



Report from Mr James R. Dalkin – United States of America Government Accountability Office

Activity Report as representative of INTOSAI on the International Audit and Assurance Standards Board’s Consultative Advisory Group

The following provides a summary of recent CAG activities and issues that may be of interest to the PSC and INTOSAI. The CAG meets twice annually. The last meeting occurred on May 7-8, 2017. The next CAG meeting will be held in September 2017.

Technical:

ISA 540 Accounting Estimates

Changes to the guidance related to auditing estimates may be one of the more significant auditing standards proposals in the queue. Elements of the proposed standard include:

- Focus on risk assessment, internal controls and audit response
- New guidance focuses on complex estimates

Possible PSC Considerations

SAIs audit complex financial estimates including aspects of social insurance. ISA 540 may have a high impact on SAI auditors. This proposed revision should receive a high level of review for implications or considerations of the governmental environment and complexities.

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

- IAASB may reopen the risk standard and consider how risks are viewed
- Task force is focusing on the issues with extant 315 and how risks are identified and classified
- This task force is in the early stages

Possible PSC Considerations



SAI's may want to track how the task force proceeds on labeling risks and whether there are any unique governmental environment considerations that should be included in any revised proposal.

Engagement Quality – Engagement Quality Control Reviews (EQCR) Quality Management Approach

- IAASB is considering extending an EQC review beyond audits of listed entities
- Considering additional documentation requirements
- Defining the roles and responsibilities of the EQC reviewer

Possible PSC Considerations

PSC may want to track whether SAIs should be considered subject to the EQCR review requirements and the merits of EQCRs for governmental auditors.

Emerging:

Data Analytics

The CAG reviewed a data analytics presentation. Changes in technology and growing technical capabilities to audit data have created opportunities and challenges in considering audit approaches. The CAG also discussed whether the extant standards support advances in data analytics.

Possible PSC Considerations

SAIs face data audit challenges given the variety of data formats and the volumes. As new technologies become available PSC may consider the challenges of governmental data and security concerns.

Other:

Presentation from the Islamic Financial Services Board

CAG received a presentation from the Islamic Financial Services Board on their role in areas such as Islamic financial services and banking.



Disclaimer: This summary does not represent an official correspondence, presentation or report of the views of the CAG or the IAASB.