.31	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	29,2%	21,9%
		% of Total	,0%	21,9%	21,9%
	slight improvement	Count	2	3	5
		% within Audit Firm: II.31	40,0%	60,0%	100,0%
		% within Audit Firm: Region	25,0%	12,5%	15,6%
		% of Total	6,3%	9,4%	15,6%
	missing	Count	6	13	19
		% within Audit Firm: II.31	31,6%	68,4%	100,0%
		% within Audit Firm: Region	75,0%	54,2%	59,4%
		% of Total	18,8%	40,6%	59,4%
	Total	Count	8	24	32
		% within Audit Firm: II.31	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	13
	Missing	19
	Mean	,31

Audit Firm: Size	Audit Firm: II.31
Big Four	,50
Mid Tier	,22
Total	,31

Audit Firm: Region	Audit Firm: II.31
South-East	1,00
West	,18
Total	,31

Audit Firm: II.32

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	8	25,0	25,0
	slight improvement	5	15,6	40,6
	missing	19	59,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.32	no change	Count	2	6	8
		% within Audit Firm: II.32	25,0%	75,0%	100,0%
		% within Audit Firm: Size	8,7%	66,7%	25,0%
		% of Total	6,3%	18,8%	25,0%
	slight improvement	Count	2	3	5
		% within Audit Firm: II.32	40,0%	60,0%	100,0%
		% within Audit Firm: Size	8,7%	33,3%	15,6%
		% of Total	6,3%	9,4%	15,6%
	missing	Count	19	0	19
		% within Audit Firm: II.32	100,0%	,0%	100,0%
		% within Audit Firm: Size	82,6%	,0%	59,4%
		% of Total	59,4%	,0%	59,4%
	Total	Count	23	9	32
		% within Audit Firm: II.32	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.32	no change	Count	1	7	8
		% within Audit Firm: II.32	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	slight improvement	Count	1	4	5
		% within Audit Firm: II.32	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	missing	Count	6	13	19
		% within Audit Firm: II.32	31,6%	68,4%	100,0%
		% within Audit Firm: Region	75,0%	54,2%	59,4%
		% of Total	18,8%	40,6%	59,4%
	Total	Count	8	24	32
		% within Audit Firm: II.32	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	13
	Missing	19
	Mean	,38

Audit Firm: Size	Audit Firm: II.32
Big Four	,50
Mid Tier	,33
Total	,38

Audit Firm: Region	Audit Firm: II.32
South-East	,50
West	,36
Total	,38

Audit Firm: II.33

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	20	62,5	62,5
	audit firms exit from the market for statutory audits	3	9,4	71,9
	no change	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.33	missing	Count	19	1	20
		% within Audit Firm: II.33	95,0%	5,0%	100,0%
		% within Audit Firm: Size	82,6%	11,1%	62,5%
		% of Total	59,4%	3,1%	62,5%
	audit firms exit from the market for statutory audits	Count	0	3	3
		% within Audit Firm: II.33	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	no change	Count	4	5	9
		% within Audit Firm: II.33	44,4%	55,6%	100,0%
		% within Audit Firm: Size	17,4%	55,6%	28,1%
		% of Total	12,5%	15,6%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.33	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.33	missing	Count	6	14	20
		% within Audit Firm: II.33	30,0%	70,0%	100,0%
		% within Audit Firm: Region	75,0%	58,3%	62,5%
		% of Total	18,8%	43,8%	62,5%
	audit firms exit from the market for statutory audits	Count	1	2	3
		% within Audit Firm: II.33	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	no change	Count	1	8	9
		% within Audit Firm: II.33	11,1%	88,9%	100,0%
		% within Audit Firm: Region	12,5%	33,3%	28,1%
		% of Total	3,1%	25,0%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.33	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: II.35

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	3	9,4	9,4
	not applicable	9	28,1	37,5
	missing	20	62,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.35	slight improvement	Count	0	3	3
		% within Audit Firm: II.35	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	not applicable	Count	4	5	9
		% within Audit Firm: II.35	44,4%	55,6%	100,0%
		% within Audit Firm: Size	17,4%	55,6%	28,1%
		% of Total	12,5%	15,6%	28,1%
	missing	Count	19	1	20
		% within Audit Firm: II.35	95,0%	5,0%	100,0%
		% within Audit Firm: Size	82,6%	11,1%	62,5%
		% of Total	59,4%	3,1%	62,5%
	Total	Count	23	9	32
		% within Audit Firm: II.35	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.35	slight improvement	Count	1	2	3
		% within Audit Firm: II.35	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	not applicable	Count	1	8	9
		% within Audit Firm: II.35	11,1%	88,9%	100,0%
		% within Audit Firm: Region	12,5%	33,3%	28,1%
		% of Total	3,1%	25,0%	28,1%
	missing	Count	6	14	20
		% within Audit Firm: II.35	30,0%	70,0%	100,0%
		% within Audit Firm: Region	75,0%	58,3%	62,5%
		% of Total	18,8%	43,8%	62,5%
	Total	Count	8	24	32
		% within Audit Firm: II.35	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	3
	Missing	29
	Mean	1,00

Audit Firm: Size	Audit Firm: II.35
Mid Tier	1,00
Total	1,00

Audit Firm: Region	Audit Firm: II.35
South-East	1,00
West	1,00
Total	1,00

Audit Firm: II.36

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	20	62,5	62,5
	join	4	12,5	75,0
	no change	8	25,0	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.36	missing	Count	19	1	20
		% within Audit Firm: II.36	95,0%	5,0%	100,0%
		% within Audit Firm: Size	82,6%	11,1%	62,5%
		% of Total	59,4%	3,1%	62,5%
	join	Count	0	4	4
		% within Audit Firm: II.36	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	44,4%	12,5%
		% of Total	,0%	12,5%	12,5%
	no change	Count	4	4	8
		% within Audit Firm: II.36	50,0%	50,0%	100,0%
		% within Audit Firm: Size	17,4%	44,4%	25,0%
		% of Total	12,5%	12,5%	25,0%
	Total	Count	23	9	32
		% within Audit Firm: II.36	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.36	missing	Count	6	14	20
		% within Audit Firm: II.36	30,0%	70,0%	100,0%
		% within Audit Firm: Region	75,0%	58,3%	62,5%
		% of Total	18,8%	43,8%	62,5%
	join	Count	1	3	4
		% within Audit Firm: II.36	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	no change	Count	1	7	8
		% within Audit Firm: II.36	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	Total	Count	8	24	32
		% within Audit Firm: II.36	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: II.38

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	4	12,5	12,5
	not applicable	8	25,0	37,5
	missing	20	62,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.38	slight improvement	Count	0	4	4
		% within Audit Firm: II.38	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	44,4%	12,5%
		% of Total	,0%	12,5%	12,5%
	not applicable	Count	4	4	8
		% within Audit Firm: II.38	50,0%	50,0%	100,0%
		% within Audit Firm: Size	17,4%	44,4%	25,0%
		% of Total	12,5%	12,5%	25,0%
	missing	Count	19	1	20
		% within Audit Firm: II.38	95,0%	5,0%	100,0%
		% within Audit Firm: Size	82,6%	11,1%	62,5%
		% of Total	59,4%	3,1%	62,5%
	Total	Count	23	9	32
		% within Audit Firm: II.38	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.38	slight improvement	Count	1	3	4
		% within Audit Firm: II.38	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	not applicable	Count	1	7	8
		% within Audit Firm: II.38	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	missing	Count	6	14	20
		% within Audit Firm: II.38	30,0%	70,0%	100,0%
		% within Audit Firm: Region	75,0%	58,3%	62,5%
		% of Total	18,8%	43,8%	62,5%
	Total	Count	8	24	32
		% within Audit Firm: II.38	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	4
	Missing	28
	Mean	1,00

Audit Firm: Size	Audit Firm: II.38
Mid Tier	1,00
Total	1,00

Audit Firm: Region	Audit Firm: II.38
South-East	1,00
West	1,00
Total	1,00

Audit Firm: II.39

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	15	46,9	46,9
	significant correlation	7	21,9	68,8
	major correlation	5	15,6	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.39	slight correlation	Count	13	2	15
		% within Audit Firm: II.39	86,7%	13,3%	100,0%
		% within Audit Firm: Size	56,5%	22,2%	46,9%
		% of Total	40,6%	6,3%	46,9%
	significant correlation	Count	1	6	7
		% within Audit Firm: II.39	14,3%	85,7%	100,0%
		% within Audit Firm: Size	4,3%	66,7%	21,9%
		% of Total	3,1%	18,8%	21,9%
	major correlation	Count	4	1	5
		% within Audit Firm: II.39	80,0%	20,0%	100,0%
		% within Audit Firm: Size	17,4%	11,1%	15,6%
		% of Total	12,5%	3,1%	15,6%
	missing	Count	5	0	5
		% within Audit Firm: II.39	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%

	Total	Count	23	9	32
		% within Audit Firm: II.39	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.39	slight correlation	Count	5	10	15
		% within Audit Firm: II.39	33,3%	66,7%	100,0%
		% within Audit Firm: Region	62,5%	41,7%	46,9%
		% of Total	15,6%	31,3%	46,9%
	significant correlation	Count	1	6	7
		% within Audit Firm: II.39	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	major correlation	Count	1	4	5
		% within Audit Firm: II.39	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	missing	Count	1	4	5
		% within Audit Firm: II.39	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.39	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,63

Audit Firm: Size	Audit Firm: II.39
Big Four	1,50
Mid Tier	1,89
Total	1,63

Audit Firm: Region	Audit Firm: II.39
South-East	1,43
West	1,70
Total	1,63

Audit Firm: II.40

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	3,1	3,1
	slight correlation	13	40,6	43,8
	significant correlation	7	21,9	65,6
	major correlation	6	18,8	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.40	no correlation	Count	0	1	1
		% within Audit Firm: II.40	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight correlation	Count	13	0	13
		% within Audit Firm: II.40	100,0%	,0%	100,0%
		% within Audit Firm: Size	56,5%	,0%	40,6%
		% of Total	40,6%	,0%	40,6%
	significant correlation	Count	0	7	7
		% within Audit Firm: II.40	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	77,8%	21,9%
		% of Total	,0%	21,9%	21,9%
	major correlation	Count	5	1	6
		% within Audit Firm: II.40	83,3%	16,7%	100,0%
		% within Audit Firm: Size	21,7%	11,1%	18,8%
		% of Total	15,6%	3,1%	18,8%
	missing	Count	5	0	5
		% within Audit Firm: II.40	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.40	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.40	no correlation	Count	0	1	1
		% within Audit Firm: II.40	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight correlation	Count	4	9	13
		% within Audit Firm: II.40	30,8%	69,2%	100,0%
		% within Audit Firm: Region	50,0%	37,5%	40,6%
		% of Total	12,5%	28,1%	40,6%
	significant correlation	Count	1	6	7
		% within Audit Firm: II.40	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	major correlation	Count	2	4	6
		% within Audit Firm: II.40	33,3%	66,7%	100,0%
		% within Audit Firm: Region	25,0%	16,7%	18,8%
		% of Total	6,3%	12,5%	18,8%
	missing	Count	1	4	5
		% within Audit Firm: II.40	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.40	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,67

Audit Firm: Size	Audit Firm: II.40
Big Four	1,56
Mid Tier	1,89
Total	1,67

Audit Firm: Region	Audit Firm: II.40
South-East	1,71
West	1,65
Total	1,67

Audit Firm: II.41

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	3,1	3,1
	slight correlation	14	43,8	46,9
	significant correlation	11	34,4	81,3
	major correlation	1	3,1	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.41	no correlation	Count	0	1	1
		% within Audit Firm: II.41	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight correlation	Count	13	1	14
		% within Audit Firm: II.41	92,9%	7,1%	100,0%
		% within Audit Firm: Size	56,5%	11,1%	43,8%
		% of Total	40,6%	3,1%	43,8%
	significant correlation	Count	5	6	11
		% within Audit Firm: II.41	45,5%	54,5%	100,0%
		% within Audit Firm: Size	21,7%	66,7%	34,4%
		% of Total	15,6%	18,8%	34,4%
	major correlation	Count	0	1	1
		% within Audit Firm: II.41	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	5	0	5
		% within Audit Firm: II.41	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.41	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.41	no correlation	Count	0	1	1
		% within Audit Firm: II.41	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight correlation	Count	4	10	14
		% within Audit Firm: II.41	28,6%	71,4%	100,0%
		% within Audit Firm: Region	50,0%	41,7%	43,8%
		% of Total	12,5%	31,3%	43,8%
	significant correlation	Count	3	8	11
		% within Audit Firm: II.41	27,3%	72,7%	100,0%
		% within Audit Firm: Region	37,5%	33,3%	34,4%
		% of Total	9,4%	25,0%	34,4%
	major correlation	Count	0	1	1
		% within Audit Firm: II.41	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	1	4	5
		% within Audit Firm: II.41	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.41	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,44

Audit Firm: Size	Audit Firm: II.41
Big Four	1,28
Mid Tier	1,78
Total	1,44

Audit Firm: Region	Audit Firm: II.41
South-East	1,43
West	1,45
Total	1,44

Audit Firm: II.42

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	2	6,3	6,3
	slight correlation	19	59,4	65,6
	significant correlation	6	18,8	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.42	no correlation	Count	0	2	2
		% within Audit Firm: II.42	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight correlation	Count	13	6	19
		% within Audit Firm: II.42	68,4%	31,6%	100,0%
		% within Audit Firm: Size	56,5%	66,7%	59,4%
		% of Total	40,6%	18,8%	59,4%
	significant correlation	Count	5	1	6
		% within Audit Firm: II.42	83,3%	16,7%	100,0%
		% within Audit Firm: Size	21,7%	11,1%	18,8%
		% of Total	15,6%	3,1%	18,8%
	missing	Count	5	0	5
		% within Audit Firm: II.42	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.42	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.42	no correlation	Count	0	2	2
		% within Audit Firm: II.42	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	8,3%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight correlation	Count	4	15	19
		% within Audit Firm: II.42	21,1%	78,9%	100,0%
		% within Audit Firm: Region	50,0%	62,5%	59,4%
		% of Total	12,5%	46,9%	59,4%
	significant correlation	Count	3	3	6
		% within Audit Firm: II.42	50,0%	50,0%	100,0%
		% within Audit Firm: Region	37,5%	12,5%	18,8%
		% of Total	9,4%	9,4%	18,8%
	missing	Count	1	4	5
		% within Audit Firm: II.42	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.42	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,15

Audit Firm: Size	Audit Firm: II.42
Big Four	1,28
Mid Tier	,89
Total	1,15

Audit Firm: Region	Audit Firm: II.42
South-East	1,43
West	1,05
Total	1,15

Audit Firm: II.43

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	3	9,4	9,4
	slight correlation	14	43,8	53,1
	significant correlation	10	31,3	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.43	no correlation	Count	0	3	3
		% within Audit Firm: II.43	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight correlation	Count	13	1	14
		% within Audit Firm: II.43	92,9%	7,1%	100,0%
		% within Audit Firm: Size	56,5%	11,1%	43,8%
		% of Total	40,6%	3,1%	43,8%
	significant correlation	Count	5	5	10
		% within Audit Firm: II.43	50,0%	50,0%	100,0%
		% within Audit Firm: Size	21,7%	55,6%	31,3%
		% of Total	15,6%	15,6%	31,3%
	missing	Count	5	0	5
		% within Audit Firm: II.43	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.43	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.43	no correlation	Count	0	3	3
		% within Audit Firm: II.43	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	12,5%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight correlation	Count	4	10	14
		% within Audit Firm: II.43	28,6%	71,4%	100,0%
		% within Audit Firm: Region	50,0%	41,7%	43,8%
		% of Total	12,5%	31,3%	43,8%
	significant correlation	Count	3	7	10
		% within Audit Firm: II.43	30,0%	70,0%	100,0%
		% within Audit Firm: Region	37,5%	29,2%	31,3%
		% of Total	9,4%	21,9%	31,3%
	missing	Count	1	4	5
		% within Audit Firm: II.43	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.43	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,26

Audit Firm: Size	Audit Firm: II.43
Big Four	1,28
Mid Tier	1,22
Total	1,26

Audit Firm: Region	Audit Firm: II.43
South-East	1,43
West	1,20
Total	1,26

Audit Firm: II.48

	N	Mean
Audit Firm: II.48 Medium sized (unlisted) audit clients	31	-,06
Audit Firm: II.48 Large (unlisted) audit clients	31	-,06
Audit Firm: II.48 Publicly listed audit clients	30	-,07
Audit Firm: II.48 Banks	27	-,07
Audit Firm: II.48 Insurance Companies	26	-,08
Valid N (listwise)	26	

Audit Firm: Size	Audit Firm: II.48 Medium sized (unlisted) audit clients	Audit Firm: II.48 Large (unlisted) audit clients	Audit Firm: II.48 Publicly listed audit clients	Audit Firm: II.48 Banks	Audit Firm: II.48 Insurance Companies
Big Four	,00	,00	,00	,00	,00
Mid Tier	-,25	-,25	-,29	-,50	-,67
Total	-,06	-,06	-,07	-,07	-,08

Audit Firm: Region	Audit Firm: II.48 Medium sized (unlisted) audit clients	Audit Firm: II.48 Large (unlisted) audit clients	Audit Firm: II.48 Publicly listed audit clients	Audit Firm: II.48 Banks	Audit Firm: II.48 Insurance Companies
South-East	,00	,00	,00	,00	,00
West	-,09	-,09	-,09	-,10	-,11
Total	-,06	-,06	-,07	-,07	-,08

Audit Firm: II.50

	N	Mean
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (a)	32	,66
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (b)	32	,59
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (c)	32	,63
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (d)	32	,66
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (e)	32	,72
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (f)	32	,34
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (g)	32	,66
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (h)	32	,72
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (i)	32	,69
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (j)	32	,78
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (k)	32	,88
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (l)	32	,88
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (m)	32	,88
Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (n)	32	,72
Audit Firm: II.50 Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	32	,78
Audit Firm: II.50 Improvement in forming an audit opinion, including better reporting of material misstatements	32	,66
Audit Firm: II.50 Harmonized audit reporting / communication of audit findings	32	1,09
Valid N (listwise)	32	

Audit Firm: Size	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (a)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (b)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (c)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (d)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (e)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (f)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (g)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (h)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (i)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (j)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (k)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (l)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (m)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (n)	Audit Firm: II.50 Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	Audit Firm: II.50 Improvement in forming an audit opinion, including better reporting of material misstatements	Audit Firm: II.50 Harmonized audit reporting / communication of audit findings
Big Four	,65	,65	,65	,65	,65	,26	,65	,65	,65	,83	,83	,83	,83	,65	,83	,65	1,22
Mid Tier	,67	,44	,56	,67	,89	,56	,67	,89	,78	,67	1,00	1,00	1,00	,89	,67	,67	,78
Total	,66	,59	,63	,66	,72	,34	,66	,72	,69	,78	,88	,88	,88	,72	,78	,66	1,09

Audit Firm: Region	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (a)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (b)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (c)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (d)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (e)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (f)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (g)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (h)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (i)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (j)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (k)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (l)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (m)	Audit Firm: II.50 Higher probability to detect material misstatements in transnational audits (n)	Audit Firm: II.50 Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	Audit Firm: II.50 Improvement in forming an audit opinion, including better reporting of material misstatements	Audit Firm: II.50 Harmonized audit reporting / communication of audit findings
South-East	,63	,63	,63	,63	,75	,25	,63	,63	,63	,75	,88	,88	,88	,75	,75	,75	1,38
West	,67	,58	,63	,67	,71	,38	,67	,75	,71	,79	,88	,88	,88	,71	,79	,63	1,00
Total	,66	,59	,63	,66	,72	,34	,66	,72	,69	,78	,88	,88	,88	,72	,78	,66	1,09

Audit Firm: II.51

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	25	78,1	78,1
	slight improvement	4	12,5	90,6
	significant improvement	3	9,4	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.51	no change	Count	23	2	25
		% within Audit Firm: II.51	92,0%	8,0%	100,0%
		% within Audit Firm: Size	100,0%	22,2%	78,1%
		% of Total	71,9%	6,3%	78,1%
	slight improvement	Count	0	4	4
		% within Audit Firm: II.51	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	44,4%	12,5%
		% of Total	,0%	12,5%	12,5%
	significant improvement	Count	0	3	3
		% within Audit Firm: II.51	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	Total	Count	23	9	32
		% within Audit Firm: II.51	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.51	no change	Count	7	18	25
		% within Audit Firm: II.51	28,0%	72,0%	100,0%
		% within Audit Firm: Region	87,5%	75,0%	78,1%
		% of Total	21,9%	56,3%	78,1%
	slight improvement	Count	1	3	4
		% within Audit Firm: II.51	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	0	3	3
		% within Audit Firm: II.51	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	12,5%	9,4%
		% of Total	,0%	9,4%	9,4%
	Total	Count	8	24	32
		% within Audit Firm: II.51	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,31

Audit Firm: Size	Audit Firm: II.51
Big Four	,00
Mid Tier	1,11
Total	,31

Audit Firm: Region	Audit Firm: II.51
South-East	,13
West	,38
Total	,31

Audit Firm: II.52

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	13	40,6	40,6
	slight improvement	17	53,1	93,8
	significant improvement	2	6,3	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.52	no change	Count	9	4	13
		% within Audit Firm: II.52	69,2%	30,8%	100,0%
		% within Audit Firm: Size	39,1%	44,4%	40,6%
		% of Total	28,1%	12,5%	40,6%
	slight improvement	Count	14	3	17
		% within Audit Firm: II.52	82,4%	17,6%	100,0%
		% within Audit Firm: Size	60,9%	33,3%	53,1%
		% of Total	43,8%	9,4%	53,1%
	significant improvement	Count	0	2	2
		% within Audit Firm: II.52	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	Total	Count	23	9	32
		% within Audit Firm: II.52	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.52	no change	Count	2	11	13
		% within Audit Firm: II.52	15,4%	84,6%	100,0%
		% within Audit Firm: Region	25,0%	45,8%	40,6%
		% of Total	6,3%	34,4%	40,6%
	slight improvement	Count	6	11	17
		% within Audit Firm: II.52	35,3%	64,7%	100,0%
		% within Audit Firm: Region	75,0%	45,8%	53,1%
		% of Total	18,8%	34,4%	53,1%
	significant improvement	Count	0	2	2
		% within Audit Firm: II.52	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	8,3%	6,3%
		% of Total	,0%	6,3%	6,3%
	Total	Count	8	24	32
		% within Audit Firm: II.52	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,66

Audit Firm: Size	Audit Firm: II.52
Big Four	,61
Mid Tier	,78
Total	,66

Audit Firm: Region	Audit Firm: II.52
South-East	,75
West	,63
Total	,66

Audit Firm: II.53

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	14	43,8	43,8
	slight improvement	17	53,1	96,9
	significant improvement	1	3,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.53	no change	Count	10	4	14
		% within Audit Firm: II.53	71,4%	28,6%	100,0%
		% within Audit Firm: Size	43,5%	44,4%	43,8%
		% of Total	31,3%	12,5%	43,8%
	slight improvement	Count	13	4	17
		% within Audit Firm: II.53	76,5%	23,5%	100,0%
		% within Audit Firm: Size	56,5%	44,4%	53,1%
		% of Total	40,6%	12,5%	53,1%
	significant improvement	Count	0	1	1
		% within Audit Firm: II.53	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	23	9	32
		% within Audit Firm: II.53	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.53	no change	Count	2	12	14
		% within Audit Firm: II.53	14,3%	85,7%	100,0%
		% within Audit Firm: Region	25,0%	50,0%	43,8%
		% of Total	6,3%	37,5%	43,8%
	slight improvement	Count	6	11	17
		% within Audit Firm: II.53	35,3%	64,7%	100,0%
		% within Audit Firm: Region	75,0%	45,8%	53,1%
		% of Total	18,8%	34,4%	53,1%
	significant improvement	Count	0	1	1
		% within Audit Firm: II.53	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	8	24	32
		% within Audit Firm: II.53	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,59

Audit Firm: Size	Audit Firm: II.53
Big Four	,57
Mid Tier	,67
Total	,59

Audit Firm: Region	Audit Firm: II.53
South-East	,75
West	,54
Total	,59

Audit Firm: II.58

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	yes, but only within Europe	2	6,3	6,3
	yes, even outside of Europe	25	78,1	84,4
	no	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.58	yes, but only within Europe	Count	1	1	2
		% within Audit Firm: II.58	50,0%	50,0%	100,0%
		% within Audit Firm: Size	4,3%	11,1%	6,3%
		% of Total	3,1%	3,1%	6,3%
	yes, even outside of Europe	Count	18	7	25
		% within Audit Firm: II.58	72,0%	28,0%	100,0%
		% within Audit Firm: Size	78,3%	77,8%	78,1%
		% of Total	56,3%	21,9%	78,1%
	no	Count	4	1	5
		% within Audit Firm: II.58	80,0%	20,0%	100,0%
		% within Audit Firm: Size	17,4%	11,1%	15,6%
		% of Total	12,5%	3,1%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.58	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.58	yes, but only within Europe	Count	2	0	2
		% within Audit Firm: II.58	100,0%	,0%	100,0%
		% within Audit Firm: Region	25,0%	,0%	6,3%
		% of Total	6,3%	,0%	6,3%
	yes, even outside of Europe	Count	6	19	25
		% within Audit Firm: II.58	24,0%	76,0%	100,0%
		% within Audit Firm: Region	75,0%	79,2%	78,1%
		% of Total	18,8%	59,4%	78,1%
	no	Count	0	5	5
		% within Audit Firm: II.58	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	20,8%	15,6%
		% of Total	,0%	15,6%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.58	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: II.59 Within Europe

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	18	56,3	56,3
	slight reduction	8	25,0	81,3
	no change	6	18,8	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.59 Within Europe	significant reduction	Count	14	4	18
		% within Audit Firm: II.59 Within Europe	77,8%	22,2%	100,0%
		% within Audit Firm: Size	60,9%	44,4%	56,3%
		% of Total	43,8%	12,5%	56,3%
	slight reduction	Count	5	3	8
		% within Audit Firm: II.59 Within Europe	62,5%	37,5%	100,0%
		% within Audit Firm: Size	21,7%	33,3%	25,0%
		% of Total	15,6%	9,4%	25,0%
	no change	Count	4	2	6
		% within Audit Firm: II.59 Within Europe	66,7%	33,3%	100,0%
		% within Audit Firm: Size	17,4%	22,2%	18,8%
		% of Total	12,5%	6,3%	18,8%
	Total	Count	23	9	32
		% within Audit Firm: II.59 Within Europe	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.59 Within Europe	significant reduction	Count	5	13	18
		% within Audit Firm: II.59 Within Europe	27,8%	72,2%	100,0%
		% within Audit Firm: Region	62,5%	54,2%	56,3%
		% of Total	15,6%	40,6%	56,3%
	slight reduction	Count	2	6	8
		% within Audit Firm: II.59 Within Europe	25,0%	75,0%	100,0%
		% within Audit Firm: Region	25,0%	25,0%	25,0%
		% of Total	6,3%	18,8%	25,0%
	no change	Count	1	5	6
		% within Audit Firm: II.59 Within Europe	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	Total	Count	8	24	32
		% within Audit Firm: II.59 Within Europe	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	-1,38

Audit Firm: Size	Audit Firm: II.59 Within Europe
Big Four	-1,43
Mid Tier	-1,22
Total	-1,38

Audit Firm: Region	Audit Firm: II.59 Within Europe
South-East	-1,50
West	-1,33
Total	-1,38

Audit Firm: II.59 Outside of Europe

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	15	46,9	46,9
	slight reduction	10	31,3	78,1
	no change	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.59 Outside of Europe	significant reduction	Count	14	1	15
		% within Audit Firm: II.59 Outside of Europe	93,3%	6,7%	100,0%
		% within Audit Firm: Size	60,9%	11,1%	46,9%
		% of Total	43,8%	3,1%	46,9%
	slight reduction	Count	5	5	10
		% within Audit Firm: II.59 Outside of Europe	50,0%	50,0%	100,0%
		% within Audit Firm: Size	21,7%	55,6%	31,3%
		% of Total	15,6%	15,6%	31,3%
	no change	Count	4	3	7
		% within Audit Firm: II.59 Outside of Europe	57,1%	42,9%	100,0%
		% within Audit Firm: Size	17,4%	33,3%	21,9%
		% of Total	12,5%	9,4%	21,9%

	Total	Count	23	9	32
		% within Audit Firm: II.59 Outside of Europe	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.59 Outside of Europe	significant reduction	Count	5	10	15
		% within Audit Firm: II.59 Outside of Europe	33,3%	66,7%	100,0%
		% within Audit Firm: Region	62,5%	41,7%	46,9%
		% of Total	15,6%	31,3%	46,9%
	slight reduction	Count	2	8	10
		% within Audit Firm: II.59 Outside of Europe	20,0%	80,0%	100,0%
		% within Audit Firm: Region	25,0%	33,3%	31,3%
		% of Total	6,3%	25,0%	31,3%
	no change	Count	1	6	7
		% within Audit Firm: II.59 Outside of Europe	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.59 Outside of Europe	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	-1,25

Audit Firm: Size	Audit Firm: II.59 Outside of Europe
Big Four	-1,43
Mid Tier	-,78
Total	-1,25

Audit Firm: Region	Audit Firm: II.59 Outside of Europe
South-East	-1,50
West	-1,17
Total	-1,25

Audit Firm: II.60 Within Europe

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	11	34,4	34,4
	slight reduction	6	18,8	53,1
	no change	15	46,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.60 Within Europe	significant reduction	Count	9	2	11
		% within Audit Firm: II.60 Within Europe	81,8%	18,2%	100,0%
		% within Audit Firm: Size	39,1%	22,2%	34,4%
		% of Total	28,1%	6,3%	34,4%
	slight reduction	Count	4	2	6
		% within Audit Firm: II.60 Within Europe	66,7%	33,3%	100,0%
		% within Audit Firm: Size	17,4%	22,2%	18,8%
		% of Total	12,5%	6,3%	18,8%
	no change	Count	10	5	15
		% within Audit Firm: II.60 Within Europe	66,7%	33,3%	100,0%
		% within Audit Firm: Size	43,5%	55,6%	46,9%
		% of Total	31,3%	15,6%	46,9%
	Total	Count	23	9	32
		% within Audit Firm: II.60 Within Europe	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.60 Within Europe	significant reduction	Count	4	7	11
		% within Audit Firm: II.60 Within Europe	36,4%	63,6%	100,0%
		% within Audit Firm: Region	50,0%	29,2%	34,4%
		% of Total	12,5%	21,9%	34,4%
	slight reduction	Count	2	4	6
		% within Audit Firm: II.60 Within Europe	33,3%	66,7%	100,0%
		% within Audit Firm: Region	25,0%	16,7%	18,8%
		% of Total	6,3%	12,5%	18,8%
	no change	Count	2	13	15
		% within Audit Firm: II.60 Within Europe	13,3%	86,7%	100,0%
		% within Audit Firm: Region	25,0%	54,2%	46,9%
		% of Total	6,3%	40,6%	46,9%
	Total	Count	8	24	32
		% within Audit Firm: II.60 Within Europe	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	-,88

Audit Firm: Size	Audit Firm: II.60 Within Europe
Big Four	-,96
Mid Tier	-,67
Total	-,88

Audit Firm: Region	Audit Firm: II.60 Within Europe
South-East	-1,25
West	-,75
Total	-,88

Audit Firm: II.60 Outside of Europe

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	10	31,3	31,3
	slight reduction	6	18,8	50,0
	no change	16	50,0	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.60 Outside of Europe	significant reduction	Count	9	1	10
		% within Audit Firm: II.60 Outside of Europe	90,0%	10,0%	100,0%
		% within Audit Firm: Size	39,1%	11,1%	31,3%
		% of Total	28,1%	3,1%	31,3%
	slight reduction	Count	4	2	6
		% within Audit Firm: II.60 Outside of Europe	66,7%	33,3%	100,0%
		% within Audit Firm: Size	17,4%	22,2%	18,8%
		% of Total	12,5%	6,3%	18,8%
	no change	Count	10	6	16
		% within Audit Firm: II.60 Outside of Europe	62,5%	37,5%	100,0%
		% within Audit Firm: Size	43,5%	66,7%	50,0%
		% of Total	31,3%	18,8%	50,0%
	Total	Count	23	9	32
		% within Audit Firm: II.60 Outside of Europe	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.60 Outside of Europe	significant reduction	Count	5	5	10
		% within Audit Firm: II.60 Outside of Europe	50,0%	50,0%	100,0%
		% within Audit Firm: Region	62,5%	20,8%	31,3%
		% of Total	15,6%	15,6%	31,3%
	slight reduction	Count	1	5	6
		% within Audit Firm: II.60 Outside of Europe	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	no change	Count	2	14	16
		% within Audit Firm: II.60 Outside of Europe	12,5%	87,5%	100,0%
		% within Audit Firm: Region	25,0%	58,3%	50,0%
		% of Total	6,3%	43,8%	50,0%
	Total	Count	8	24	32
		% within Audit Firm: II.60 Outside of Europe	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	-,81

Audit Firm: Size	Audit Firm: II.60 Outside of Europe
Big Four	-,96
Mid Tier	-,44
Total	-,81

Audit Firm: Region	Audit Firm: II.60 Outside of Europe
South-East	-1,38
West	-,63
Total	-,81

Audit Firm: II.69

	N	Mean
Audit Firm: II.69 Medium sized (unlisted) audit clients	17	,47
Audit Firm: II.69 Large (unlisted) audit clients	17	,47
Audit Firm: II.69 Publicly listed audit clients	16	,44
Audit Firm: II.69 Banks	12	,42
Audit Firm: II.69 Insurance Companies	12	,42
Valid N (listwise)	12	

Audit Firm: Size	Audit Firm: II.69 Medium sized (unlisted) audit clients	Audit Firm: II.69 Large (unlisted) audit clients	Audit Firm: II.69 Publicly listed audit clients	Audit Firm: II.69 Banks	Audit Firm: II.69 Insurance Companies
Big Four	,50	,50	,50	,50	,50
Mid Tier	,44	,44	,38	,25	,25
Total	,47	,47	,44	,42	,42

Audit Firm: Region	Audit Firm: II.69 Medium sized (unlisted) audit clients	Audit Firm: II.69 Large (unlisted) audit clients	Audit Firm: II.69 Publicly listed audit clients	Audit Firm: II.69 Banks	Audit Firm: II.69 Insurance Companies
South-East	,33	,33	,67	,50	,50
West	,50	,50	,38	,40	,40
Total	,47	,47	,44	,42	,42

Audit Firm: II.70

	N	Mean
Audit Firm: II.70 Medium sized (unlisted) audit clients	27	,67
Audit Firm: II.70 Large (unlisted) audit clients	27	,74
Audit Firm: II.70 Publicly listed audit clients	26	,96
Audit Firm: II.70 Banks	22	1,05
Audit Firm: II.70 Insurance Companies	22	1,05
Valid N (listwise)	22	

Audit Firm: Size	Audit Firm: II.70 Medium sized (unlisted) audit clients	Audit Firm: II.70 Large (unlisted) audit clients	Audit Firm: II.70 Publicly listed audit clients	Audit Firm: II.70 Banks	Audit Firm: II.70 Insurance Companies
Big Four	,78	,78	1,22	1,22	1,22
Mid Tier	,44	,67	,38	,25	,25
Total	,67	,74	,96	1,05	1,05

Audit Firm: Region	Audit Firm: II.70 Medium sized (unlisted) audit clients	Audit Firm: II.70 Large (unlisted) audit clients	Audit Firm: II.70 Publicly listed audit clients	Audit Firm: II.70 Banks	Audit Firm: II.70 Insurance Companies
South-East	,71	,86	1,29	1,50	1,50
West	,65	,70	,84	,88	,88
Total	,67	,74	,96	1,05	1,05

Audit Firm: II.71

	N	Mean
Audit Firm: II.71 Medium sized (unlisted) audit clients	27	1,15
Audit Firm: II.71 Large (unlisted) audit clients	27	1,22
Audit Firm: II.71 Publicly listed audit clients	26	1,23
Audit Firm: II.71 Banks	22	1,32
Audit Firm: II.71 Insurance Companies	22	1,32
Valid N (listwise)	22	

Audit Firm: Size	Audit Firm: II.71 Medium sized (unlisted) audit clients	Audit Firm: II.71 Large (unlisted) audit clients	Audit Firm: II.71 Publicly listed audit clients	Audit Firm: II.71 Banks	Audit Firm: II.71 Insurance Companies
Big Four	1,44	1,44	1,44	1,44	1,44
Mid Tier	,56	,78	,75	,75	,75
Total	1,15	1,22	1,23	1,32	1,32

Audit Firm: Region	Audit Firm: II.71 Medium sized (unlisted) audit clients	Audit Firm: II.71 Large (unlisted) audit clients	Audit Firm: II.71 Publicly listed audit clients	Audit Firm: II.71 Banks	Audit Firm: II.71 Insurance Companies
South-East	1,43	1,57	1,57	1,67	1,67
West	1,05	1,10	1,11	1,19	1,19
Total	1,15	1,22	1,23	1,32	1,32

Audit Firm: II.72 With ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	3,1	3,1
	slight improvement	3	9,4	12,5
	significant improvement	12	37,5	50,0
	major improvement	9	28,1	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.72 With ISQC 1	no change	Count	0	1	1
		% within Audit Firm: II.72 With ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight improvement	Count	1	2	3
		% within Audit Firm: II.72 With ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Size	4,3%	22,2%	9,4%
		% of Total	3,1%	6,3%	9,4%
	significant improvement	Count	7	5	12
		% within Audit Firm: II.72 With ISQC 1	58,3%	41,7%	100,0%
		% within Audit Firm: Size	30,4%	55,6%	37,5%
		% of Total	21,9%	15,6%	37,5%
	major improvement	Count	9	0	9
		% within Audit Firm: II.72 With ISQC 1	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	missing	Count	6	1	7
		% within Audit Firm: II.72 With ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.72 With ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.72 With ISQC 1	no change	Count	0	1	1
		% within Audit Firm: II.72 With ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight improvement	Count	2	1	3
		% within Audit Firm: II.72 With ISQC 1	66,7%	33,3%	100,0%
		% within Audit Firm: Region	25,0%	4,2%	9,4%
		% of Total	6,3%	3,1%	9,4%
	significant improvement	Count	1	11	12
		% within Audit Firm: II.72 With ISQC 1	8,3%	91,7%	100,0%
		% within Audit Firm: Region	12,5%	45,8%	37,5%
		% of Total	3,1%	34,4%	37,5%
	major improvement	Count	4	5	9
		% within Audit Firm: II.72 With ISQC 1	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	missing	Count	1	6	7
		% within Audit Firm: II.72 With ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.72 With ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	2,16

Audit Firm: Size	Audit Firm: II.72 With ISQC 1
Big Four	2,47
Mid Tier	1,50
Total	2,16

Audit Firm: Region	Audit Firm: II.72 With ISQC 1
South-East	2,29
West	2,11
Total	2,16

Audit Firm: II.72 Without ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	9,4	9,4
	slight improvement	16	50,0	59,4
	significant improvement	6	18,8	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.72 Without ISQC 1	no change	Count	0	3	3
		% within Audit Firm: II.72 Without ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight improvement	Count	12	4	16
		% within Audit Firm: II.72 Without ISQC 1	75,0%	25,0%	100,0%
		% within Audit Firm: Size	52,2%	44,4%	50,0%
		% of Total	37,5%	12,5%	50,0%
	significant improvement	Count	5	1	6
		% within Audit Firm: II.72 Without ISQC 1	83,3%	16,7%	100,0%
		% within Audit Firm: Size	21,7%	11,1%	18,8%
		% of Total	15,6%	3,1%	18,8%
	missing	Count	6	1	7
		% within Audit Firm: II.72 Without ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.72 Without ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.72 Without ISQC 1	no change	Count	1	2	3
		% within Audit Firm: II.72 Without ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	slight improvement	Count	5	11	16
		% within Audit Firm: II.72 Without ISQC 1	31,3%	68,8%	100,0%
		% within Audit Firm: Region	62,5%	45,8%	50,0%
		% of Total	15,6%	34,4%	50,0%
	significant improvement	Count	1	5	6
		% within Audit Firm: II.72 Without ISQC 1	16,7%	83,3%	100,0%
		% within Audit Firm: Region	12,5%	20,8%	18,8%
		% of Total	3,1%	15,6%	18,8%
	missing	Count	1	6	7
		% within Audit Firm: II.72 Without ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.72 Without ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	1,12

Audit Firm: Size	Audit Firm: II.72 Without ISQC 1
Big Four	1,29
Mid Tier	,75
Total	1,12

Audit Firm: Region	Audit Firm: II.72 Without ISQC 1
South-East	1,00
West	1,17
Total	1,12

Audit Firm: II.73 With ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	4	12,5	12,5
	significant improvement	9	28,1	40,6
	major improvement	12	37,5	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.73 With ISQC 1	slight improvement	Count	0	4	4
		% within Audit Firm: II.73 With ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	44,4%	12,5%
		% of Total	,0%	12,5%	12,5%
	significant improvement	Count	5	4	9
		% within Audit Firm: II.73 With ISQC 1	55,6%	44,4%	100,0%
		% within Audit Firm: Size	21,7%	44,4%	28,1%
		% of Total	15,6%	12,5%	28,1%
	major improvement	Count	12	0	12
		% within Audit Firm: II.73 With ISQC 1	100,0%	,0%	100,0%
		% within Audit Firm: Size	52,2%	,0%	37,5%
		% of Total	37,5%	,0%	37,5%
	missing	Count	6	1	7
		% within Audit Firm: II.73 With ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.73 With ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.73 With ISQC 1	slight improvement	Count	1	3	4
		% within Audit Firm: II.73 With ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	2	7	9
		% within Audit Firm: II.73 With ISQC 1	22,2%	77,8%	100,0%
		% within Audit Firm: Region	25,0%	29,2%	28,1%
		% of Total	6,3%	21,9%	28,1%
	major improvement	Count	4	8	12
		% within Audit Firm: II.73 With ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Region	50,0%	33,3%	37,5%
		% of Total	12,5%	25,0%	37,5%
	missing	Count	1	6	7
		% within Audit Firm: II.73 With ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.73 With ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	2,32

Audit Firm: Size	Audit Firm: II.73 With ISQC 1
Big Four	2,71
Mid Tier	1,50
Total	2,32

Audit Firm: Region	Audit Firm: II.73 With ISQC 1
South-East	2,43
West	2,28
Total	2,32

Audit Firm: II.73 Without ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	6,3	6,3
	slight improvement	9	28,1	34,4
	significant improvement	14	43,8	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.73 Without ISQC 1	no change	Count	0	2	2
		% within Audit Firm: II.73 Without ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight improvement	Count	3	6	9
		% within Audit Firm: II.73 Without ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Size	13,0%	66,7%	28,1%
		% of Total	9,4%	18,8%	28,1%
	significant improvement	Count	14	0	14
		% within Audit Firm: II.73 Without ISQC 1	100,0%	,0%	100,0%
		% within Audit Firm: Size	60,9%	,0%	43,8%
		% of Total	43,8%	,0%	43,8%
	missing	Count	6	1	7
		% within Audit Firm: II.73 Without ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.73 Without ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.73 Without ISQC 1	no change	Count	1	1	2
		% within Audit Firm: II.73 Without ISQC 1	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	slight improvement	Count	0	9	9
		% within Audit Firm: II.73 Without ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	37,5%	28,1%
		% of Total	,0%	28,1%	28,1%
	significant improvement	Count	6	8	14
		% within Audit Firm: II.73 Without ISQC 1	42,9%	57,1%	100,0%
		% within Audit Firm: Region	75,0%	33,3%	43,8%
		% of Total	18,8%	25,0%	43,8%
	missing	Count	1	6	7
		% within Audit Firm: II.73 Without ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.73 Without ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	1,48

Audit Firm: Size	Audit Firm: II.73 Without ISQC 1
Big Four	1,82
Mid Tier	,75
Total	1,48

Audit Firm: Region	Audit Firm: II.73 Without ISQC 1
South-East	1,71
West	1,39
Total	1,48

Audit Firm: II.74 With ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	3	9,4	9,4
	significant improvement	22	68,8	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.74 With ISQC 1	slight improvement	Count	0	3	3
		% within Audit Firm: II.74 With ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	significant improvement	Count	17	5	22
		% within Audit Firm: II.74 With ISQC 1	77,3%	22,7%	100,0%
		% within Audit Firm: Size	73,9%	55,6%	68,8%
		% of Total	53,1%	15,6%	68,8%
	missing	Count	6	1	7
		% within Audit Firm: II.74 With ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.74 With ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.74 With ISQC 1	slight improvement	Count	1	2	3
		% within Audit Firm: II.74 With ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	significant improvement	Count	6	16	22
		% within Audit Firm: II.74 With ISQC 1	27,3%	72,7%	100,0%
		% within Audit Firm: Region	75,0%	66,7%	68,8%
		% of Total	18,8%	50,0%	68,8%
	missing	Count	1	6	7
		% within Audit Firm: II.74 With ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.74 With ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	1,88

Audit Firm: Size	Audit Firm: II.74 With ISQC 1
Big Four	2,00
Mid Tier	1,63
Total	1,88

Audit Firm: Region	Audit Firm: II.74 With ISQC 1
South-East	1,86
West	1,89
Total	1,88

Audit Firm: II.74 Without ISQC 1

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	9,4	9,4
	slight improvement	18	56,3	65,6
	significant improvement	4	12,5	78,1
	missing	7	21,9	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.74 Without ISQC 1	no change	Count	0	3	3
		% within Audit Firm: II.74 Without ISQC 1	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight improvement	Count	13	5	18
		% within Audit Firm: II.74 Without ISQC 1	72,2%	27,8%	100,0%
		% within Audit Firm: Size	56,5%	55,6%	56,3%
		% of Total	40,6%	15,6%	56,3%
	significant improvement	Count	4	0	4
		% within Audit Firm: II.74 Without ISQC 1	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	missing	Count	6	1	7
		% within Audit Firm: II.74 Without ISQC 1	85,7%	14,3%	100,0%
		% within Audit Firm: Size	26,1%	11,1%	21,9%
		% of Total	18,8%	3,1%	21,9%
	Total	Count	23	9	32
		% within Audit Firm: II.74 Without ISQC 1	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.74 Without ISQC 1	no change	Count	1	2	3
		% within Audit Firm: II.74 Without ISQC 1	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	slight improvement	Count	5	13	18
		% within Audit Firm: II.74 Without ISQC 1	27,8%	72,2%	100,0%
		% within Audit Firm: Region	62,5%	54,2%	56,3%
		% of Total	15,6%	40,6%	56,3%
	significant improvement	Count	1	3	4
		% within Audit Firm: II.74 Without ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	missing	Count	1	6	7
		% within Audit Firm: II.74 Without ISQC 1	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	Total	Count	8	24	32
		% within Audit Firm: II.74 Without ISQC 1	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	25
	Missing	7
	Mean	1,04

Audit Firm: Size	Audit Firm: II.74 Without ISQC 1
Big Four	1,24
Mid Tier	,63
Total	1,04

Audit Firm: Region	Audit Firm: II.74 Without ISQC 1
South-East	1,00
West	1,06
Total	1,04

Audit Firm: II.75

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	3,1	3,1
	slight improvement	12	37,5	40,6
	significant improvement	11	34,4	75,0
	missing	8	25,0	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.75	no change	Count	0	1	1
		% within Audit Firm: II.75	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight improvement	Count	8	4	12
		% within Audit Firm: II.75	66,7%	33,3%	100,0%
		% within Audit Firm: Size	34,8%	44,4%	37,5%
		% of Total	25,0%	12,5%	37,5%
	significant improvement	Count	9	2	11
		% within Audit Firm: II.75	81,8%	18,2%	100,0%
		% within Audit Firm: Size	39,1%	22,2%	34,4%
		% of Total	28,1%	6,3%	34,4%
	missing	Count	6	2	8
		% within Audit Firm: II.75	75,0%	25,0%	100,0%
		% within Audit Firm: Size	26,1%	22,2%	25,0%
		% of Total	18,8%	6,3%	25,0%
	Total	Count	23	9	32
		% within Audit Firm: II.75	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.75	no change	Count	0	1	1
		% within Audit Firm: II.75	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	slight improvement	Count	3	9	12
		% within Audit Firm: II.75	25,0%	75,0%	100,0%
		% within Audit Firm: Region	37,5%	37,5%	37,5%
		% of Total	9,4%	28,1%	37,5%
	significant improvement	Count	4	7	11
		% within Audit Firm: II.75	36,4%	63,6%	100,0%
		% within Audit Firm: Region	50,0%	29,2%	34,4%
		% of Total	12,5%	21,9%	34,4%
	missing	Count	1	7	8
		% within Audit Firm: II.75	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	Total	Count	8	24	32
		% within Audit Firm: II.75	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	24
	Missing	8
	Mean	1,42

Audit Firm: Size	Audit Firm: II.75
Big Four	1,53
Mid Tier	1,14
Total	1,42

Audit Firm: Region	Audit Firm: II.75
South-East	1,57
West	1,35
Total	1,42

Audit Firm: II.76

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	17	53,1	53,1
	slight improvement	7	21,9	75,0
	missing	8	25,0	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.76	no change	Count	14	3	17
		% within Audit Firm: II.76	82,4%	17,6%	100,0%
		% within Audit Firm: Size	60,9%	33,3%	53,1%
		% of Total	43,8%	9,4%	53,1%
	slight improvement	Count	3	4	7
		% within Audit Firm: II.76	42,9%	57,1%	100,0%
		% within Audit Firm: Size	13,0%	44,4%	21,9%
		% of Total	9,4%	12,5%	21,9%
	missing	Count	6	2	8
		% within Audit Firm: II.76	75,0%	25,0%	100,0%
		% within Audit Firm: Size	26,1%	22,2%	25,0%
		% of Total	18,8%	6,3%	25,0%
	Total	Count	23	9	32
		% within Audit Firm: II.76	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.76	no change	Count	5	12	17
		% within Audit Firm: II.76	29,4%	70,6%	100,0%
		% within Audit Firm: Region	62,5%	50,0%	53,1%
		% of Total	15,6%	37,5%	53,1%
	slight improvement	Count	2	5	7
		% within Audit Firm: II.76	28,6%	71,4%	100,0%
		% within Audit Firm: Region	25,0%	20,8%	21,9%
		% of Total	6,3%	15,6%	21,9%
	missing	Count	1	7	8
		% within Audit Firm: II.76	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	Total	Count	8	24	32
		% within Audit Firm: II.76	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	24
	Missing	8
	Mean	,29

Audit Firm: Size	Audit Firm: II.76
Big Four	,18
Mid Tier	,57
Total	,29

Audit Firm: Region	Audit Firm: II.76
South-East	,29
West	,29
Total	,29

Audit Firm: II.77

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	6	18,8	18,8
	slight improvement	18	56,3	75,0
	missing	8	25,0	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.77	no change	Count	3	3	6
		% within Audit Firm: II.77	50,0%	50,0%	100,0%
		% within Audit Firm: Size	13,0%	33,3%	18,8%
		% of Total	9,4%	9,4%	18,8%
	slight improvement	Count	14	4	18
		% within Audit Firm: II.77	77,8%	22,2%	100,0%
		% within Audit Firm: Size	60,9%	44,4%	56,3%
		% of Total	43,8%	12,5%	56,3%
	missing	Count	6	2	8
		% within Audit Firm: II.77	75,0%	25,0%	100,0%
		% within Audit Firm: Size	26,1%	22,2%	25,0%
		% of Total	18,8%	6,3%	25,0%
	Total	Count	23	9	32
		% within Audit Firm: II.77	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.77	no change	Count	0	6	6
		% within Audit Firm: II.77	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	25,0%	18,8%
		% of Total	,0%	18,8%	18,8%
	slight improvement	Count	7	11	18
		% within Audit Firm: II.77	38,9%	61,1%	100,0%
		% within Audit Firm: Region	87,5%	45,8%	56,3%
		% of Total	21,9%	34,4%	56,3%
	missing	Count	1	7	8
		% within Audit Firm: II.77	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	Total	Count	8	24	32
		% within Audit Firm: II.77	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	24
	Missing	8
	Mean	,75

Audit Firm: Size	Audit Firm: II.77
Big Four	,82
Mid Tier	,57
Total	,75

Audit Firm: Region	Audit Firm: II.77
South-East	1,00
West	,65
Total	,75

Audit Firm: II.78

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	9	28,1	28,1
	slight increase	14	43,8	71,9
	significant increase	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.78	no change	Count	5	4	9
		% within Audit Firm: II.78	55,6%	44,4%	100,0%
		% within Audit Firm: Size	21,7%	44,4%	28,1%
		% of Total	15,6%	12,5%	28,1%
	slight increase	Count	11	3	14
		% within Audit Firm: II.78	78,6%	21,4%	100,0%
		% within Audit Firm: Size	47,8%	33,3%	43,8%
		% of Total	34,4%	9,4%	43,8%
	significant increase	Count	7	2	9
		% within Audit Firm: II.78	77,8%	22,2%	100,0%
		% within Audit Firm: Size	30,4%	22,2%	28,1%
		% of Total	21,9%	6,3%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.78	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.78	no change	Count	1	8	9
		% within Audit Firm: II.78	11,1%	88,9%	100,0%
		% within Audit Firm: Region	12,5%	33,3%	28,1%
		% of Total	3,1%	25,0%	28,1%
	slight increase	Count	2	12	14
		% within Audit Firm: II.78	14,3%	85,7%	100,0%
		% within Audit Firm: Region	25,0%	50,0%	43,8%
		% of Total	6,3%	37,5%	43,8%
	significant increase	Count	5	4	9
		% within Audit Firm: II.78	55,6%	44,4%	100,0%
		% within Audit Firm: Region	62,5%	16,7%	28,1%
		% of Total	15,6%	12,5%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.78	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	1,00

Audit Firm: Size	Audit Firm: II.78
Big Four	1,09
Mid Tier	,78
Total	1,00

Audit Firm: Region	Audit Firm: II.78
South-East	1,50
West	,83
Total	1,00

Audit Firm: II.79

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	9	28,1	28,1
	slight increase	14	43,8	71,9
	significant increase	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.79	no change	Count	5	4	9
		% within Audit Firm: II.79	55,6%	44,4%	100,0%
		% within Audit Firm: Size	21,7%	44,4%	28,1%
		% of Total	15,6%	12,5%	28,1%
	slight increase	Count	11	3	14
		% within Audit Firm: II.79	78,6%	21,4%	100,0%
		% within Audit Firm: Size	47,8%	33,3%	43,8%
		% of Total	34,4%	9,4%	43,8%
	significant increase	Count	7	2	9
		% within Audit Firm: II.79	77,8%	22,2%	100,0%
		% within Audit Firm: Size	30,4%	22,2%	28,1%
		% of Total	21,9%	6,3%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.79	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.79	no change	Count	1	8	9
		% within Audit Firm: II.79	11,1%	88,9%	100,0%
		% within Audit Firm: Region	12,5%	33,3%	28,1%
		% of Total	3,1%	25,0%	28,1%
	slight increase	Count	2	12	14
		% within Audit Firm: II.79	14,3%	85,7%	100,0%
		% within Audit Firm: Region	25,0%	50,0%	43,8%
		% of Total	6,3%	37,5%	43,8%
	significant increase	Count	5	4	9
		% within Audit Firm: II.79	55,6%	44,4%	100,0%
		% within Audit Firm: Region	62,5%	16,7%	28,1%
		% of Total	15,6%	12,5%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.79	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	1,00

Audit Firm: Size	Audit Firm: II.79
Big Four	1,09
Mid Tier	,78
Total	1,00

Audit Firm: Region	Audit Firm: II.79
South-East	1,50
West	,83
Total	1,00

Audit Firm: II.80

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	9,4	9,4
	slight increase	17	53,1	62,5
	significant increase	7	21,9	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.80	no change	Count	0	3	3
		% within Audit Firm: II.80	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight increase	Count	14	3	17
		% within Audit Firm: II.80	82,4%	17,6%	100,0%
		% within Audit Firm: Size	60,9%	33,3%	53,1%
		% of Total	43,8%	9,4%	53,1%
	significant increase	Count	4	3	7
		% within Audit Firm: II.80	57,1%	42,9%	100,0%
		% within Audit Firm: Size	17,4%	33,3%	21,9%
		% of Total	12,5%	9,4%	21,9%
	missing	Count	5	0	5
		% within Audit Firm: II.80	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.80	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.80	no change	Count	0	3	3
		% within Audit Firm: II.80	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	12,5%	9,4%
		% of Total	,0%	9,4%	9,4%
	slight increase	Count	5	12	17
		% within Audit Firm: II.80	29,4%	70,6%	100,0%
		% within Audit Firm: Region	62,5%	50,0%	53,1%
		% of Total	15,6%	37,5%	53,1%
	significant increase	Count	2	5	7
		% within Audit Firm: II.80	28,6%	71,4%	100,0%
		% within Audit Firm: Region	25,0%	20,8%	21,9%
		% of Total	6,3%	15,6%	21,9%
	missing	Count	1	4	5
		% within Audit Firm: II.80	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.80	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,15

Audit Firm: Size	Audit Firm: II.80
Big Four	1,22
Mid Tier	1,00
Total	1,15

Audit Firm: Region	Audit Firm: II.80
South-East	1,29
West	1,10
Total	1,15

Audit Firm: II.81

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	14	43,8	43,8
	slight increase	10	31,3	75,0
	significant increase	3	9,4	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.81	no change	Count	11	3	14
		% within Audit Firm: II.81	78,6%	21,4%	100,0%
		% within Audit Firm: Size	47,8%	33,3%	43,8%
		% of Total	34,4%	9,4%	43,8%
	slight increase	Count	7	3	10
		% within Audit Firm: II.81	70,0%	30,0%	100,0%
		% within Audit Firm: Size	30,4%	33,3%	31,3%
		% of Total	21,9%	9,4%	31,3%
	significant increase	Count	0	3	3
		% within Audit Firm: II.81	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	missing	Count	5	0	5
		% within Audit Firm: II.81	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.81	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.81	no change	Count	2	12	14
		% within Audit Firm: II.81	14,3%	85,7%	100,0%
		% within Audit Firm: Region	25,0%	50,0%	43,8%
		% of Total	6,3%	37,5%	43,8%
	slight increase	Count	4	6	10
		% within Audit Firm: II.81	40,0%	60,0%	100,0%
		% within Audit Firm: Region	50,0%	25,0%	31,3%
		% of Total	12,5%	18,8%	31,3%
	significant increase	Count	1	2	3
		% within Audit Firm: II.81	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	missing	Count	1	4	5
		% within Audit Firm: II.81	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.81	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	,59

Audit Firm: Size	Audit Firm: II.81
Big Four	,39
Mid Tier	1,00
Total	,59

Audit Firm: Region	Audit Firm: II.81
South-East	,86
West	,50
Total	,59

Audit Firm: II.82

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	8	25,0	25,0
	significant correlation	17	53,1	78,1
	major correlation	2	6,3	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.82	slight correlation	Count	5	3	8
		% within Audit Firm: II.82	62,5%	37,5%	100,0%
		% within Audit Firm: Size	21,7%	33,3%	25,0%
		% of Total	15,6%	9,4%	25,0%
	significant correlation	Count	13	4	17
		% within Audit Firm: II.82	76,5%	23,5%	100,0%
		% within Audit Firm: Size	56,5%	44,4%	53,1%
		% of Total	40,6%	12,5%	53,1%
	major correlation	Count	0	2	2
		% within Audit Firm: II.82	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	missing	Count	5	0	5
		% within Audit Firm: II.82	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.82	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.82	slight correlation	Count	1	7	8
		% within Audit Firm: II.82	12,5%	87,5%	100,0%
		% within Audit Firm: Region	12,5%	29,2%	25,0%
		% of Total	3,1%	21,9%	25,0%
	significant correlation	Count	5	12	17
		% within Audit Firm: II.82	29,4%	70,6%	100,0%
		% within Audit Firm: Region	62,5%	50,0%	53,1%
		% of Total	15,6%	37,5%	53,1%
	major correlation	Count	1	1	2
		% within Audit Firm: II.82	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	missing	Count	1	4	5
		% within Audit Firm: II.82	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.82	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,78

Audit Firm: Size	Audit Firm: II.82
Big Four	1,72
Mid Tier	1,89
Total	1,78

Audit Firm: Region	Audit Firm: II.82
South-East	2,00
West	1,70
Total	1,78

Audit Firm: II.83

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	11	34,4	34,4
	significant correlation	16	50,0	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.83	slight correlation	Count	9	2	11
		% within Audit Firm: II.83	81,8%	18,2%	100,0%
		% within Audit Firm: Size	39,1%	22,2%	34,4%
		% of Total	28,1%	6,3%	34,4%
	significant correlation	Count	9	7	16
		% within Audit Firm: II.83	56,3%	43,8%	100,0%
		% within Audit Firm: Size	39,1%	77,8%	50,0%
		% of Total	28,1%	21,9%	50,0%
	missing	Count	5	0	5
		% within Audit Firm: II.83	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.83	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.83	slight correlation	Count	2	9	11
		% within Audit Firm: II.83	18,2%	81,8%	100,0%
		% within Audit Firm: Region	25,0%	37,5%	34,4%
		% of Total	6,3%	28,1%	34,4%
	significant correlation	Count	5	11	16
		% within Audit Firm: II.83	31,3%	68,8%	100,0%
		% within Audit Firm: Region	62,5%	45,8%	50,0%
		% of Total	15,6%	34,4%	50,0%
	missing	Count	1	4	5
		% within Audit Firm: II.83	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.83	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,59

Audit Firm: Size	Audit Firm: II.83
Big Four	1,50
Mid Tier	1,78
Total	1,59

Audit Firm: Region	Audit Firm: II.83
South-East	1,71
West	1,55
Total	1,59

Audit Firm: II.84

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	5	15,6	15,6
	slight reduction	22	68,8	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.84	significant reduction	Count	0	5	5
		% within Audit Firm: II.84	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	55,6%	15,6%
		% of Total	,0%	15,6%	15,6%
	slight reduction	Count	18	4	22
		% within Audit Firm: II.84	81,8%	18,2%	100,0%
		% within Audit Firm: Size	78,3%	44,4%	68,8%
		% of Total	56,3%	12,5%	68,8%
	missing	Count	5	0	5
		% within Audit Firm: II.84	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.84	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.84	significant reduction	Count	1	4	5
		% within Audit Firm: II.84	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	slight reduction	Count	6	16	22
		% within Audit Firm: II.84	27,3%	72,7%	100,0%
		% within Audit Firm: Region	75,0%	66,7%	68,8%
		% of Total	18,8%	50,0%	68,8%
	missing	Count	1	4	5
		% within Audit Firm: II.84	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.84	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	-1,19

Audit Firm: Size	Audit Firm: II.84
Big Four	-1,00
Mid Tier	-1,56
Total	-1,19

Audit Firm: Region	Audit Firm: II.84
South-East	-1,14
West	-1,20
Total	-1,19

Audit Firm: II.85

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	5	15,6	15,6
	slight reduction	22	68,8	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.85	significant reduction	Count	0	5	5
		% within Audit Firm: II.85	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	55,6%	15,6%
		% of Total	,0%	15,6%	15,6%
	slight reduction	Count	18	4	22
		% within Audit Firm: II.85	81,8%	18,2%	100,0%
		% within Audit Firm: Size	78,3%	44,4%	68,8%
		% of Total	56,3%	12,5%	68,8%
	missing	Count	5	0	5
		% within Audit Firm: II.85	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.85	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.85	significant reduction	Count	0	5	5
		% within Audit Firm: II.85	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	20,8%	15,6%
		% of Total	,0%	15,6%	15,6%
	slight reduction	Count	7	15	22
		% within Audit Firm: II.85	31,8%	68,2%	100,0%
		% within Audit Firm: Region	87,5%	62,5%	68,8%
		% of Total	21,9%	46,9%	68,8%
	missing	Count	1	4	5
		% within Audit Firm: II.85	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.85	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	-1,19

Audit Firm: Size	Audit Firm: II.85
Big Four	-1,00
Mid Tier	-1,56
Total	-1,19

Audit Firm: Region	Audit Firm: II.85
South-East	-1,00
West	-1,25
Total	-1,19

Audit Firm: II.86

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	8	25,0	25,0
	significant increase	19	59,4	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.86	slight increase	Count	5	3	8
		% within Audit Firm: II.86	62,5%	37,5%	100,0%
		% within Audit Firm: Size	21,7%	33,3%	25,0%
		% of Total	15,6%	9,4%	25,0%
	significant increase	Count	13	6	19
		% within Audit Firm: II.86	68,4%	31,6%	100,0%
		% within Audit Firm: Size	56,5%	66,7%	59,4%
		% of Total	40,6%	18,8%	59,4%
	missing	Count	5	0	5
		% within Audit Firm: II.86	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.86	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.86	slight increase	Count	2	6	8
		% within Audit Firm: II.86	25,0%	75,0%	100,0%
		% within Audit Firm: Region	25,0%	25,0%	25,0%
		% of Total	6,3%	18,8%	25,0%
	significant increase	Count	5	14	19
		% within Audit Firm: II.86	26,3%	73,7%	100,0%
		% within Audit Firm: Region	62,5%	58,3%	59,4%
		% of Total	15,6%	43,8%	59,4%
	missing	Count	1	4	5
		% within Audit Firm: II.86	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.86	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,70

Audit Firm: Size	Audit Firm: II.86
Big Four	1,72
Mid Tier	1,67
Total	1,70

Audit Firm: Region	Audit Firm: II.86
South-East	1,71
West	1,70
Total	1,70

Audit Firm: II.87

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	9	28,1	28,1
	significant increase	18	56,3	84,4
	missing	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.87	slight increase	Count	5	4	9
		% within Audit Firm: II.87	55,6%	44,4%	100,0%
		% within Audit Firm: Size	21,7%	44,4%	28,1%
		% of Total	15,6%	12,5%	28,1%
	significant increase	Count	13	5	18
		% within Audit Firm: II.87	72,2%	27,8%	100,0%
		% within Audit Firm: Size	56,5%	55,6%	56,3%
		% of Total	40,6%	15,6%	56,3%
	missing	Count	5	0	5
		% within Audit Firm: II.87	100,0%	,0%	100,0%
		% within Audit Firm: Size	21,7%	,0%	15,6%
		% of Total	15,6%	,0%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.87	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.87	slight increase	Count	3	6	9
		% within Audit Firm: II.87	33,3%	66,7%	100,0%
		% within Audit Firm: Region	37,5%	25,0%	28,1%
		% of Total	9,4%	18,8%	28,1%
	significant increase	Count	4	14	18
		% within Audit Firm: II.87	22,2%	77,8%	100,0%
		% within Audit Firm: Region	50,0%	58,3%	56,3%
		% of Total	12,5%	43,8%	56,3%
	missing	Count	1	4	5
		% within Audit Firm: II.87	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.87	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	27
	Missing	5
	Mean	1,67

Audit Firm: Size	Audit Firm: II.87
Big Four	1,72
Mid Tier	1,56
Total	1,67

Audit Firm: Region	Audit Firm: II.87
South-East	1,57
West	1,70
Total	1,67

Audit Firm: II.88

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	6,3	6,3
	slight increase	12	37,5	43,8
	significant increase	9	28,1	71,9
	missing	9	28,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.88	no change	Count	0	2	2
		% within Audit Firm: II.88	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	22,2%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight increase	Count	5	7	12
		% within Audit Firm: II.88	41,7%	58,3%	100,0%
		% within Audit Firm: Size	21,7%	77,8%	37,5%
		% of Total	15,6%	21,9%	37,5%
	significant increase	Count	9	0	9
		% within Audit Firm: II.88	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	missing	Count	9	0	9
		% within Audit Firm: II.88	100,0%	,0%	100,0%
		% within Audit Firm: Size	39,1%	,0%	28,1%
		% of Total	28,1%	,0%	28,1%
	Total	Count	23	9	32
		% within Audit Firm: II.88	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.88	no change	Count	0	2	2
		% within Audit Firm: II.88	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	8,3%	6,3%
		% of Total	,0%	6,3%	6,3%
	slight increase	Count	2	10	12
		% within Audit Firm: II.88	16,7%	83,3%	100,0%
		% within Audit Firm: Region	25,0%	41,7%	37,5%
		% of Total	6,3%	31,3%	37,5%
	significant increase	Count	4	5	9
		% within Audit Firm: II.88	44,4%	55,6%	100,0%
		% within Audit Firm: Region	50,0%	20,8%	28,1%
		% of Total	12,5%	15,6%	28,1%
	missing	Count	2	7	9
		% within Audit Firm: II.88	22,2%	77,8%	100,0%
		% within Audit Firm: Region	25,0%	29,2%	28,1%
		% of Total	6,3%	21,9%	28,1%
	Total	Count	8	24	32
		% within Audit Firm: II.88	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	23
	Missing	9
	Mean	1,30

Audit Firm: Size	Audit Firm: II.88
Big Four	1,64
Mid Tier	,78
Total	1,30

Audit Firm: Region	Audit Firm: II.88
South-East	1,67
West	1,18
Total	1,30

Audit Firm: II.89

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	21	65,6	65,6
	slight increase	10	31,3	96,9
	significant increase	1	3,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.89	no change	Count	18	3	21
		% within Audit Firm: II.89	85,7%	14,3%	100,0%
		% within Audit Firm: Size	78,3%	33,3%	65,6%
		% of Total	56,3%	9,4%	65,6%
	slight increase	Count	5	5	10
		% within Audit Firm: II.89	50,0%	50,0%	100,0%
		% within Audit Firm: Size	21,7%	55,6%	31,3%
		% of Total	15,6%	15,6%	31,3%
	significant increase	Count	0	1	1
		% within Audit Firm: II.89	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	23	9	32
		% within Audit Firm: II.89	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.89	no change	Count	6	15	21
		% within Audit Firm: II.89	28,6%	71,4%	100,0%
		% within Audit Firm: Region	75,0%	62,5%	65,6%
		% of Total	18,8%	46,9%	65,6%
	slight increase	Count	2	8	10
		% within Audit Firm: II.89	20,0%	80,0%	100,0%
		% within Audit Firm: Region	25,0%	33,3%	31,3%
		% of Total	6,3%	25,0%	31,3%
	significant increase	Count	0	1	1
		% within Audit Firm: II.89	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	8	24	32
		% within Audit Firm: II.89	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,38

Audit Firm: Size	Audit Firm: II.89
Big Four	,22
Mid Tier	,78
Total	,38

Audit Firm: Region	Audit Firm: II.89
South-East	,25
West	,42
Total	,38

Audit Firm: II.90

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	31	96,9	96,9
	significant increase	1	3,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.90	no change	Count	23	8	31
		% within Audit Firm: II.90	74,2%	25,8%	100,0%
		% within Audit Firm: Size	100,0%	88,9%	96,9%
		% of Total	71,9%	25,0%	96,9%
	significant increase	Count	0	1	1
		% within Audit Firm: II.90	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	23	9	32
		% within Audit Firm: II.90	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.90	no change	Count	8	23	31
		% within Audit Firm: II.90	25,8%	74,2%	100,0%
		% within Audit Firm: Region	100,0%	95,8%	96,9%
		% of Total	25,0%	71,9%	96,9%
	significant increase	Count	0	1	1
		% within Audit Firm: II.90	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	8	24	32
		% within Audit Firm: II.90	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,06

Audit Firm: Size	Audit Firm: II.90
Big Four	,00
Mid Tier	,22
Total	,06

Audit Firm: Region	Audit Firm: II.90
South-East	,00
West	,08
Total	,06

Audit Firm: II.92

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight decrease	1	3,1	3,1
	no change	27	84,4	87,5
	slight increase	4	12,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.92	slight decrease	Count	0	1	1
		% within Audit Firm: II.92	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	22	5	27
		% within Audit Firm: II.92	81,5%	18,5%	100,0%
		% within Audit Firm: Size	95,7%	55,6%	84,4%
		% of Total	68,8%	15,6%	84,4%
	slight increase	Count	1	3	4
		% within Audit Firm: II.92	25,0%	75,0%	100,0%
		% within Audit Firm: Size	4,3%	33,3%	12,5%
		% of Total	3,1%	9,4%	12,5%
	Total	Count	23	9	32
		% within Audit Firm: II.92	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.92	slight decrease	Count	0	1	1
		% within Audit Firm: II.92	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	no change	Count	6	21	27
		% within Audit Firm: II.92	22,2%	77,8%	100,0%
		% within Audit Firm: Region	75,0%	87,5%	84,4%
		% of Total	18,8%	65,6%	84,4%
	slight increase	Count	2	2	4
		% within Audit Firm: II.92	50,0%	50,0%	100,0%
		% within Audit Firm: Region	25,0%	8,3%	12,5%
		% of Total	6,3%	6,3%	12,5%
	Total	Count	8	24	32
		% within Audit Firm: II.92	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,09

Audit Firm: Size	Audit Firm: II.92
Big Four	,04
Mid Tier	,22
Total	,09

Audit Firm: Region	Audit Firm: II.92
South-East	,25
West	,04
Total	,09

Audit Firm: II.95

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	14	43,8	43,8
	More concerned about compliance with the ISAs as rules	1	3,1	46,9
	Equally concerned about compliance with the ISAs as rules and about audit quality	17	53,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.95	missing	Count	10	4	14
		% within Audit Firm: II.95	71,4%	28,6%	100,0%
		% within Audit Firm: Size	43,5%	44,4%	43,8%
		% of Total	31,3%	12,5%	43,8%
	More concerned about compliance with the ISAs as rules	Count	0	1	1
		% within Audit Firm: II.95	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Equally concerned about compliance with the ISAs as rules and about audit quality	Count	13	4	17
		% within Audit Firm: II.95	76,5%	23,5%	100,0%
		% within Audit Firm: Size	56,5%	44,4%	53,1%
		% of Total	40,6%	12,5%	53,1%
	Total	Count	23	9	32
		% within Audit Firm: II.95	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.95	missing	Count	2	12	14
		% within Audit Firm: II.95	14,3%	85,7%	100,0%
		% within Audit Firm: Region	25,0%	50,0%	43,8%
		% of Total	6,3%	37,5%	43,8%
	More concerned about compliance with the ISAs as rules	Count	1	0	1
		% within Audit Firm: II.95	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	Equally concerned about compliance with the ISAs as rules and about audit quality	Count	5	12	17
		% within Audit Firm: II.95	29,4%	70,6%	100,0%
		% within Audit Firm: Region	62,5%	50,0%	53,1%
		% of Total	15,6%	37,5%	53,1%
	Total	Count	8	24	32
		% within Audit Firm: II.95	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Audit Firm: II.98

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	28	87,5	87,5
	slight increase	3	9,4	96,9
	significant increase	1	3,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.98	no change	Count	23	5	28
		% within Audit Firm: II.98	82,1%	17,9%	100,0%
		% within Audit Firm: Size	100,0%	55,6%	87,5%
		% of Total	71,9%	15,6%	87,5%
	slight increase	Count	0	3	3
		% within Audit Firm: II.98	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	significant increase	Count	0	1	1
		% within Audit Firm: II.98	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	23	9	32
		% within Audit Firm: II.98	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.98	no change	Count	7	21	28
		% within Audit Firm: II.98	25,0%	75,0%	100,0%
		% within Audit Firm: Region	87,5%	87,5%	87,5%
		% of Total	21,9%	65,6%	87,5%
	slight increase	Count	1	2	3
		% within Audit Firm: II.98	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	significant increase	Count	0	1	1
		% within Audit Firm: II.98	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	8	24	32
		% within Audit Firm: II.98	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,16

Audit Firm: Size	Audit Firm: II.98
Big Four	,00
Mid Tier	,56
Total	,16

Audit Firm: Region	Audit Firm: II.98
South-East	,13
West	,17
Total	,16

Audit Firm: II.99

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	25	78,1	78,1
	slight increase	5	15,6	93,8
	significant increase	2	6,3	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.99	no change	Count	21	4	25
		% within Audit Firm: II.99	84,0%	16,0%	100,0%
		% within Audit Firm: Size	91,3%	44,4%	78,1%
		% of Total	65,6%	12,5%	78,1%
	slight increase	Count	1	4	5
		% within Audit Firm: II.99	20,0%	80,0%	100,0%
		% within Audit Firm: Size	4,3%	44,4%	15,6%
		% of Total	3,1%	12,5%	15,6%
	significant increase	Count	1	1	2
		% within Audit Firm: II.99	50,0%	50,0%	100,0%
		% within Audit Firm: Size	4,3%	11,1%	6,3%
		% of Total	3,1%	3,1%	6,3%
	Total	Count	23	9	32
		% within Audit Firm: II.99	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.99	no change	Count	5	20	25
		% within Audit Firm: II.99	20,0%	80,0%	100,0%
		% within Audit Firm: Region	62,5%	83,3%	78,1%
		% of Total	15,6%	62,5%	78,1%
	slight increase	Count	2	3	5
		% within Audit Firm: II.99	40,0%	60,0%	100,0%
		% within Audit Firm: Region	25,0%	12,5%	15,6%
		% of Total	6,3%	9,4%	15,6%
	significant increase	Count	1	1	2
		% within Audit Firm: II.99	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	Total	Count	8	24	32
		% within Audit Firm: II.99	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,28

Audit Firm: Size	Audit Firm: II.99
Big Four	,13
Mid Tier	,67
Total	,28

Audit Firm: Region	Audit Firm: II.99
South-East	,50
West	,21
Total	,28

Audit Firm: II.100

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	14	43,8	43,8
	slight improvement	4	12,5	56,3
	significant improvement	14	43,8	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.100	no change	Count	9	5	14
		% within Audit Firm: II.100	64,3%	35,7%	100,0%
		% within Audit Firm: Size	39,1%	55,6%	43,8%
		% of Total	28,1%	15,6%	43,8%
	slight improvement	Count	1	3	4
		% within Audit Firm: II.100	25,0%	75,0%	100,0%
		% within Audit Firm: Size	4,3%	33,3%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	13	1	14
		% within Audit Firm: II.100	92,9%	7,1%	100,0%
		% within Audit Firm: Size	56,5%	11,1%	43,8%
		% of Total	40,6%	3,1%	43,8%
	Total	Count	23	9	32
		% within Audit Firm: II.100	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.100	no change	Count	1	13	14
		% within Audit Firm: II.100	7,1%	92,9%	100,0%
		% within Audit Firm: Region	12,5%	54,2%	43,8%
		% of Total	3,1%	40,6%	43,8%
	slight improvement	Count	2	2	4
		% within Audit Firm: II.100	50,0%	50,0%	100,0%
		% within Audit Firm: Region	25,0%	8,3%	12,5%
		% of Total	6,3%	6,3%	12,5%
	significant improvement	Count	5	9	14
		% within Audit Firm: II.100	35,7%	64,3%	100,0%
		% within Audit Firm: Region	62,5%	37,5%	43,8%
		% of Total	15,6%	28,1%	43,8%
	Total	Count	8	24	32
		% within Audit Firm: II.100	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	1,00

Audit Firm: Size	Audit Firm: II.100
Big Four	1,17
Mid Tier	,56
Total	1,00

Audit Firm: Region	Audit Firm: II.100
South-East	1,50
West	,83
Total	1,00

Audit Firm: II.101

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant impairment	8	25,0	25,0
	slight impairment	2	6,3	31,3
	no change	10	31,3	62,5
	slight improvement	7	21,9	84,4
	significant improvement	1	3,1	87,5
	missing	4	12,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.101	significant impairment	Count	8	0	8
		% within Audit Firm: II.101	100,0%	,0%	100,0%
		% within Audit Firm: Size	34,8%	,0%	25,0%
		% of Total	25,0%	,0%	25,0%
	slight impairment	Count	1	1	2
		% within Audit Firm: II.101	50,0%	50,0%	100,0%
		% within Audit Firm: Size	4,3%	11,1%	6,3%
		% of Total	3,1%	3,1%	6,3%
	no change	Count	4	6	10
		% within Audit Firm: II.101	40,0%	60,0%	100,0%
		% within Audit Firm: Size	17,4%	66,7%	31,3%
		% of Total	12,5%	18,8%	31,3%
	slight improvement	Count	5	2	7
		% within Audit Firm: II.101	71,4%	28,6%	100,0%
		% within Audit Firm: Size	21,7%	22,2%	21,9%
		% of Total	15,6%	6,3%	21,9%

	significant improvement	Count	1	0	1
		% within Audit Firm: II.101	100,0%	,0%	100,0%
		% within Audit Firm: Size	4,3%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	missing	Count	4	0	4
		% within Audit Firm: II.101	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	Total	Count	23	9	32
		% within Audit Firm: II.101	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.101	significant impairment	Count	3	5	8
		% within Audit Firm: II.101	37,5%	62,5%	100,0%
		% within Audit Firm: Region	37,5%	20,8%	25,0%
		% of Total	9,4%	15,6%	25,0%
	slight impairment	Count	1	1	2
		% within Audit Firm: II.101	50,0%	50,0%	100,0%
		% within Audit Firm: Region	12,5%	4,2%	6,3%
		% of Total	3,1%	3,1%	6,3%
	no change	Count	1	9	10
		% within Audit Firm: II.101	10,0%	90,0%	100,0%
		% within Audit Firm: Region	12,5%	37,5%	31,3%
		% of Total	3,1%	28,1%	31,3%
	slight improvement	Count	1	6	7
		% within Audit Firm: II.101	14,3%	85,7%	100,0%
		% within Audit Firm: Region	12,5%	25,0%	21,9%
		% of Total	3,1%	18,8%	21,9%
	significant improvement	Count	1	0	1
		% within Audit Firm: II.101	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	missing	Count	1	3	4
		% within Audit Firm: II.101	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%

	Total	Count	8	24	32
		% within Audit Firm: II.101	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	28
	Missing	4
	Mean	-,32

Audit Firm: Size	Audit Firm: II.101
Big Four	-,53
Mid Tier	,11
Total	-,32

Audit Firm: Region	Audit Firm: II.101
South-East	-,57
West	-,24
Total	-,32

Audit Firm: II.102

	N	Mean
Audit Firm: II.102 Risk of professional sanctions	32	-,47
Audit Firm: II.102 Liability risk	32	-,38
Audit Firm: II.102 Reputational risk	32	-,38
Valid N (listwise)	32	

Audit Firm: Size	Audit Firm: II.102 Risk of professional sanctions	Audit Firm: II.102 Liability risk	Audit Firm: II.102 Reputational risk
Big Four	-,57	-,39	-,39
Mid Tier	-,22	-,33	-,33
Total	-,47	-,38	-,38

Audit Firm: Region	Audit Firm: II.102 Risk of professional sanctions	Audit Firm: II.102 Liability risk	Audit Firm: II.102 Reputational risk
South-East	-,38	-,38	-,50
West	-,50	-,38	-,33
Total	-,47	-,38	-,38

Audit Firm: II.103

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	21	65,6	65,6
	slight improvement	4	12,5	78,1
	significant improvement	3	9,4	87,5
	missing	4	12,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.103	no change	Count	15	6	21
		% within Audit Firm: II.103	71,4%	28,6%	100,0%
		% within Audit Firm: Size	65,2%	66,7%	65,6%
		% of Total	46,9%	18,8%	65,6%
	slight improvement	Count	4	0	4
		% within Audit Firm: II.103	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	significant improvement	Count	0	3	3
		% within Audit Firm: II.103	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	33,3%	9,4%
		% of Total	,0%	9,4%	9,4%
	missing	Count	4	0	4
		% within Audit Firm: II.103	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	Total	Count	23	9	32
		% within Audit Firm: II.103	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.103	no change	Count	5	16	21
		% within Audit Firm: II.103	23,8%	76,2%	100,0%
		% within Audit Firm: Region	62,5%	66,7%	65,6%
		% of Total	15,6%	50,0%	65,6%
	slight improvement	Count	1	3	4
		% within Audit Firm: II.103	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	1	2	3
		% within Audit Firm: II.103	33,3%	66,7%	100,0%
		% within Audit Firm: Region	12,5%	8,3%	9,4%
		% of Total	3,1%	6,3%	9,4%
	missing	Count	1	3	4
		% within Audit Firm: II.103	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	Total	Count	8	24	32
		% within Audit Firm: II.103	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	28
	Missing	4
	Mean	,36

Audit Firm: Size	Audit Firm: II.103
Big Four	,21
Mid Tier	,67
Total	,36

Audit Firm: Region	Audit Firm: II.103
South-East	,43
West	,33
Total	,36

Audit Firm: II.104

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	13	40,6	40,6
	slight improvement	15	46,9	87,5
	missing	4	12,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.104	no change	Count	6	7	13
		% within Audit Firm: II.104	46,2%	53,8%	100,0%
		% within Audit Firm: Size	26,1%	77,8%	40,6%
		% of Total	18,8%	21,9%	40,6%
	slight improvement	Count	13	2	15
		% within Audit Firm: II.104	86,7%	13,3%	100,0%
		% within Audit Firm: Size	56,5%	22,2%	46,9%
		% of Total	40,6%	6,3%	46,9%
	missing	Count	4	0	4
		% within Audit Firm: II.104	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	Total	Count	23	9	32
		% within Audit Firm: II.104	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.104	no change	Count	2	11	13
		% within Audit Firm: II.104	15,4%	84,6%	100,0%
		% within Audit Firm: Region	25,0%	45,8%	40,6%
		% of Total	6,3%	34,4%	40,6%
	slight improvement	Count	5	10	15
		% within Audit Firm: II.104	33,3%	66,7%	100,0%
		% within Audit Firm: Region	62,5%	41,7%	46,9%
		% of Total	15,6%	31,3%	46,9%
	missing	Count	1	3	4
		% within Audit Firm: II.104	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	Total	Count	8	24	32
		% within Audit Firm: II.104	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	28
	Missing	4
	Mean	,54

Audit Firm: Size	Audit Firm: II.104
Big Four	,68
Mid Tier	,22
Total	,54

Audit Firm: Region	Audit Firm: II.104
South-East	,71
West	,48
Total	,54

Audit Firm: II.105

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	15	46,9	46,9
	slight improvement	4	12,5	59,4
	significant improvement	8	25,0	84,4
	major improvement	1	3,1	87,5
	missing	4	12,5	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.105	no change	Count	10	5	15
		% within Audit Firm: II.105	66,7%	33,3%	100,0%
		% within Audit Firm: Size	43,5%	55,6%	46,9%
		% of Total	31,3%	15,6%	46,9%
	slight improvement	Count	1	3	4
		% within Audit Firm: II.105	25,0%	75,0%	100,0%
		% within Audit Firm: Size	4,3%	33,3%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	8	0	8
		% within Audit Firm: II.105	100,0%	,0%	100,0%
		% within Audit Firm: Size	34,8%	,0%	25,0%
		% of Total	25,0%	,0%	25,0%
	major improvement	Count	0	1	1
		% within Audit Firm: II.105	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	4	0	4
		% within Audit Firm: II.105	100,0%	,0%	100,0%
		% within Audit Firm: Size	17,4%	,0%	12,5%
		% of Total	12,5%	,0%	12,5%
	Total	Count	23	9	32
		% within Audit Firm: II.105	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.105	no change	Count	2	13	15
		% within Audit Firm: II.105	13,3%	86,7%	100,0%
		% within Audit Firm: Region	25,0%	54,2%	46,9%
		% of Total	6,3%	40,6%	46,9%
	slight improvement	Count	1	3	4
		% within Audit Firm: II.105	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	significant improvement	Count	4	4	8
		% within Audit Firm: II.105	50,0%	50,0%	100,0%
		% within Audit Firm: Region	50,0%	16,7%	25,0%
		% of Total	12,5%	12,5%	25,0%
	major improvement	Count	0	1	1
		% within Audit Firm: II.105	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	missing	Count	1	3	4
		% within Audit Firm: II.105	25,0%	75,0%	100,0%
		% within Audit Firm: Region	12,5%	12,5%	12,5%
		% of Total	3,1%	9,4%	12,5%
	Total	Count	8	24	32
		% within Audit Firm: II.105	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	28
	Missing	4
	Mean	,82

Audit Firm: Size	Audit Firm: II.105
Big Four	,89
Mid Tier	,67
Total	,82

Audit Firm: Region	Audit Firm: II.105
South-East	1,29
West	,67
Total	,82

Audit Firm: II.107

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	8	25,0	25,0
	slight improvement	19	59,4	84,4
	significant improvement	5	15,6	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.107	no change	Count	4	4	8
		% within Audit Firm: II.107	50,0%	50,0%	100,0%
		% within Audit Firm: Size	17,4%	44,4%	25,0%
		% of Total	12,5%	12,5%	25,0%
	slight improvement	Count	15	4	19
		% within Audit Firm: II.107	78,9%	21,1%	100,0%
		% within Audit Firm: Size	65,2%	44,4%	59,4%
		% of Total	46,9%	12,5%	59,4%
	significant improvement	Count	4	1	5
		% within Audit Firm: II.107	80,0%	20,0%	100,0%
		% within Audit Firm: Size	17,4%	11,1%	15,6%
		% of Total	12,5%	3,1%	15,6%
	Total	Count	23	9	32
		% within Audit Firm: II.107	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.107	no change	Count	0	8	8
		% within Audit Firm: II.107	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	33,3%	25,0%
		% of Total	,0%	25,0%	25,0%
	slight improvement	Count	7	12	19
		% within Audit Firm: II.107	36,8%	63,2%	100,0%
		% within Audit Firm: Region	87,5%	50,0%	59,4%
		% of Total	21,9%	37,5%	59,4%
	significant improvement	Count	1	4	5
		% within Audit Firm: II.107	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Total	Count	8	24	32
		% within Audit Firm: II.107	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

N	Valid	32
	Missing	0
	Mean	,91

Audit Firm: Size	Audit Firm: II.107
Big Four	1,00
Mid Tier	,67
Total	,91

Audit Firm: Region	Audit Firm: II.107
South-East	1,13
West	,83
Total	,91

Audit Firm: II.110

N	Valid	32
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Benefits significantly outweigh costs	25	78,1	78,1
	Benefits slightly outweigh costs	5	15,6	93,8
	Costs slightly outweigh benefits	1	3,1	96,9
	Costs significantly outweigh benefits	1	3,1	100,0
	Total	32	100,0	

			Audit Firm: Size		
			Big Four	Mid Tier	Total
Audit Firm: II.110	Benefits significantly outweigh costs	Count	21	4	25
		% within Audit Firm: II.110	84,0%	16,0%	100,0%
		% within Audit Firm: Size	91,3%	44,4%	78,1%
		% of Total	65,6%	12,5%	78,1%
	Benefits slightly outweigh costs	Count	2	3	5
		% within Audit Firm: II.110	40,0%	60,0%	100,0%
		% within Audit Firm: Size	8,7%	33,3%	15,6%
		% of Total	6,3%	9,4%	15,6%
	Costs slightly outweigh benefits	Count	0	1	1
		% within Audit Firm: II.110	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Costs significantly outweigh benefits	Count	0	1	1
		% within Audit Firm: II.110	,0%	100,0%	100,0%
		% within Audit Firm: Size	,0%	11,1%	3,1%
		% of Total	,0%	3,1%	3,1%
	Total	Count	23	9	32
		% within Audit Firm: II.110	71,9%	28,1%	100,0%
		% within Audit Firm: Size	100,0%	100,0%	100,0%
		% of Total	71,9%	28,1%	100,0%

			Audit Firm: Region		
			South-East	West	Total
Audit Firm: II.110	Benefits significantly outweigh costs	Count	6	19	25
		% within Audit Firm: II.110	24,0%	76,0%	100,0%
		% within Audit Firm: Region	75,0%	79,2%	78,1%
		% of Total	18,8%	59,4%	78,1%
	Benefits slightly outweigh costs	Count	1	4	5
		% within Audit Firm: II.110	20,0%	80,0%	100,0%
		% within Audit Firm: Region	12,5%	16,7%	15,6%
		% of Total	3,1%	12,5%	15,6%
	Costs slightly outweigh benefits	Count	0	1	1
		% within Audit Firm: II.110	,0%	100,0%	100,0%
		% within Audit Firm: Region	,0%	4,2%	3,1%
		% of Total	,0%	3,1%	3,1%
	Costs significantly outweigh benefits	Count	1	0	1
		% within Audit Firm: II.110	100,0%	,0%	100,0%
		% within Audit Firm: Region	12,5%	,0%	3,1%
		% of Total	3,1%	,0%	3,1%
	Total	Count	8	24	32
		% within Audit Firm: II.110	25,0%	75,0%	100,0%
		% within Audit Firm: Region	100,0%	100,0%	100,0%
		% of Total	25,0%	75,0%	100,0%

Appendix 5.2: Audit Regulators

Audit Regulator: I.A

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	National standards are adopted ISAs without translation	1	16,7	16,7
	National standards are transposed ISAs (minor differences)	4	66,7	83,3
	National standards are based upon the ISAs (significant differences)	1	16,7	100,0
	Total	6	100,0	

Audit Regulator: I.B

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	National auditing standards (as described above)	4	66,7	66,7
	National auditing standards (as described above) and additional firm practices	2	33,3	100,0
	Total	6	100,0	

Audit Regulator: I.F

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	National auditing standards will be amended to reflect partly clarified ISAs in the future even if they are not a-dopted by the EU.	2	33,3	33,3
	National auditing standards will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU.	4	66,7	100,0
	Total	6	100,0	

Audit Regulator: II.12

	N	Mean
Audit Regulator: II.12 (1)(a)	4	1,00
Audit Regulator: II.12 (b)	4	,75
Audit Regulator: II.12 (c)	4	,75
Audit Regulator: II.12 (d)	4	1,00
Audit Regulator: II.12 (e)	4	,50
Audit Regulator: II.12 (f)	4	,50
Audit Regulator: II.12 (g)	4	,50
Audit Regulator: II.12 (h)	4	,75
Audit Regulator: II.12 (i)	4	,50
Audit Regulator: II.12 (j)	4	,75
Audit Regulator: II.12 (k)	4	,50
Audit Regulator: II.12 (l)	4	,50
Audit Regulator: II.12 (m)	4	,50
Audit Regulator: II.12 (n)	4	,25
Audit Regulator: II.12 (o)	4	,25
Audit Regulator: II.12 (p)	4	,75
Audit Regulator: II.12 (2)	4	,75
Audit Regulator: II.12 (3)	4	,50
Valid N (listwise)	4	

Audit Regulator: II.13

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	1	16,7	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Regulator: II.14

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	significant improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Audit Regulator: II.15

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	1	16,7	16,7
	slight improvement	1	16,7	33,3
	significant improvement	2	33,3	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	1,00

Audit Regulator: II.16

	N	Mean
Audit Regulator: II.16 Risk of professional sanctions/Changed terms of engagement	4	,00
Audit Regulator: II.16 Risk of professional sanctions/Changed audit quality	4	-,25
Audit Regulator: II.16 Liability risk/Changed terms of engagement	4	,00
Audit Regulator: II.16 Liability risk/Changed audit quality	4	-,25
Audit Regulator: II.16 Reputational risk/Changed terms of engagement	4	,00
Audit Regulator: II.16 Reputational risk/Changed audit quality	4	-,25
Valid N (listwise)	4	

Audit Regulator: II.17

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change in risk	4	66,7	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	,00

Audit Regulator: II.18

	N	Mean
Audit Regulator: II.18 Changed use by management and those charged with governance of audit reporting / communication of audit findings	4	,25
Audit Regulator: II.18 Changed internal control relevant to financial reporting	4	,25
Audit Regulator: II.18 Changed financial reporting (a)	4	,50
Audit Regulator: II.18 Changed financial reporting (b)	4	,25
Audit Regulator: II.18 Changed financial reporting (c)	4	,50
Audit Regulator: II.18 Changed financial reporting (d)	4	,50
Audit Regulator: II.18 Changed financial reporting (e)	4	,50
Audit Regulator: II.18 Changed management accounting and internal control	4	,25
Audit Regulator: II.18 Changed corporate governance	4	,00
Audit Regulator: II.18 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	4	,00
Valid N (listwise)	4	

Audit Regulator: II.19 With ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Regulator: II.19 Without ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Regulator: II.20 With ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Regulator: II.20 Without ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Regulator: II.21

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Regulator: II.22

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Regulator: II.23

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Regulator: II.24

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	audit firms exit from the market for statutory audits	2	33,3	50,0
	no change	3	50,0	100,0
	Total	6	100,0	

Audit Regulator: II.26

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	1	16,7	16,7
	not applicable	1	16,7	33,3
	missing	4	66,7	100,0
	Total	6	100,0	

N	Valid	1
	Missing	5
	Mean	1,00

Audit Regulator: II.27

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	join	4	66,7	66,7
	no change	2	33,3	100,0
	Total	6	100,0	

Audit Regulator: II.29

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	2	33,3	50,0
	significant improvement	1	16,7	66,7
	not applicable	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	1,00

Audit Regulator: II.30

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	2	33,3	33,3
	significant correlation	2	33,3	66,7
	major correlation	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	2,00

Audit Regulator: II.31

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	3	50,0	50,0
	significant correlation	2	33,3	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,67

Audit Regulator: II.32

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	4	66,7	66,7
	significant correlation	1	16,7	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,50

Audit Regulator: II.33

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	3	50,0	66,7
	significant correlation	1	16,7	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,33

Audit Regulator: II.34

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	4	66,7	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Regulator: II.39

	N	Mean
Audit Regulator: II.39 Medium sized (unlisted) audit clients	3	-,33
Audit Regulator: II.39 Large (unlisted) audit clients	3	-,67
Audit Regulator: II.39 Publicly listed audit clients	3	-,67
Audit Regulator: II.39 Banks	3	-,67
Audit Regulator: II.39 Insurance Companies	3	-,67
Valid N (listwise)	3	

Audit Regulator: II.42

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,00

Audit Regulator: II.43

	N	Mean
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (a)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (b)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (c)	4	1,00
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (d)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (e)	4	,50
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (f)	4	,50
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (g)	4	,25
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (h)	4	,50
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (i)	4	,50
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (j)	4	,50
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (k)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (l)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (m)	4	,75
Audit Regulator: II.43 Higher probability to detect material misstatements in transnational audits (n)	4	,50
Audit Regulator: II.43 Based upon your responses to (a) to (n) above, an overall assessment of the increased probability to detect material misstatements in transnational audits	4	,75
Audit Regulator: II.43 Improvement in forming an audit opinion, including better reporting of material misstatements	4	,50
Audit Regulator: II.43 Harmonized audit reporting / communication of audit findings	4	,50
Valid N (listwise)	4	

Audit Regulator: II.44

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	2	33,3	50,0
	significant improvement	1	16,7	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	1,00

Audit Regulator: II.45

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	1	16,7	50,0
	significant improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Audit Regulator: II.46

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	3	50,0	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Audit Regulator: II.51

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	yes, even outside of Europe	2	33,3	50,0
	no	3	50,0	100,0
	Total	6	100,0	

Audit Regulator: II.52 Within Europe

N	Valid	6
	Missing	0

Valid	major reduction	1	16,7	16,7
	significant reduction	1	16,7	33,3
	slight reduction	1	16,7	50,0
	no change	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,20

Audit Regulator: II.52 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	1	16,7	16,7
	slight reduction	1	16,7	33,3
	no change	2	33,3	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	-,75

Audit Regulator: II.53 Within Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	major reduction	1	16,7	16,7
	significant reduction	1	16,7	33,3
	slight reduction	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,60

Audit Regulator: II.53 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	1	16,7	16,7
	slight reduction	3	50,0	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	-1,25

Audit Regulator: II.54

	N	Mean
Audit Regulator: II.54 Medium sized (unlisted) audit clients	4	,50
Audit Regulator: II.54 Large (unlisted) audit clients	4	,50
Audit Regulator: II.54 Publicly listed audit clients	4	,75
Audit Regulator: II.54 Banks	4	,75
Audit Regulator: II.54 Insurance Companies	4	,75
Valid N (listwise)	4	

Audit Regulator: II.55

	N	Mean
Audit Regulator: II.55 Medium sized (unlisted) audit clients	4	,75
Audit Regulator: II.55 Large (unlisted) audit clients	4	,75
Audit Regulator: II.55 Publicly listed audit clients	4	,75
Audit Regulator: II.55 Banks	4	,75
Audit Regulator: II.55 Insurance Companies	4	,75
Valid N (listwise)	4	

Audit Regulator: II.56

	N	Mean
Audit Regulator: II.56 Medium sized (unlisted) audit clients	4	,75
Audit Regulator: II.56 Large (unlisted) audit clients	4	,75
Audit Regulator: II.56 Publicly listed audit clients	4	,75
Audit Regulator: II.56 Banks	4	,75
Audit Regulator: II.56 Insurance Companies	4	,75
Valid N (listwise)	4	

Audit Regulator: II.57 With ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	3	50,0	66,7
	significant improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Regulator: II.57 Without ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	3	50,0	66,7
	significant improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Regulator: II.58 With ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	1	16,7	50,0
	significant improvement	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Regulator: II.58 Without ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	3	50,0	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,83

Audit Regulator: II.59 With ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	2	33,3	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,67

Audit Regulator: II.59 Without ISQC 1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	2	33,3	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,67

Audit Regulator: II.60

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	1	16,7	66,7
	major improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Audit Regulator: II.61

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	1	16,7	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,50

Audit Regulator: II.62

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	2	33,3	66,7
	significant improvement	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,00

Audit Regulator: II.63

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Regulator: II.64

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Regulator: II.65

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	3	50,0	50,0
	significant correlation	2	33,3	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,67

Audit Regulator: II.66

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight correlation	4	66,7	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Regulator: II.67

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	major reduction	1	16,7	16,7
	significant reduction	1	16,7	33,3
	slight reduction	2	33,3	66,7
	no change	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	-1,17

Audit Regulator: II.68

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	1	16,7	16,7
	slight reduction	4	66,7	83,3
	no change	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	-1,00

Audit Regulator: II.69

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	2	33,3	50,0
	significant increase	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,33

Audit Regulator: II.70

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	significant increase	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,67

Audit Regulator: II.71

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Audit Regulator: II.72

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Regulator: II.74

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight decrease	1	16,7	16,7
	no change	2	33,3	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Regulator: II.75

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Equally concerned about compliance with the ISAs as rules and about audit quality	6	100,0	100,0

Audit Regulator: II.78

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Regulator: II.79

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Regulator: II.80

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	1	16,7	50,0
	significant improvement	1	16,7	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	,75

Audit Regulator: II.81

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant impairment	1	16,7	16,7
	no change	3	50,0	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	-,50

Audit Regulator: II.82

	N	Mean
Audit Regulator: II.82 Risk of professional sanctions	5	-,60
Audit Regulator: II.82 Liability risk	5	-,80
Audit Regulator: II.82 Reputational risk	5	-,80
Valid N (listwise)	5	

Audit Regulator: II.83

	N	Mean
Audit Regulator: II.83 Risk of professional sanctions	5	,00
Audit Regulator: II.83 Liability risk	5	,00
Audit Regulator: II.83 Reputational risk	5	,00
Valid N (listwise)	5	

Audit Regulator: II.84

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Regulator: II.85

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,00

Audit Regulator: II.86

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	1	16,7	83,3
	significant improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,50

Audit Regulator: II.87

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	slight improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,17

Audit Regulator: II.88

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	1	16,7	16,7
	no change	2	33,3	50,0
	slight improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Regulator: II.90

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	3	50,0	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Audit Regulator: II.93

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	Benefits significantly outweigh costs	2	33,3	50,0
	Benefits slightly outweigh costs	2	33,3	83,3
	Benefits and costs are balanced	1	16,7	100,0
	Total	6	100,0	

Appendix 5.3: Capital Market Participants

Capital Market Participant: II.1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Capital Market Participant: II.2

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	2	33,3	33,3
	major increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	2,20

Capital Market Participant: II.5

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Capital Market Participant: II.6

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	2	33,3	33,3
	major increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	2,20

Capital Market Participant: II.7

	N	Mean
Capital Market Participant: II.7 (1)	5	,80
Capital Market Participant: II.7 (2)	5	,40
Capital Market Participant: II.7 (3)	5	,80
Valid N (listwise)	5	

Capital Market Participant: II.8

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	1	16,7	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Capital Market Participant: II.9

	N	Mean
Capital Market Participant: II.9 Risk of professional sanctions/Changed terms of engagement	5	,80
Capital Market Participant: II.9 Risk of professional sanctions/Changed audit quality	5	1,00
Capital Market Participant: II.9 Liability risk/Changed terms of engagement	5	,60
Capital Market Participant: II.9 Liability risk/Changed audit quality	5	,80
Capital Market Participant: II.9 Reputational risk/Changed terms of engagement	5	,40
Capital Market Participant: II.9 Reputational risk/Changed audit quality	5	,60
Valid N (listwise)	5	

Capital Market Participant: II.10

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant decrease in risk	1	16,7	16,7
	no change in risk	3	50,0	66,7
	significant increase in risk	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,00

Capital Market Participant: II.11

	N	Mean
Capital Market Participant: II.11 Changed use by management and those charged with governance of audit reporting / communication of audit findings	5	,60
Capital Market Participant: II.11 Changed internal control relevant to financial reporting	5	,40
Capital Market Participant: II.11 Changed financial reporting (a)	5	,80
Capital Market Participant: II.11 Changed financial reporting (b)	5	-,20
Capital Market Participant: II.11 Changed financial reporting (c)	5	,60
Capital Market Participant: II.11 Changed financial reporting (d)	5	,20
Capital Market Participant: II.11 Changed financial reporting (e)	5	,00
Capital Market Participant: II.11 Changed management accounting and internal control	5	,60
Capital Market Participant: II.11 Changed corporate governance	5	,60
Capital Market Participant: II.11 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	5	,60
Valid N (listwise)	5	

Capital Market Participant: II.12

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	1	16,7	16,7
	significant correlation	5	83,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,83

Capital Market Participant: II.13

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	1	16,7	16,7
	significant correlation	3	50,0	66,7
	major correlation	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	2,17

Capital Market Participant: II.14

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	1	16,7	16,7
	significant correlation	4	66,7	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	2,00

Capital Market Participant: II.15

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	3	50,0	50,0
	significant correlation	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,50

Capital Market Participant: II.16

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	2	33,3	33,3
	significant correlation	1	16,7	50,0
	major correlation	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	2,17

Capital Market Participant: II.17

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	5	83,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Capital Market Participant: II.19

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	2	33,3	33,3
	significant increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,60

Capital Market Participant: II.21

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	2	33,3	33,3
	slight correlation	3	50,0	83,3
	significant correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,83

Capital Market Participant: II.22

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	3	50,0	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Capital Market Participant: II.23

	N	Mean
Capital Market Participant: II.23 Higher probability to detect material misstatements in transnational audits	5	1,00
Capital Market Participant: II.23 Improvement in forming an audit opinion, including better reporting of material misstatements	5	1,00
Capital Market Participant: II.23 Harmonized audit reporting / communication of audit findings	5	1,00
Valid N (listwise)	5	

Capital Market Participant: II.24

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	2	33,3	33,3
	significant improvement	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,60

Capital Market Participant: II.25

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	3	50,0	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	,75

Capital Market Participant: II.29

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	yes, even outside of Europe	6	100,0	100,0

Capital Market Participant: II.30 Within Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	1	16,7	16,7
	slight reduction	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,20

Capital Market Participant: II.30 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	3	50,0	50,0
	no change	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,20

Capital Market Participant: II.31 Within Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	major reduction	1	16,7	16,7
	significant reduction	1	16,7	33,3
	slight reduction	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,60

Capital Market Participant: II.31 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	major reduction	1	16,7	16,7
	significant reduction	2	33,3	50,0
	slight reduction	1	16,7	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,60

Capital Market Participant: II.32

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Capital Market Participant: II.33

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Capital Market Participant: II.34

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	4	66,7	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.35

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	3	50,0	66,7
	significant increase	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Capital Market Participant: II.36

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	2	33,3	50,0
	significant increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.37

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	1	16,7	16,7
	significant correlation	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,80

Capital Market Participant: II.38

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	1	16,7	16,7
	significant correlation	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,80

Capital Market Participant: II.39

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	3	50,0	50,0
	slight reduction	1	16,7	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,40

Capital Market Participant: II.40

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	3	50,0	50,0
	slight reduction	1	16,7	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,40

Capital Market Participant: II.41

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	3	50,0	50,0
	significant increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,40

Capital Market Participant: II.42

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	2	33,3	33,3
	significant increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,60

Capital Market Participant: II.43

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	4	66,7	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.44

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	2	33,3	33,3
	significant increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,60

Capital Market Participant: II.45

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	2	33,3	66,7
	missing	2	33,3	100,0
	Total	6	100,0	

N	Valid	4
	Missing	2
	Mean	,50

Capital Market Participant: II.46

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	4	66,7	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.47

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight decrease	1	16,7	16,7
	no change	1	16,7	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Capital Market Participant: II.48

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	More concerned about compliance with the ISAs as rules	3	50,0	66,7
	More concerned about audit quality	1	16,7	83,3
	Equally concerned about compliance with the ISAs as rules and about audit quality	1	16,7	100,0
	Total	6	100,0	

Capital Market Participant: II.50

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	3	50,0	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Capital Market Participant: II.51

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight increase	4	66,7	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.52

	N	Mean
Capital Market Participant: II.52 Risk of professional sanctions	5	-1,20
Capital Market Participant: II.52 Liability risk	5	-1,20
Capital Market Participant: II.52 Reputational risk	5	-1,40
Valid N (listwise)	5	

Capital Market Participant: II.53

	N	Mean
Capital Market Participant: II.53 Risk of professional sanctions	5	-1,40
Capital Market Participant: II.53 Liability risk	5	-1,00
Capital Market Participant: II.53 Reputational risk	5	-,80
Valid N (listwise)	5	

Capital Market Participant: II.54

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	3	50,0	50,0
	significant improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,40

Capital Market Participant: II.55

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	4	66,7	66,7
	significant improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Capital Market Participant: II.56

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	1	16,7	50,0
	significant improvement	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Capital Market Participant: II.58

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight improvement	2	33,3	33,3
	significant improvement	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,60

Capital Market Participant: II.61

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	Benefits significantly outweigh costs	1	16,7	33,3
	Benefits slightly outweigh costs	2	33,3	66,7
	Benefits and costs are balanced	2	33,3	100,0
	Total	6	100,0	

Appendix 5.4: Audit Clients

Audit Client: II.1

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	6	100,0	100,0

N	Valid	6
	Missing	0
	Mean	,00

Audit Client: II.2

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight increase	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Client: II.12

	N	Mean
Audit Client: II.12 Expected extent of the potential change in audit quality (1)	6	,33
Audit Client: II.12 Expected extent of the potential change in audit quality (2)	6	,17
Audit Client: II.12 Expected extent of the potential change in audit quality (3)	6	,17
Valid N (listwise)	6	

Audit Client: II.13

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	slight improvement	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,17

Audit Client: II.14

	N	Mean
Audit Client: II.14 Risk of professional sanctions/Changed terms of engagement	6	,17
Audit Client: II.14 Risk of professional sanctions/Changed audit quality	6	,17
Audit Client: II.14 Liability risk/Changed terms of engagement	6	,00
Audit Client: II.14 Liability risk/Changed audit quality	6	,00
Audit Client: II.14 Reputational risk/Changed terms of engagement	6	,00
Audit Client: II.14 Reputational risk/Changed audit quality	6	,00
Valid N (listwise)	6	

Audit Client: II.15

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change in risk	5	83,3	83,3
	slight increase in risk	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,17

Audit Client: II.16

	N	Mean
Audit Client: II.16 Changed use by management and those charged with governance of audit reporting / communication of audit findings	6	,17
Audit Client: II.16 Changed internal control relevant to financial reporting	6	,17
Audit Client: II.16 Changed financial reporting (a)	6	,17
Audit Client: II.16 Changed financial reporting (b)	6	,17
Audit Client: II.16 Changed financial reporting (c)	6	,33
Audit Client: II.16 Changed financial reporting (d)	6	,17
Audit Client: II.16 Changed financial reporting (e)	6	,17
Audit Client: II.16 Changed management accounting and internal control	6	,17
Audit Client: II.16 Changed corporate governance	6	,17
Audit Client: II.16 Changed access to capital and business opportunities due to perceived change in quality of audits through the use of international auditing standards	6	,17
Valid N (listwise)	6	

Audit Client: II.17

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	2	33,3	33,3
	significant correlation	2	33,3	66,7
	major correlation	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	2,00

Audit Client: II.18

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	1	16,7	33,3
	significant correlation	3	50,0	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,67

Audit Client: II.19

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	2	33,3	50,0
	significant correlation	2	33,3	83,3
	major correlation	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,50

Audit Client: II.20

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	2	33,3	50,0
	significant correlation	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,33

Audit Client: II.21

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no correlation	1	16,7	16,7
	slight correlation	3	50,0	66,7
	significant correlation	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	1,17

Audit Client: II.22

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Client: II.24

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Client: II.26

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight impairment	2	33,3	33,3
	no change	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-,40

Audit Client: II.27

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	1	16,7	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Client: II.28

	N	Mean
Audit Client: II.28 Higher probability to detect material misstatements in transnational audits	5	,40
Audit Client: II.28 Improvement in forming an audit opinion	5	,40
Audit Client: II.28 Harmonized audit reporting / communication of audit findings	5	,40
Valid N (listwise)	5	

Audit Client: II.29

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight improvement	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,20

Audit Client: II.30

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight decrease	1	16,7	16,7
	no change	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-,20

Audit Client: II.34

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	missing	1	16,7	16,7
	yes, but only within Europe	3	50,0	66,7
	no	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0

Audit Client: II.35 Within Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	majo reduction	1	16,7	16,7
	slight reduction	3	50,0	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,20

Audit Client: II.35 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight reduction	3	50,0	50,0
	no change	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-,60

Audit Client: II.36 Within Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	majo reduction	1	16,7	16,7
	slight reduction	2	33,3	50,0
	no change	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,00

Audit Client: II.36 Outside of Europe

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight reduction	2	33,3	33,3
	no change	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-,40

Audit Client: II.41

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Client: II.42

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	2	33,3	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,40

Audit Client: II.43

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Client: II.44

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Client: II.45

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	3	50,0	66,7
	significant increase	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,00

Audit Client: II.46

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	4	66,7	66,7
	significant correlation	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Audit Client: II.47

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight correlation	4	66,7	66,7
	significant correlation	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	1,20

Audit Client: II.48

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	significant reduction	1	16,7	16,7
	slight reduction	3	50,0	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-1,00

Audit Client: II.49

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	slight reduction	4	66,7	66,7
	no change	1	16,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	-,80

Audit Client: II.50

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Client: II.51

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight increase	4	66,7	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,80

Audit Client: II.52

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	missing	1	16,7	100,0
	Total	6	100,0	

N	Valid	5
	Missing	1
	Mean	,60

Audit Client: II.53

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	3	50,0	83,3
	significant increase	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,83

Audit Client: II.54

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	4	66,7	66,7
	slight increase	2	33,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,33

Audit Client: II.55

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	5	83,3	83,3
	slight increase	1	16,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,17

Audit Client: II.57

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	More concerned about audit quality	1	16,7	16,7
	Equally concerned about compliance with the ISAs as rules and about audit quality	5	83,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0

Audit Client: II.59

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight increase	4	66,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,50

Audit Client: II.60

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight increase	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,50

Audit Client: II.61

	N	Mean
Audit Client: II.61 Risk of professional sanctions	6	-,50
Audit Client: II.61 Liability risk	6	-,50
Audit Client: II.61 Reputational risk	6	-,67
Valid N (listwise)	6	

Audit Client: II.62

	N	Mean
Audit Client: II.62 Risk of professional sanctions	6	-,33
Audit Client: II.62 Liability risk	6	-,17
Audit Client: II.62 Reputational risk	6	-,50
Valid N (listwise)	6	

Audit Client: II.63

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	3	50,0	50,0
	slight improvement	3	50,0	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,50

Audit Client: II.64

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	5	83,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,83

Audit Client: II.65

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	1	16,7	16,7
	slight improvement	5	83,3	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,83

Audit Client: II.66

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	no change	2	33,3	33,3
	slight improvement	4	66,7	100,0
	Total	6	100,0	

N	Valid	6
	Missing	0
	Mean	,67

Audit Client: II.69

N	Valid	6
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Benefits slightly outweigh costs	3	50,0	50,0
	Benefits and costs are balanced	3	50,0	100,0
	Total	6	100,0	

Appendix 5.5: Audit Firm Supplement

Audit Firm Supplement: Size

N	Valid	7
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Big Four	4	57,1	57,1
	Second Tier	3	42,9	100,0
	Total	7	100,0	

Audit Firm Supplement: I.A

N	Valid	7
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	International Standards on Auditing currently effective	1	14,3	14,3
	Both national auditing standards in different countries and ISAs currently effective and additional firm practices	6	85,7	100,0
	Total	7	100,0	

			Audit Firm Supplement: I.A		
			International Standards on Auditing currently effective	Both national auditing standards in different countries and ISAs currently effective and additional firm practices	Total
Audit Firm Supplement: Size	Big Four	Count	1	3	4
		% within Audit Firm Supplement: Size	25,0%	75,0%	100,0%
		% within Audit Firm Supplement: I.A	100,0%	50,0%	57,1%
		% of Total	14,3%	42,9%	57,1%
	Second Tier	Count	0	3	3
		% within Audit Firm Supplement: Size	,0%	100,0%	100,0%
		% within Audit Firm Supplement: I.A	,0%	50,0%	42,9%
		% of Total	,0%	42,9%	42,9%
	Total	Count	1	6	7
		% within Audit Firm Supplement: Size	14,3%	85,7%	100,0%
		% within Audit Firm Supplement: I.A	100,0%	100,0%	100,0%
		% of Total	14,3%	85,7%	100,0%

Audit Firm Supplement: I.B

N	Valid	7
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Firm audit practices will be amended to partly reflect clarified ISAs in the future even if they are not adopted by the EU	1	14,3	14,3
	Firm audit practices will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU	6	85,7	100,0
	Total	7	100,0	

			Audit Firm Supplement: I.B		
			Firm audit practices will be amended to partly reflect clarified ISAs in the future even if they are not adopted by the EU	Firm audit practices will be amended to reflect all clarified ISAs in the future even if they are not adopted by the EU	Total
Audit Firm Supplement: Size	Big Four	Count	0	4	4
		% within Audit Firm Supplement: Size	,0%	100,0%	100,0%
		% within Audit Firm Supplement: I.B	,0%	66,7%	57,1%
		% of Total	,0%	57,1%	57,1%
	Second Tier	Count	1	2	3
		% within Audit Firm Supplement: Size	33,3%	66,7%	100,0%
		% within Audit Firm Supplement: I.B	100,0%	33,3%	42,9%
		% of Total	14,3%	28,6%	42,9%
	Total	Count	1	6	7
		% within Audit Firm Supplement: Size	14,3%	85,7%	100,0%
		% within Audit Firm Supplement: I.B	100,0%	100,0%	100,0%
		% of Total	14,3%	85,7%	100,0%

Appendix 5.6: Supplement relating to ISQC 1

Supplementary Audit Firm ISQC 1: Size

N	Valid	12
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Big Four	12	100,0	100,0

Supplementary Audit Firm ISQC 1: Region

N	Valid	12
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	South-East	2	16,7	16,7
	West	10	83,3	100,0
	Total	12	100,0	

Supplementary Audit Firm ISQC 1: I.E

N	Valid	12
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	National firm-level quality control standards are adopted ISQC 1 without translation	3	25,0	25,0
	National firm-level quality control standards are adopted ISQC 1 with translation	1	8,3	33,3
	National firm-level quality control standards are transposed ISQC 1 (minor differences)	6	50,0	83,3
	National firm-level quality control standards are not based upon the ISQC 1	2	16,7	100,0
	Total	12	100,0	

		Supplementary Audit Firm ISQC 1: Region		
		South-East	West	Total
Supplementary Audit Firm ISQC 1: I.E	National firm-level quality control standards are adopted ISQC 1 without translation	0	3	3
	National firm-level quality control standards are adopted ISQC 1 with translation	0	1	1
	National firm-level quality control standards are transposed ISQC 1 (minor differences)	0	6	6
	National firm-level quality control standards are not based upon the ISQC 1	2	0	2
	Total	2	10	12

Supplementary Audit Firm ISQC 1: I.F

N	Valid	12
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	National firm-level quality control standards (as described above) and additional firm firm-level quality control policies and procedures	1	8,3	8,3
	ISQC 1 as currently effective (prior to the Clarity Project)	1	8,3	16,7
	Both national firm-level quality control standards (as described above) and ISQC 1 as currently effective and additional firm firm-level quality control policies and procedures	10	83,3	100,0
	Total	12	100,0	

		Supplementary Audit Firm ISQC 1: Region		
		South-East	West	Total
Supplementary Audit Firm ISQC 1: I.F	National firm-level quality control standards (as described above) and additional firm firm-level quality control policies and procedures	0	1	1
	ISQC 1 as currently effective (prior to the Clarity Project)	1	0	1
	Both national firm-level quality control standards (as described above) and ISQC 1 as currently effective and additional firm firm-level quality control policies and procedures	1	9	10
	Total	2	10	12

Supplementary Audit Firm ISQC 1: I.H

N	Valid	12
	Missing	0

		Frequency	Percent	Cumulative Percent
Valid	Firm firm-level quality control policies and procedures will be amended to reflect the entire clarified ISQC 1 in the future even if it is not adopted by the EU or not incorporated in the national firm-level quality control standards	12	100,0	100,0

		Supplementary Audit Firm ISQC 1: Region		
		South-East	West	Total
Supplementary Audit Firm ISQC 1: I.H	Firm firm-level quality control policies and procedures will be amended to reflect the entire clarified ISQC 1 in the future even if it is not adopted by the EU or not incorporated in the national firm-level quality control standards	2	10	12
	Total	2	10	12

Appendix 6: Quantitative Analysis

Appendix 6.1: Audit Firms

Table 1: Sum of Cost of Audit Firms

				Big 4		Mid Tier		Overall
Sum of costs at European Level (estimates)				**audit firms aggregated**	**per relevant engagement**	**audit firms aggregated**	**per relevant engagement**	**audit firms aggregated**
Sum of effects (without shift to clients)				871.755.670		218.291.907		1.090.047.577
		thereof recurring		231.248.928		70.104.781		301.353.709
		thereof one-off		640.506.741		148.187.126		788.693.867
Redesign effect				805.822.024		178.091.299		983.913.324
		thereof recurring		253.418.044		43.193.731		296.611.775
		thereof one-off		552.403.981		134.897.568		687.301.549
Harmonisation effect				58.713.489		-23.075.101		35.638.388
		thereof recurring		-29.389.272		-36.364.658		-65.753.930
		thereof one-off		88.102.761		13.289.557		101.392.318
Regulation effect		recurring		7.220.156		63.275.709		70.495.865
Sum of effects (without shift to clients)				871.755.670		218.291.907		1.090.047.577
	thereof audit firm level			61.106.393		51.698.581		112.804.974
		thereof recurring		-13.669.277		-1.355.058		-15.024.336
		thereof one-off		74.775.671		53.053.639		127.829.310
	thereof engagement level			737.640.457	10.082	180.623.280	3.086	918.263.736
		thereof recurring		260.012.147	3.554	98.779.351	1.688	358.791.497
		thereof one-off		477.628.310	6.528	81.843.929	1.398	559.472.239
	thereof transnational engagement level			73.008.820	2.915	-14.029.954	-700	58.978.866
		thereof recurring		-15.093.941	-603	-27.319.511	-1.364	-42.413.452
		thereof one-off		88.102.761	3.518	13.289.557	663	101.392.318
Sum of costs at the engagement level					11.080		2.846	
		thereof recurring			3.348		1.221	
		thereof one-off			7.732		1.625	
Sum of costs at the engagement level in relation to audit personnel costs per audit engagement					21%		23%	
		thereof recurring			6%		10%	
		thereof one-off			15%		13%	

Sum of costs at international level				9.395.483		-326.482		9.069.001
Portion of Europe (40%)				3.758.193		-130.593		3.627.601
Redesign effect				3.741.315		1.732.252		5.473.567
		thereof recurring		0		521		521
		thereof one-off		3.741.315		1.731.731		5.473.045
Harmonisation effect		recurring		-482		-1.862.965		-1.863.446
Regulation effect		recurring		17.360		120		17.480

Sum of costs (without shift to clients)				875.513.863		218.161.314		1.093.675.177
		thereof recurring		231.265.807		68.242.458		299.508.265
		thereof one-off		644.248.056		149.918.857		794.166.913
Redesign effect				809.563.339		179.823.551		989.386.890
		thereof recurring		253.418.044		43.194.252		296.612.296
		thereof one-off		556.145.295		136.629.299		692.774.594
Harmonisation effect				58.713.007		-24.938.066		33.774.941
		thereof recurring		-29.389.754		-38.227.623		-67.617.377
		thereof one-off		88.102.761		13.289.557		101.392.318

Table 2: Audit Firm Cost Estimates - National Level

Question	Big Four	Mid Tier	Overall
8	9.921.013	7.605.195	17.526.208
9	35.017.907	22.815.195	57.833.102
10	18.874.456	16.261.070	35.135.526
11	8.395.040	5.070.195	13.465.235
12	0	187.821	187.821
13	2.000.280	2.442.007	4.442.286
14	0	1.220.642	1.220.642
15a	918.056	1.586.146	2.504.203
15b	351.081	1.693.348	2.044.429
46	88.102.761	13.289.557	101.392.318
54	-15.047.607	-27.265.146	-42.312.752
56	-46.334	-54.366	-100.700
61	-4.719.865	-2.256.229	-6.976.095
62	-5.860.128	-2.256.229	-8.116.357
63	-3.199.515	-2.276.459	-5.475.974
64	-515.823	-2.256.229	-2.772.053
93	274.973	4.438.021	4.712.994
96	0	338.078	338.078

Table 3: Audit Firm Cost Estimates - International Network Level

Question	Big Four	Mid Tier
1	2.900.003	1.443.009
2	2.900.003	1.430.106
3	2.100.003	1.430.106
4	0	0
5	1.453.277	26.106
6	0	1.303
7	-301	-623.103
8	-301	-623.103
9	-301	-310.603
10	-301	-310.603
11	43.401	300

Table 4: ISA-specific Cost Estimates at Audit Engagement Level (Recurring: Big Four)

ISA	Medium unlisted		Large unlisted		Publicly listed		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
210	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
220	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
230	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
240	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
250	10,72	107,25	10,72	107,25	10,72	107,25	10,72	107,25	10,72	107,25
260	171,60	1.565,83	214,50	1.951,92	214,50	1.951,92	235,95	2.144,97	235,95	2.144,97
265	180,18	1.651,63	137,28	1.265,53	137,28	1.265,53	137,28	1.265,53	137,28	1.265,53
300	2,14	21,45	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
315	4,29	42,90	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
320	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
330	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
402	4,29	42,90	10,72	107,25	10,72	107,25	96,52	879,44	96,52	879,44
450	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
500	6,43	64,35	8,58	85,80	8,58	85,80	81,51	750,74	81,51	750,74
501	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
505	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
510	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
520	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
530	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
540	137,28	1.265,53	244,53	2.230,77	330,33	3.002,96	1.102,51	10.724,85	1.102,51	10.724,85
550	132,99	1.222,63	130,84	1.201,18	212,35	1.930,47	214,50	1.951,92	214,50	1.951,92
560	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
570	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
580	15,01	150,15	17,16	171,60	17,16	171,60	17,16	171,60	17,16	171,60
600	233,69	2.129,16	753,00	7.270,32	909,47	8.794,38	716,42	6.863,90	716,42	6.863,90
610	0,00	0,00	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
620	12,98	129,83	105,10	965,24	105,10	965,24	105,10	965,24	105,10	965,24
700	-214,50	-23,59	-2.144,97	-216,64	-2.144,97	-216,64	-2.144,97	-216,64	-2.144,97	-216,64
705	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
706	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
710	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
720	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Sum	722,85	8.627,41	-478,22	15.483,41	-154,44	18.508,95	607,03	25.951,99	607,03	25.951,99

Table 5: ISA-specific Cost Estimates at Audit Engagement Level (Recurring: Mid-Tier)

ISA	Medium unlisted		Large unlisted		Publicly listed		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	12,33	123,34	12,33	123,34	84,57	1.402,50	217,07	1.973,37	118,40	1.085,35
210	12,33	123,34	-49,33	117,17	-63,43	63,43	9,87	98,67	19,73	197,34
220	12,33	123,34	-43,17	178,84	-63,43	63,43	9,87	98,67	9,87	98,67
230	24,67	246,67	-55,50	55,50	-697,73	-7,05	9,87	98,67	9,87	98,67
240	0,00	0,00	6,17	61,67	-63,43	63,43	9,87	98,67	9,87	98,67
250	6,17	61,67	18,50	185,00	14,10	140,96	9,87	98,67	9,87	98,67
260	12,33	123,34	24,67	246,67	91,62	845,73	345,34	3.157,40	246,67	2.269,38
265	6,17	61,67	12,33	123,34	-56,38	133,91	236,80	2.170,71	138,14	1.282,69
300	0,00	0,00	0,00	0,00	-63,43	63,43	9,87	98,67	9,87	98,67
315	67,83	616,68	86,34	801,68	98,67	916,21	9,87	98,67	29,60	296,01
320	12,33	123,34	12,33	123,34	7,05	70,48	9,87	98,67	9,87	98,67
330	0,00	0,00	18,50	185,00	91,62	845,73	325,61	2.960,06	128,27	1.184,02
402	18,50	185,00	18,50	185,00	-599,06	909,16	335,47	3.058,73	138,14	1.282,69
450	-55,50	55,50	-55,50	55,50	-70,48	-7,05	0,00	0,00	0,00	0,00
500	-49,33	117,17	12,33	672,18	7,05	697,73	0,00	0,00	0,00	0,00
501	0,00	0,00	-61,67	-6,17	-70,48	-7,05	0,00	0,00	0,00	0,00
505	6,17	61,67	-55,50	55,50	-70,48	-7,05	0,00	0,00	0,00	0,00
510	0,00	0,00	-616,68	-67,83	-704,78	-77,53	0,00	0,00	0,00	0,00
520	-55,50	55,50	-37,00	240,50	-683,63	133,91	9,87	98,67	9,87	98,67
530	-61,67	-6,17	-616,68	-67,83	-704,78	-77,53	0,00	0,00	0,00	0,00
540	-49,33	117,17	-598,18	117,17	-676,58	204,39	138,14	1.282,69	138,14	1.282,69
550	-49,33	117,17	-92,50	296,01	-42,29	274,86	39,47	394,67	39,47	394,67
560	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
570	0,00	0,00	0,00	0,00	77,53	704,78	217,07	1.973,37	108,54	986,69
580	0,00	0,00	18,50	185,00	-49,33	204,39	9,87	98,67	29,60	296,01
600	92,50	1.412,19	154,17	1.967,21	-458,10	2.177,76	236,80	2.170,71	246,67	2.269,38
610	6,17	61,67	-55,50	55,50	-704,78	-77,53	0,00	0,00	0,00	0,00
620	12,33	123,34	-49,33	117,17	-754,11	126,86	128,27	1.184,02	29,60	296,01
700	6,17	61,67	-55,50	55,50	-56,38	133,91	19,73	197,34	29,60	296,01
705	-61,67	-6,17	-61,67	-6,17	-70,48	-7,05	0,00	0,00	0,00	0,00
706	12,33	123,34	12,33	123,34	-49,33	204,39	29,60	296,01	39,47	394,67
710	0,00	0,00	-61,67	-6,17	-704,78	-77,53	0,00	0,00	0,00	0,00
720	0,00	0,00	-61,67	-6,17	-704,78	-77,53	0,00	0,00	0,00	0,00
Sum	-61,67	4.082,41	-2.220,04	6.166,79	-7.710,25	9.958,48	2.368,05	21.805,77	1.549,10	14.504,29

Table 6: ISA-specific Cost Estimates at Audit Engagement Level (First-time: Big Four)

ISA	Medium unlisted		Large unlisted		Publicly listed		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05
210	38,61	386,09	38,61	386,09	38,61	386,09	38,61	386,09	38,61	386,09
220	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05
230	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05
240	27,88	278,85	27,88	278,85	27,88	278,85	27,88	278,85	-36,46	272,41
250	30,03	300,30	30,03	300,30	30,03	300,30	30,03	300,30	30,03	300,30
260	212,35	1.951,92	255,25	2.338,02	426,85	3.882,40	448,30	4.075,44	448,30	4.075,44
265	199,48	1.844,67	156,58	1.458,58	156,58	1.458,58	156,58	1.458,58	156,58	1.458,58
300	4,29	42,90	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
315	4,29	42,90	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
320	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05	19,30	193,05
330	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
402	45,04	428,99	287,43	2.616,86	287,43	2.616,86	330,33	3.002,96	330,33	3.002,96
450	19,30	193,05	19,30	193,05	212,35	1.930,47	212,35	1.930,47	212,35	1.930,47
500	8,58	85,80	8,58	85,80	8,58	85,80	81,51	750,74	81,51	750,74
501	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
505	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
510	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
520	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
530	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
540	285,28	2.616,86	542,68	4.933,43	1.314,87	12.655,32	3.824,48	37.751,47	3.824,48	37.751,47
550	345,34	3.153,11	343,20	3.131,66	424,70	3.860,95	426,85	3.882,40	426,85	3.882,40
560	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
570	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
580	68,64	664,94	90,09	857,99	283,14	2.595,41	261,69	2.402,37	261,69	2.402,37
600	542,68	4.933,43	1.243,74	11.944,10	2.859,25	28.099,11	2.473,15	24.238,16	2.473,15	24.238,16
610	0,00	0,00	8,58	85,80	8,58	85,80	8,58	85,80	8,58	85,80
620	36,35	363,52	124,41	1.158,28	317,46	2.895,71	2.054,88	20.269,97	2.054,88	20.269,97
700	-199,48	126,55	-2.129,96	-66,49	-2.129,96	-66,49	-2.129,96	-66,49	-2.129,96	-66,49
705	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
706	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
710	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
720	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Sum	1.763,05	18.357,67	1.140,79	30.646,09	4.360,72	62.008,94	8.339,64	101.690,88	8.275,29	101.684,45

Table 7: ISA-specific Cost Estimates at Audit Engagement Level (First-time: Mid-Tier)

ISA	Medium unlisted		Large unlisted		Publicly listed		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	18,50	185,00	18,50	185,00	21,14	211,43	128,27	1.184,02	29,60	296,01
210	30,83	308,34	-30,83	302,17	-35,24	345,34	39,47	394,67	49,33	493,34
220	74,00	678,35	18,50	733,85	-63,43	63,43	108,54	986,69	108,54	986,69
230	-49,33	117,17	-49,33	117,17	-56,38	133,91	19,73	197,34	19,73	197,34
240	-55,50	55,50	-55,50	55,50	-56,38	133,91	9,87	98,67	19,73	197,34
250	-49,33	117,17	-37,00	240,50	-49,33	204,39	19,73	197,34	19,73	197,34
260	74,00	678,35	86,34	801,68	169,15	1.550,51	236,80	2.170,71	246,67	2.269,38
265	12,33	123,34	-43,17	178,84	-42,29	274,86	49,33	493,34	49,33	493,34
300	6,17	61,67	-55,50	55,50	-56,38	133,91	19,73	197,34	19,73	197,34
315	12,33	672,18	30,83	857,18	35,24	979,64	236,80	2.170,71	39,47	394,67
320	12,33	672,18	12,33	672,18	7,05	697,73	108,54	986,69	108,54	986,69
330	-55,50	55,50	-37,00	240,50	-42,29	274,86	236,80	2.170,71	19,73	197,34
402	24,67	246,67	-37,00	240,50	-28,19	415,82	246,67	2.269,38	49,33	493,34
450	12,33	123,34	-49,33	117,17	-63,43	63,43	9,87	98,67	9,87	98,67
500	18,50	185,00	18,50	733,85	14,10	768,21	9,87	98,67	9,87	98,67
501	6,17	61,67	-55,50	55,50	-63,43	63,43	9,87	98,67	9,87	98,67
505	12,33	123,34	12,33	123,34	7,05	70,48	9,87	98,67	9,87	98,67
510	-49,33	117,17	-604,35	55,50	-697,73	-7,05	9,87	98,67	9,87	98,67
520	-49,33	117,17	-585,84	240,50	-676,58	204,39	19,73	197,34	19,73	197,34
530	-49,33	117,17	-604,35	55,50	-690,68	63,43	9,87	98,67	9,87	98,67
540	-43,17	178,84	-37,00	240,50	35,24	979,64	138,14	1.282,69	148,00	1.381,36
550	-43,17	178,84	-579,68	302,17	-669,54	274,86	49,33	493,34	49,33	493,34
560	6,17	61,67	6,17	61,67	7,05	70,48	9,87	98,67	9,87	98,67
570	6,17	61,67	6,17	61,67	14,10	140,96	39,47	394,67	19,73	197,34
580	12,33	123,34	12,33	123,34	21,14	211,43	49,33	493,34	49,33	493,34
600	215,84	1.973,37	-339,17	2.460,55	-387,63	2.812,06	444,01	4.045,41	345,34	3.157,40
610	12,33	123,34	-49,33	117,17	-63,43	63,43	9,87	98,67	9,87	98,67
620	18,50	185,00	-43,17	178,84	-42,29	274,86	138,14	1.282,69	39,47	394,67
700	74,00	678,35	12,33	672,18	21,14	838,68	138,14	1.282,69	138,14	1.282,69
705	-55,50	55,50	-55,50	55,50	-63,43	63,43	9,87	98,67	9,87	98,67
706	12,33	672,18	12,33	672,18	21,14	838,68	128,27	1.184,02	138,14	1.282,69
710	6,17	61,67	6,17	61,67	7,05	70,48	9,87	98,67	9,87	98,67
720	6,17	61,67	6,17	61,67	7,05	70,48	9,87	98,67	9,87	98,67
Sum	185,00	9.231,68	-3.089,56	11.131,05	-3.460,45	13.355,50	2.713,39	25.259,17	1.835,24	17.365,68

Table 8: Client Group-specific Cost Estimates

Cost estimates	**Big Four**					**Mid Tier**
Question	medium-sized unlisted	large unlisted	listed	bank	insurance	medium-sized unlisted
1	2.699	3.512	4.511	6.943	6.943	974
2	5.912	8.517	18.773	31.677	31.628	2.447
46	1.789	4.564	6.969	6.969	6.969	349
91	35	357	357	-750	-750	265

Appendix 6.2: Audit Clients

Table 1: Audit Client Cost Estimates

Audit Client Cost Estimate					
Question				**Sum**	**Engagement Level**
3				342.359.181	
4				117.185.210	
17				188.739.968	
18				283.012.373	
19				27.442.096	
20				1.652.968	
65				-622.203.636	
66				-63.166.216	
67				-5.760.250	
68				-106.261.501	
94				65.945.536	
Sum				228.945.728	
		thereof recurring		297.935.933	
		thereof one-off		-68.990.205	
Redesign effect				960.391.795	
		thereof recurring		344.012.149	
		thereof one-off		616.379.646	
Harmonisation effect				-797.391.603	
		thereof recurring		-112.021.752	
		thereof one-off		-685.369.851	
Regulation effect		recurring		65.945.536	

Sum					
	thereof engagement level			1.026.337.331	7.715
		thereof recurring		409.957.684	3.082
		thereof one-off		616.379.646	4.634
	thereof transnational engagement level			-797.391.603	-17.511
		thereof recurring		-112.021.752	-2.460
		thereof one-off		-685.369.851	-15.051

Sum of costs at the engagement level					1.721
		thereof recurring			2.240
		thereof one-off			-519

Table 2: ISA-specific Cost Estimates at Audit Client Level (Recurring)

ISA	Medium sized (unlisted) client		Large (unlisted) client		Publicly listed client		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	9,66	96,65	9,66	96,65	112,96	1.026,90	139,03	1.263,87	46,34	421,29
210	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
220	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
230	11,74	117,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
240	7,82	78,24	7,82	78,24	8,43	84,26	9,13	91,28	9,13	91,28
250	7,82	78,24	19,56	195,60	21,06	210,65	13,69	136,92	13,69	136,92
260	133,01	1.212,71	133,01	1.212,71	526,61	5.139,74	579,63	5.659,33	570,50	5.568,05
265	11,74	117,36	11,74	117,36	58,98	547,68	164,30	1.506,11	63,90	593,32
300	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
315	0,00	0,00	11,74	117,36	12,64	126,39	104,97	958,44	4,56	45,64
320	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
330	0,00	0,00	11,74	117,36	12,64	126,39	104,97	958,44	4,56	45,64
402	3,91	39,12	11,74	117,36	58,98	547,68	164,30	1.506,11	63,90	593,32
450	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
500	7,82	78,24	7,82	78,24	8,43	84,26	9,13	91,28	9,13	91,28
501	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
505	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
510	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
520	0,00	0,00	11,74	117,36	12,64	126,39	4,56	45,64	4,56	45,64
530	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
540	70,42	665,04	148,66	1.369,19	164,30	1.516,65	780,44	7.484,92	680,03	6.572,13
550	19,56	195,60	27,38	273,84	29,49	294,90	31,95	319,48	22,82	228,20
560	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-45,64	-4,56
570	0,00	0,00	0,00	0,00	-74,33	31,30	-31,95	132,36	-41,08	41,08
580	89,98	821,52	101,71	938,88	109,54	1.011,10	118,66	1.095,35	109,54	1.004,08
600	89,98	821,52	481,17	4.694,38	522,40	5.097,61	711,98	6.845,97	611,57	5.933,17
610	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
620	7,82	78,24	7,82	78,24	12,64	126,39	159,74	1.460,47	59,33	547,68
700	-391,20	-43,03	-391,20	-43,03	-421,29	-46,34	-502,04	-54,77	-456,40	-50,20
705	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
706	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
710	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
720	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Sum	**80,08**	**4.356,80**	**612,11**	**9.559,73**	**1.176,11**	**16.051,91**	**2.562,50**	**29.501,21**	**1.730,45**	**21.903,94**

Table 3: ISA-specific Cost Estimates at Audit Client Level (First-time)

ISA	Medium sized (unlisted) client		Large (unlisted) client		Publicly listed client		Bank		Insurance Company	
Level	Low	High	Low	High	Low	High	Low	High	Low	High
200	11,74	117,36	11,74	117,36	12,64	126,39	150,61	1.369,19	50,20	456,40
210	31,30	312,96	31,30	312,96	33,70	337,03	36,51	365,12	36,51	365,12
220	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
230	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
240	7,82	78,24	46,94	430,32	50,55	463,42	9,13	91,28	9,13	91,28
250	7,82	78,24	19,56	195,60	21,06	210,65	13,69	136,92	13,69	136,92
260	133,01	1.212,71	133,01	1.212,71	526,61	5.139,74	579,63	5.659,33	570,50	5.568,05
265	11,74	117,36	50,86	469,44	58,98	547,68	209,94	1.916,87	109,54	1.004,08
300	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
315	0,00	0,00	11,74	117,36	12,64	126,39	150,61	1.369,19	50,20	456,40
320	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
330	0,00	0,00	11,74	117,36	12,64	126,39	150,61	1.369,19	50,20	456,40
402	46,94	430,32	50,86	469,44	67,41	631,94	209,94	1.916,87	109,54	1.004,08
450	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
500	7,82	78,24	46,94	430,32	50,55	463,42	54,77	502,04	50,20	456,40
501	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
505	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
510	3,91	39,12	3,91	39,12	4,21	42,13	4,56	45,64	4,56	45,64
520	0,00	0,00	11,74	117,36	12,64	126,39	4,56	45,64	4,56	45,64
530	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
540	70,42	665,04	148,66	1.369,19	160,09	1.474,52	730,24	7.028,53	629,83	6.115,73
550	-19,56	191,69	27,38	273,84	29,49	294,90	77,59	1.136,43	-27,38	178,00
560	0,00	0,00	0,00	0,00	-42,13	-4,21	-45,64	-4,56	0,00	0,00
570	-39,12	-3,91	-39,12	-3,91	-37,92	37,92	-31,95	132,36	4,56	45,64
580	109,54	1.017,12	473,35	4.655,26	509,76	5.013,35	141,48	1.323,55	132,36	1.232,27
600	129,10	1.173,59	481,17	4.694,38	522,40	5.097,61	666,34	6.435,21	565,93	5.522,41
610	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
620	-31,30	74,33	7,82	78,24	12,64	126,39	114,10	1.049,72	13,69	136,92
700	-387,29	-3,91	-387,29	-3,91	-417,08	-4,21	-451,83	-4,56	-451,83	-4,56
705	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
706	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
710	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
720	0,00	0,00	0,00	0,00	4,21	42,13	0,00	0,00	0,00	0,00
Sum	**93,89**	**5.578,49**	**1.142,30**	**15.092,42**	**1.605,12**	**20.419,94**	**2.774,90**	**31.883,95**	**1.926,00**	**23.312,80**

Appendix 6.3: Audit Regulators

Table 1: Audit Regulator Cost Estimates

Audit Regulator Cost Estimates				
Question	**ISQC 1**		**Overall**	**per inspection/review**
5	with		1.666.435	
5	without		1.388.696	
6	with		5.682.972	
6	without		4.735.810	
7	with		528.406	
7	without		440.451	
8	with		528.406	
8	without		370.456	
10	with		17.820	
10	without		12.014	
11	with		17.693	
11	without		17.693	
40			148.169	
76			0	

Sum with ISQC 1			8.589.902	
		thereof recurring	1.832.298	
		thereof one-off	6.757.605	
Redesign effect			8.441.733	
		thereof recurring	1.684.129	
		thereof one-off	6.757.605	
Harmonisation effect			148.169	
		thereof recurring	148.169	
		thereof one-off	0	
Regulation effect		recurring	0	

Sum	thereof institutional level		1.240.495	
		thereof recurring	165.862	
		thereof one-off	1.074.632	
	thereof engagement level		7.349.408	1.071
		thereof recurring	1.666.435	243
		thereof one-off	5.682.972	829

Sum without ISQC 1			7.113.290	
		thereof recurring	1.554.559	
		thereof one-off	5.558.731	
Redesign effect			6.965.120	
		thereof recurring	1.406.389	
		thereof one-off	5.558.731	
Harmonisation effect			148.169	
		thereof recurring	148.169	
		thereof one-off	0	
Regulation effect		recurring	0	

Sum	thereof institutional level		988.783	
		thereof recurring	165.862	
		thereof one-off	822.921	
	thereof engagement level		6.124.506	893
		thereof recurring	1.388.696	202
		thereof one-off	4.735.810	690

Appendix 7: Alternative Cost Scenarios

Table 1: Audit Market Scenarios

Costs for relevant market portion		**Weighted Average**	**Market Size: 224.00 Market Share FoF: 60%**	**Market Size: 310.00 Market Share FoF: 60%**	**Market Size: 310.00 Market Share FoF: 40%**
Recurring costs increases at engagement level			Mio. €	Mio.€	Mio. €
	Big Four	3,300	245	337	224
	Mid Tier	1,200	71	101	67
	Clients	2,200	298	409	273
Recurring savings at firm or network level					
	Big Four		-13.7	-13.7	-13.7
	Mid Tier		-1.4	-1.4	-1.4
	International networks		-1.9	-1.9	-1.9
Recurring cost increases, audit regulators					
	at inspection or review level		1.4	1.9	1.2
	at institutional level		0.2	0.2	0.2
Sum of recurring costs			**599**	**832**	**548**
One-off cost increases at engagement level					
	Big Four	7,700	565	785	524
	Mid Tier	1,600	95	134	90
	Clients	-500	-69	-93	-62
One-off cost increases at firm or network level					
	firm level		129	129	129
	network level		5.5	5.5	5.5
One-off cost increases, audit regulators for whole audit market					
	at inspection or review level		4.7	6.4	4.3
	at institutional level		0.8	0.8	0.8
Sum of one-off costs			**731**	**968**	**692**

Table 2: Costs Simulations for Non-FoF Members

Alternative Market Sizes and Market Shares of Non-FoF members		224.000 (40%)		310.000 (40%)		310.000 (60%)	
		Szenario I	Szenario II	Szenario I	Szenario II	Szenario I	Szenario II
Sum of recurring costs (per engagement)		63.897.967	63.897.967	88.037.199	88.037.199	132.055.799	132.055.799
One-off							
	Training	81.000.000	18.000.000	111.600.000	24.800.000	167.400.000	37.200.000
	Software and Material	22.500.000	0	31.000.000	0	46.500.000	0
	other	126.000.000	126.000.000	173.600.000	173.600.000	260.400.000	260.400.000
	Sum	229.500.000	144.000.000	316.200.000	198.400.000	474.300.000	297.600.000
Total costs for Non-FoF members		293.397.967	207.897.967	404.237.199	286.437.199	606.355.799	429.655.799
Client costs		117.000.000	117.000.000	161.200.000	161.200.000	241.800.000	241.800.000
Total		410.397.967	324.897.967	565.437.199	447.637.199	848.155.799	671.455.799

Training costs per audit staff member	Szenario I	Szenario II
Number of training days	3	2
Opportunity costs per day	800	0
Training costs per day	400	400
Software and Material per person	1.000	0

ISA-specific Redesign Costs at Engagement Level (recurring)

Calculation Basis: Mid Tier audit firm; medium-sized client		
Initial Cost estimate	974	
ISA 600	422	
ISA 402	60	
ISA 620	40	
Cost estimate modified	452	
Adjustment for ISA non-compliant jurisdictions (30%)	135	
Regulation costs	265	
Regulation costs modified	123	
Total	**710**	**10%**
Personnel costs	7.000	

Redesign costs one-off		1.400
Proportional client costs	(2.200 / 1.200) *710	1.300

Appendix 8: Forum of Firms Members

Register of Full Members as of October 9, 2008, active in Europe

- Baker Tilly International
- BDO International
- Deloitte Touche Tohmatsu
- Ernst & Young Global Limited
- Grant Thornton International
- HLB International
- Horwath International Association
- INPACT Audit
- KPMG International
- Mazars
- Moore Stephens International
- PKF International
- PricewaterhouseCoopers International
- RSM International Limited
- Russell Bedford International
- UHY International