

2020

## **Consultation Paper**

Proposal to revise ISA (Ireland) 315  
*Identifying and Assessing the Risks  
of Material Misstatement*

## **MISSION**

**To contribute to Ireland having a strong regulatory environment in which to do business by supervising and promoting high quality financial reporting, auditing and effective regulation of the accounting profession in the public interest**

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## 1. Summary

The purpose of this consultation paper is to obtain the views of stakeholders with regard to IAASA's proposal to issue a revised version of ISA (Ireland) 315, *Identifying and Assessing the Risks of Material Misstatement*.

The proposed revised standard with related conforming amendments can be found [here](#).

The proposed effective date of the revised standard in Ireland, which is in line with both the Financial Reporting Council ('FRC') and International Auditing and Assurance Standards Board ('IAASB'), is for the audits of financial statements with accounting periods beginning on or after 15 December 2021, with early adoption permitted.

## 2. Background

The ISAs (Ireland) are based on the ISAs (UK) which, in turn, are based on the corresponding standards issued by the IAASB<sup>1</sup>.

IAASA's policy is to make minimal amendments to the UK standards. Amendments are considered where there is a conflict with Irish or EU law or where there are distinct differences between the Irish and UK markets which impact on the applicability of a standard in Ireland.

On 15 December 2019, the IAASB issued a revised ISA 315, *Identifying and Assessing the Risks of Material Misstatement*, together with related confirming amendments to other ISAs.

The FRC issued a consultation on this revised standard on 28 January 2020, and on 9 July 2020 issued a revised UK standard and a feedback statement on its consultation. These can be found [here](#).

In line with IAASA's policy to make minimal amendments to the UK standards, IAASA intends to adopt the revised standard and is not proposing to add any new Irish requirements to the changes made by the FRC.

## 3. Overview of Revisions

The focus of the revisions made by the IAASB were on the understandability, complexity and length of the standard. The IAASB made enhancements and clarifications to encourage a more consistent and robust risk assessment, which forms the foundation of the auditor's efforts to gather sufficient appropriate audit evidence. The revisions also modernised the standard to keep up with the evolving environment in which businesses operate, in particular in relation to technology, as well placing as a focus on why procedures are required.

The FRC adopted the IAASB's revisions with minimal changes to retain existing FRC supplementary material. The supplementary material, which is also included in the extant version of ISA (Ireland) 315, consists of two footnotes to clarify that those charged with governance are responsible for preparing the financial statements and that they are the appropriate persons to provide critical written representations in accordance with ISA (Ireland) 580 (Updated December 2018), *Written Representations*.

The other ISAs (Ireland) which it is proposed to revise for the conforming amendments, in line with the changes made by the IAASB and FRC, are listed below.

ISA (Ireland) 200 (Updated December 2018), *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*.

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<sup>1</sup> IAASB is a committee of the International Federation of Accountants (IFAC).

ISA (Ireland) 210 (Updated July 2017), *Agreeing the Terms of Audit Engagements*.

ISA (Ireland) 230 (Updated December 2018), *Audit Documentation*.

ISA (Ireland) 240 (Updated December 2018), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*.

ISA (Ireland) 250 Section A (Revised July 2017), *Consideration of Laws and Regulations in an Audit of Financial Statements*.

ISA (Ireland) 260 (Updated December 2018), *Communication with Those Charged with Governance*.

ISA (Ireland) 265, *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*.

ISA (Ireland) 300, *Planning an Audit of Financial Statements*.

ISA (Ireland) 330 (Revised August 2018), *The Auditor's Responses to Assessed Risks*.

ISA (Ireland) 402, *Audit Considerations Relating to an Entity Using a Service Organisation*.

ISA (Ireland) 500 (Updated December 2018), *Audit Evidence*.

ISA (Ireland) 501, *Audit Evidence—Specific Considerations for Selected Items*.

ISA (Ireland) 530, *Audit Sampling*.

ISA (Ireland) 540 (Revised December 2018), *Auditing Accounting Estimates and Related Disclosures*.

ISA (Ireland) 550, *Related Parties*.

ISA (Ireland) 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*.

ISA (Ireland) 610, *Using the Work of Internal Auditors*.

ISA (Ireland) 620, *Using the Work of an Auditor's Expert*.

ISA (Ireland) 701 (Updated December 2018), *Communicating Key Audit Matters in the Independent Auditor's Report*.

ISA (Ireland) 720, *The Auditor's Responsibilities Relating to Other Information*.

## 4. Matters on which IAASA is consulting

In light of the above, a number of matters are set out below on which IAASA is seeking views from stakeholders and interested parties by 5pm on **Friday 25 September 2020**.

No.	Matter on which views are sought
1.	<p>In the context of IAASA's policy to make minimal amendments to the UK standards, are there any amendments proposed that, in your opinion conflict with Irish or EU law?</p> <p>If so, please:</p> <ol style="list-style-type: none"><li>identify the relevant legal provision(s);</li><li>give reasons for your view; and</li><li>explain what action(s), if any, you believe should be taken to update the standards in Ireland in respect of the matter(s) concerned.</li></ol>
2.	<p>In the context of IAASA's policy to make minimal amendments to the UK standards, are there any areas not identified in this consultation paper where there are distinct differences between the Irish and UK markets which, in your opinion, would impact on the applicability of the proposed amendments to the standards in Ireland?</p> <p>If so, please:</p> <ol style="list-style-type: none"><li>give your reasons;</li><li>identify the market sector(s), audited entities etc. in Ireland impacted by the proposed amendment; and</li><li>explain what action, if any, you believe should be taken to update the standards in Ireland in respect of the matter(s) concerned.</li></ol>
3.	<p>Is the proposed effective date, i.e. for financial periods beginning on or after 15 December 2021, appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate.</p>

## 5. Making your submission

IAASA invites comments on the proposed amendments to ISA (Ireland) 315, *Identifying and Assessing the Risks of Material Misstatement*.

In particular, comments are sought on the specific matters set out in Section 4 above.

Stakeholders and interested parties are invited to provide responses to the above questions by e-mail only to **submissions@iaasa.ie** no later than **5pm on Friday 25 September 2020**.

Any anonymous submissions will not be considered.

Comments are most helpful if they:

- respond directly to the specific question posed;
- provide a clear rationale for the position adopted by the respondent;
- provide supporting evidence underpinning the views expressed/rationale proposed; and
- describe in detail any alternative option(s) you wish IAASA to consider.

All responses from identifiable individuals and organisations received by the deadline will be considered by IAASA. Depending on the nature and scale of responses, IAASA may publish a feedback statement summarising the content of the responses. Respondents should note that,

in the interest of transparency, their responses may be published in full or in part (and may be attributed to the respondent) by IAASA in that feedback statement.



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