

Lecture3- International Standards on Auditing (ISA)

The International Auditing and Assurance Standards Board (IAASB) is an independent standard-setting body under the auspices of the International Foundation for Audit and Ethics and is subject to the oversight of the Public Interest Oversight Board (PIOB).

The IAASB's objective is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession. ISAs are written by the IAASB in the context of an audit of financial statements.

Each ISA is structured in separate sections:

- **Introduction:** Introductory material may include the purpose, scope, and subject matter of the ISA, in addition to the responsibilities of the auditor and others in the context in which the ISA is set.
- **Objective:** Each ISA contains a clear statement of the objective of the auditor in the audit area addressed by that ISA.
- **Definitions:** For greater understanding of the ISAs, applicable terms are defined in each ISA.
- **Requirements:** Each objective is supported by clearly stated requirements. Requirements are always expressed by the phrase "the auditor shall."
- **Application and other explanatory material:** The application and other explanatory material explains more precisely what a requirement means or is intended to cover, or includes examples of procedures that may be appropriate under given circumstances.

The [latest version](#) of the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements ("Handbook") was published December 2021.

ISAs are supported by International Auditing Practice Notes ("IAPNs"), which are included in the Handbook. IAPNs are intended to provide practical assistance to auditors and do not impose additional requirements on auditors beyond those included in the ISAs, nor do they change the auditor's responsibility to comply with all ISAs relevant to the audit.

Assessment Methodology

[View the Assessment Methodology](#)

As part of the Reports on the Observance of Standards and Codes (ROSC) initiative, the World Bank established a program in 2008 to assist its member countries with the implementation of international accounting and auditing standards for strengthening the financial reporting regime. The objectives of this program are two-fold:

- Analyze comparability of national accounting and auditing standards with international standards, determine the degree with which applicable accounting and auditing standards are complied, and assess strengths and weaknesses of the institutional framework in supporting high-quality financial reporting.
- Assist the country in developing and implementing a country action plan for improving institutional capacity with a view to strengthening the country's corporate financial reporting regime.

The International Auditing and Assurance Standards Board®(IAASB®) is an independent standard-setting body that serves the public interest by setting high-quality international standards for auditing, assurance, and other related standards, and by facilitating the convergence of international and national auditing and assurance standards. In doing so, the IAASB enhances the quality and consistency of practice throughout the world and strengthens public confidence in the global auditing and assurance profession.

Standards (ISAs)

**International Standard on Quality Control (ISQC)
1, Quality Controls for Firms that Perform Audits and
Reviews of Financial Statements, and Other Assurance
and Related Services Engagements**

**ISA 200, Overall Objectives of the Independent Auditor
and the Conduct of an Audit in Accordance with
International Standards on Auditing**

ISA 210, Agreeing the Terms of Audit Engagements

**ISA 220, Quality Control for an Audit of Financial
Statements**

ISA 230, Audit Documentation

ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements

ISA 260, Communication with Those Charged with Governance

ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

ISA 300, Planning an Audit of Financial Statements

ISA 315, Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment

ISA 320, Materiality in Planning and Performing an Audit

ISA 330, The Auditor's Responses to Assessed Risks

ISA 402, Audit Considerations Relating to an Entity Using a Service Organization

ISA 450, Evaluation of Misstatements Identified during the Audit

ISA 500, Audit Evidence

ISA 501, Audit Evidence-Specific Considerations for Selected Items

ISA 505, External Confirmations

ISA 510, Initial Audit Engagements-Opening Balances

ISA 520, Analytical Procedures

ISA 530, Audit Sampling

ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

ISA 550, Related Parties

ISA 560, Subsequent Events

ISA 570, Going Concern

ISA 580, Written Representations

ISA 600, Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors)

ISA 610, Using the Work of Internal Auditors

ISA 620, Using the Work of an Auditor's Expert

ISA 700, Forming an Opinion and Reporting on Financial Statements

ISA 705, Modifications to the Opinion in the Independent Auditor's Report

ISA 706, Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

ISA 710, Comparative Information-Corresponding Figures and Comparative Financial Statements

ISA 720, The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

ISA 800, Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

ISA 805, Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

ISA 810, Engagements to Report on Summary Financial Statements

ISA 560, Subsequent Events

ISA 560 Scope-ISA 560 deals with the auditor's responsibilities relating to subsequent events in an audit of financial statements.

ISA 560 Objective-Under ISA 560 objective of auditor are:

- To 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 in accordance with the applicable financial reporting framework; and
- To 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.

ISA 560 – Definitions

Date of the financial statements – Definition: The date of the end of the latest period covered by the financial statements.

Date of approval of the financial statements : The date on which all the statements that comprise the financial statements, including the related notes, have been prepared and those with the recognized authority have asserted that they have taken responsibility for those financial statements.

Date of the auditor's report : The date the auditor dates the report on the financial statements in accordance with ISA 700.

Date the financial statements are issued: The date that the auditor's report and audited financial statements are made available to third parties.

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.