

# ISAs & OTHER PRONOUNCEMENTS OF IAASB UPDATES

April – June 2023

## 1. ISA (International Standards on Auditing)

### i. New Standards/Amendments

TITLE	DESCRIPTION	EFFECTIVE DATE
NA		

### ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
<a href="#"><u>PROPOSED INTERNATIONAL STANDARD ON AUDITING 570 (REVISED 202X) GOING CONCERN AND PROPOSED CONFORMING AND CONSEQUENTIAL AMENDMENTS TO OTHER ISAS</u></a>	<p>These proposed revisions for International Standard on Auditing 570 (Revised), Going Concern, aim to:</p> <ul style="list-style-type: none"> <li>• Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern;</li> <li>• Strengthen the auditor’s evaluation of management’s assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and</li> <li>• Enhance transparency with respect to the auditor’s responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.</li> </ul>	August 2023

### iii. FAQs

N/A

### iv. Other Information

**IAASB-Sustainability Standard setter’s liaison**

The reliability and quality of sustainability reporting, and investors', regulators', and other stakeholders' trust in the information, hinge on the effectiveness of the external reporting supply chain. The IAASB believes that cooperation between the IAASB and international standards setters for sustainability reporting and assurance, such as the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI), can help to support this aim. Such cooperation is essential to strengthening the connectivity between external reporting standards and assurance standards, as well as the operability between standards—especially as new standards continue to be developed and existing standards are refined and enhanced.

The IAASB's Sustainability Standard Setters' Liaison Working Group (SSS LWG) supports the IAASB's efforts in collaborating and cooperating with SSS. In doing so, they:

- Monitor developments of SSS.
- Provide input on matters relating to the assurability of sustainability information arising from sustainability reporting proposals.
- Consider the assurance (or audit, as appropriate) implications arising from newly issued SSS pronouncements.

## **IAASB ADVANCES TIMELINE FOR CONSULTATION FOR PROPOSAL ON SUSTAINABILITY ASSURANCE**

At its April meeting, the International Auditing and Assurance Standards Board (IAASB) confirmed its intention to advance the consultation on its proposed new standard for sustainability assurance, International Standard on Sustainability Assurance™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*. Subject to the expected IAASB approval of the Exposure Draft in June, stakeholders can now expect the public consultation on the proposed standard to open in the latter part of July or early August 2023 and extend into December 2023. The consultation was originally scheduled to commence in October 2023.

The advanced consultation will support two objectives. First, the earlier publication, accompanied by a comprehensive and global outreach strategy, will enable the IAASB to gain broad and early input into the development of ISSA 5000. Second, the advanced consultation period will better ensure the completion of the final standard in 2024. In a recent report, the International Organization of Securities Commissions (IOSCO) highlighted the importance of having ISSA 5000 developed in accordance with due process and ready in 2024 to support a global baseline for sustainability reporting and assurance standards that meets the public interest.

## **FRAUD**

The IAASB is currently working on a project to revise ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. In revising this standard, the IAASB aims to:

- Clarify the role and responsibilities of the auditor for fraud in an audit of financial statements.
- Promote consistent behavior and facilitate effective responses to identified risks of material misstatement due to fraud through strengthening ISA 240 to establish more robust requirements and enhance and clarify application material where necessary.
- Enhance ISA 240 to reinforce the importance, throughout the audit, of the appropriate exercise of professional skepticism in fraud-related audit procedures.
- Enhance transparency on fraud-related procedures where appropriate, including strengthening communications with TCWG and the reporting requirements in ISA 240 and other relevant ISAs.

## **PROPOSED INTERNATIONAL STANDARD ON SUSTAINABILITY ASSURANCE 5000 APPROVED FOR PUBLIC CONSULTATION BY UNANIMOUS VOTE**

On 28<sup>th</sup> June 2023, the IAASB announced that it has approved by unanimous vote the draft International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*, for public consultation. The consultation will be open by early August until early December 2023.

With the increasing global demand for corporate reporting and disclosure on sustainability, ESG (environmental, sustainability, and governance), and climate-related information, we are proud to have risen to the occasion by developing this new proposed standard. This proposed standard aims to enhance confidence in sustainability reporting, responds to IOSCO recommendations, and complements the work of other standard setters, including the International Ethics Standards Board for Accountants, EFRAG, International Sustainability Standards Board and IFRS Foundation, Global Reporting Initiative, and others.

Once finalized, ISSA 5000 will serve as a comprehensive, stand-alone standard suitable for limited and reasonable sustainability assurance engagements. It will apply to sustainability information reported across any sustainability topic and prepared under multiple frameworks. Moreover, the standard will be profession-agnostic, enabling its use by professional accountants and other professionals performing sustainability assurance engagements.

## **2. ISSB (International Sustainability Standards Board)**

### **i. New Standards**

TITLE	DESCRIPTION	EFFECTIVE DATE
<a href="#"><u>IFRS-S1 General Requirements for Disclosure of Sustainability-related Financial Information was issued by the ISSB on 26 June 2023</u></a>	The objective of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity	Effective date of 1 January 2024
<a href="#"><u>IFRS S2 Climate-related Disclosures was issued by the ISSB on 26 June 2023</u></a>	The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity	Effective date of 1 January 2024

ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
<a href="#">International applicability of SASB Standards- The ISSB published the exposure draft on 11 May 2023</a>	The International Sustainability Standards Board (ISSB) has developed an exposure draft that explains the focused methodology for updating references to jurisdiction-specific laws and regulations in the SASB Standards to improve their international applicability.	The exposure draft public comment period ended on 9 August 2023.

iii. FAQs

NA

iv. Other Information

**IFRS Sustainability disclosure Taxonomy**

The International Sustainability Standards Board (ISSB) proposes creating an IFRS Sustainability Disclosure Taxonomy to reflect disclosure requirements arising from:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, issued in June 2023; and
- IFRS S2 *Climate-related Disclosures*, issued in June 2023.

The ISSB published the *Proposed IFRS Sustainability Disclosure Taxonomy* on 27 July 2023.

The *Proposed IFRS Sustainability Disclosure Taxonomy* is designed to facilitate users of general purpose financial reports to consume sustainability-related financial information digitally, regulators to require the digital reporting of sustainability-related financial information, and preparers to implement digital reporting of sustainability-related financial information, enabling tagging without undue cost.

In developing the *Proposed IFRS Sustainability Disclosure Taxonomy*, the ISSB considered feedback staff received on fundamental matters discussed in a prior request for feedback, including comments from external groups of experts, including the IFRS Taxonomy Consultative Group (ITCG).

The consultation is open for comment until 26 September 2023. The ISSB will consider feedback on the *Proposed IFRS Sustainability Disclosure Taxonomy* and the need for further changes before publishing the IFRS Sustainability Disclosure Taxonomy.

Thereafter, the IFRS Sustainability Disclosure Taxonomy will be updated after public consultations to reflect any amendments to IFRS Sustainability Disclosure Standards, common reporting practice and emerging reporting issues.

### 3. ISAE (International Standard on Assurance Engagements)

i. New Standards

TITLE	DESCRIPTION	EFFECTIVE DATE
NA		

ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
NA		

iii. FAQs

NA

iv. Other Information

NA

### ISRE (International Standard on Review Engagements)

i. New Standards

TITLE	DESCRIPTION	EFFECTIVE DATE
NA		

ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
NA		

iii. FAQs

NA

iv. Other Information

NA

#### 4. ISQM (International Standard on Quality Management)

i. New Standards

TITLE	DESCRIPTION	EFFECTIVE DATE
NA		

ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
NA		

iii. FAQs

NA

iv. Other Information

NA

#### 5. ISRS (International Standard on Related Services)

i. New Standards

TITLE	DESCRIPTION	EFFECTIVE DATE
NA		

ii. Exposure Drafts

TITLE	DESCRIPTION	COMMENTS DUE BY
NA		

iii. FAQs

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iv. Other Information

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