Third Edition

PRINCIPLES OF AUDITING

An Introduction to International Standards on Auditing

Rick Hayes
Philip Wallage
Hans Görtemaker

ALWAYS LEARNING
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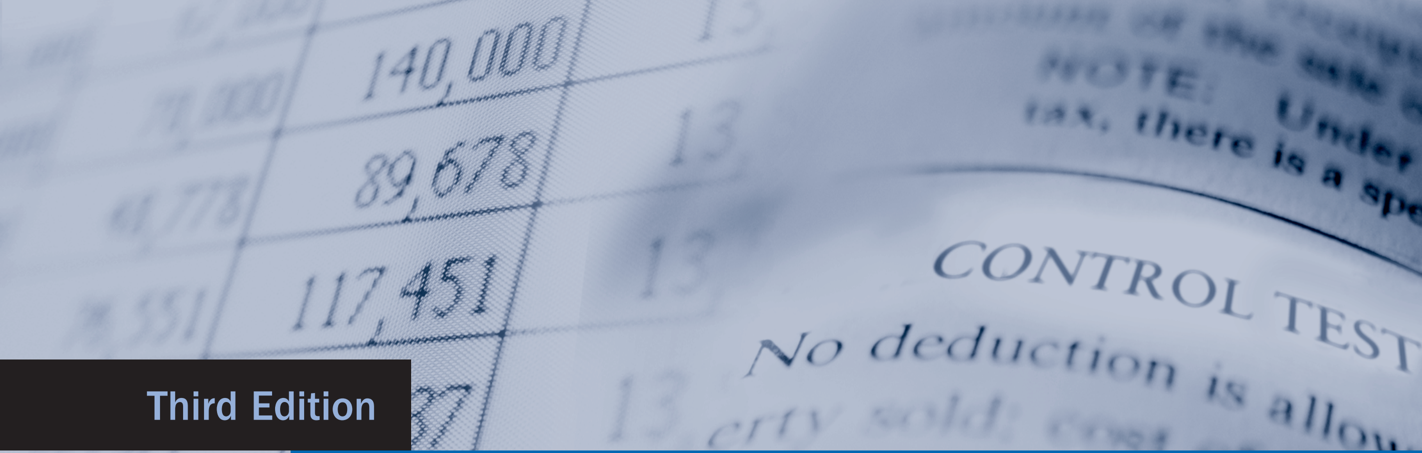
PRINCIPLES OF AUDITING



Third Edition

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Foreword

'The world has grown into a global marketplace at an exceedingly fast pace in recent years…changes in one part of the world can have significant effects on other parts.' Had I not used quotation marks, one could easily read this statement as a reference to the global financial crisis that shocked the world in the recent past. Rather, this is the observation of my predecessor Prof. Robert Roussey, with which he started his Foreword to the first edition of this book, Principles of Auditing, in 1999. Robert continued by describing how this global marketplace had triggered the emergence of International Accounting Standards (now IFRS) and International Standards on Auditing (ISAs), and stated, 'In the late 1990s, these international standards are on the brink of becoming the global standards of the future.'

Indeed, that is what they have become – and so have the 'Clarified' International Standards on Auditing. In his Foreword to the second edition of this book in 2005, my immediate predecessor, John Kellas, started with, 'In the last few years the auditing environment has changed dramatically. The failure of Enron was perhaps the biggest single catalyst for change….The International Auditing and Assurance Standards Board (IAASB), the independent standards-setter that operates under the auspices of the International Federation of Accountants (IFAC), has sought to respond effectively to the new environment.' Under John's leadership, the IAASB has completely rewritten the ISAs to make them more understandable and better fit for use. All 36 ISAs and International Standard on Quality Control (ISQC) 1 now clearly distinguish the auditor's objectives, the requirements of the standards, and the standard's application and other explanatory material. Many contain considerations specific to audits of smaller entities and of public sector entities, and as part of this 'clarification' effort many ISAs were also thoroughly revised for their content. As a result, there are now more robust requirements in key areas, such as risk assessment (e.g., estimates and related parties), materiality and its use in evaluating misstatements, audit evidence (e.g., confirmations and representations), using the work of others (e.g., group audits and experts), and communications and reporting.

This impressive exercise was essentially completed when I succeeded John as Chairman in January 2009. The full suite of the Clarified ISAs and ISQC 1 became effective for audits of financial statements for periods beginning or after 15 December 2009. Have they become the 'global standards' as Chairman Roussey had anticipated? Yes, they have. The authors show in Chapter 1, per April 2013, which 86 countries in various regions of the world had committed to using the Clarified ISAs. An impressive list (just think of the many translations needed!). And now, in December 2013, we already count 92 countries, and anticipate more additions in 2014. Further, the 24 larger international networks of accounting firms have committed to using the Clarified ISAs in their global audit methodologies. The Supreme Audit Institutions (SAIs) are also using the Clarified ISAs through a special public sector version called ISSAIs. So it is fair to say that there is one global language for auditing, both for the private and the public sector. And this is warmly supported by the International Organization of Securities Commissions (IOSCO), by banking and insurance regulators, and by global institutions like the World Bank, UNCTAD and IMF.

But…adoption and commitment to the use of standards is one thing. Implementation, including a thorough understanding and proper application of the standards, is another. This requires education, training, monitoring and enforcement. That is why I am delighted that Professors Rick Hayes, Hans Gortemaker and Philip Wallage have completed this third edition of 'Principles of Auditing – An Introduction to International Standards on Auditing.'

As a co-author on the previous editions, I know how much effort that takes. But it is urgently needed, as I learn time and again in my many outreach activities across the world.

This indeed is a global marketplace, and a marketplace with dramatic and ongoing changes, and practitioners and students need to update themselves about such changes. The Clarified ISAs are one striking example, but the IAASB issues other standards as well. I am pleased to see that this edition addresses those standards in a special chapter about other assurance and non-assurance engagements. This includes our recently revised standards on review engagements and compilation engagements, which are of particular relevance for services to smaller entities that are exempted from mandatory audits in many countries. The IAASB has also issued new assurance standards, such as International Standard on Assurance Engagements (ISAE) 3410 addressing greenhouse gas statements, a landmark standard in the area of sustainability-related assurance services, containing a number of interesting features, such as new definitions, a tabular presentation of requirements for reasonable and limited assurance engagements, guidance highlighting the importance of multidisciplinary teams, and illustrative assurance reports.

Will the changes stop here? A rhetorical question, of course. It is very likely that we will see expanded audit reports in the future, to better inform users of financial statements about significant audit matters. We may see the further emergence of Integrated Reporting, and assurance standards thereon. The IAASB may decide to update – again – the ISAs for key areas such as professional skepticism, risk assessment, group audits, quality control, and may enhance the ISAs further in relation to audits of financial institutions. But that will take time, and the authors rightly decided not to wait for that.

We hear critical comments with regard to the relevance and effectiveness of audit and assurance, in light of the financial crisis and findings from audit inspections across the world. However, underlying these comments are the positive expectations that many have of the contributions that auditors can make to this global, dynamic marketplace, and, in turn, to financial stability and trust. That is the public interest that all of us want to serve.

I wish this book a global uptake, and the readers much success with their professional endeavors.

Professor Arnold Schilder
Chairman, International Auditing and Assurance Standards Board

Preface

Auditing is not like financial or managerial accounting. Accounting is a system where an objective representation of reality is recorded and summarized. Auditing is a set of procedures and techniques by which that representation is 'agreed' to specific criteria. So, accounting endeavors to record economic values, categorize them, and then summarize them in a report. Using a set of proscribed procedures (audit standards), and given specific criteria (financial accounting standards), auditing analyses whether that representation is properly recorded, categorized and reported.

You are studying auditing to further your professional goals, if you are like most people reading this book. In addition to your university or college degree you would like to get a professional credential (such as CPA, CA, RA, CFE, WP, GR, CMA, etc.), or you have heard, correctly, that auditing is a 'high demand' profession. In other words, you would like some practical knowledge which will help you in your career. To fulfill your goals is our wish.

This textbook is written from the view of the professional auditor. Theory and academic concerns are covered. The emphasis is on the professional standards promulgated by the International Auditing and Assurance Standards Board (IAASB) and the practical day-to-day experience of international auditing firms. The authors of both the current and previous editions were all extremely successful professional auditors even before writing this book. The authors are also university professors who have taught hundreds of students from around the world, so this textbook is from the point of view of the international student.

Auditing is not just about accounting issues. Auditors don't just look at financial data, but also at controls, non-numerical data, and how an enterprise is governed. All sorts of enterprises are audited – profit oriented, not for profit, government, private and public. Auditors may be independent of the enterprise, a valuable internal analyst or working for the government. Audit-trained accountants are also hired to do forensic analysis. Today, as fraudulent schemes become ever larger and more harmful, it is auditors who are an important line of defence. Auditors' detailed analytical skills have created jobs in areas as diverse as marketing and divorce consulting.

Even before we co-authors began to write the first edition of this book over 25 years ago, we all agreed that our only concern was to produce a high-quality audit text for the international student. This meant that it had to be fully up to date, use outstanding material, have a sound balance of audit theory and real practice, and be based on international auditing and assurance standards. We see the world from a truly global, cross-cultural perspective.

We co-authors have a special place in our hearts for our students. We believe that it is our duty to convey our joy as auditors and audit teachers to you.

Acknowledgements

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Figures

Illustration 4.1 after *Handbook of International Quality Control, Auditing Review, Other Assurance, and Related Services Pronouncements, Volume I,* International Federation of Accountants (2012); Illustrations 6.2 and 6.5 from *Auditing Organizations Through a Strategic-Systems Lens: The KPMG Business Measurement Process,* KPMG (Bell, T., *et al.* 1997) p. 27 and p. 41; Illustration 6.11 from *Auditing Procedures Study Audits of Small Business*, AICPA (1985) p. 44; Illustration 6.15 from *Other People's Money: A Study in the Social Psychology of Embezzlement*, Patterson Smith (Cressey, D. 1973) p. 30; Illustration 8.A.1 from CaseWare IDEA; Illustrations 9.3 and 13.2 after *Handbook of International Quality Control, Auditing Review, Other Assurance, and Related Services Pronouncements, Volume I*, International Federation of Accountants (2012) paragraph A111 and page 609, International Auditing and Assurance Standards Board (IAASB), Copyright © July 2012 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC.

Table

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Text

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Chapter 1

INTERNATIONAL AUDITING OVERVIEW

1.1 Learning Objectives

After studying this chapter, you should be able to:

1. Relate some of the early history of auditing.
2. Discuss some of the audit expectations of the general public.
3. Identify organisations that affect international accounting and auditing.
4. Name the standards set by International Auditing and Assurance Standards Board.
5. Give an overview of the IFAC International Standards on Auditing (ISA).
6. Understand the basic definition of auditing in an international context.
7. Distinguish between audit risk and business risk
8. Differentiate the different types of audits.
9. Distinguish between the types of auditors and their training, licensing and authority.
10. Name and categorise the key management assertions.
11. Give the components of the audit process model.
12. Describe how international accountancy firms are organised and the responsibilities of auditors at the various levels of the organisation.

1.2 Auditing through World History

Auditing predates the Christian era. Anthropologists have found records of auditing activity dating back to early Mesopotamian times (around 3000 BC). There was also auditing activity in ancient China, Greece and Rome. The Latin meaning of the word 'auditor' was a 'hearer or listener' because in Rome auditors heard taxpayers, such as farmers, give their public statements regarding the results of their business and the tax duty due.

Scribes of Ancient Times

Auditors existed in ancient China and Egypt. They were supervisors of the accounts of the Chinese Emperor and the Egyptian Pharaoh. The government accounting system of the Zhao (1046–221 BC) dynasty in China included an elaborate budgetary process and audits of all government departments. From the dawn of the dynastic era in Egypt (3000 BC) the scribes (accountants) were among the most esteemed in society and the scribal occupation was one of the most prestigious occupations.

Egyptian Pharaohs were very severe with their auditors. Each royal storehouse used two auditors. One counted the goods when they came in the door and the second counted the goods after they were stored. The supervisor looked at both accounts. If there was a difference, the auditors were both killed.

Bookkeeping as a support mechanism for the determination of profit or wealth, or as a decision support system for achieving profit maximisation, was basically unknown in ancient cultures like the Mesopotamian, Egyptian, Greek or Roman. Auditing in English-speaking countries dates to AD 1130. Then, although they had highly developed economic systems, registration of economic facts or events was limited to the recording of single transactions whose sole purpose was to support the short-term memory of the trading partner.

Rational maximisation of wealth or profit did not fit into the systems of these cultures. Wealth was not a function of keen entrepreneurship or of smart cost–benefit trade-offs. It was merely a reward for one's loyalty to the government or for living in accordance with religious and moral principles and rules.

Profit Maximisation and Double Entry

The attitude of profit maximisation emerged at the end of the Middle Ages, with the emergence of large merchant houses in Italy. Trading was no longer the domain of the individual commercial traveller; it was now coordinated centrally at the luxurious desks of the large merchant houses in Venice, Florence or Pisa. As a result, communication became vital. Not unexpectedly, therefore, the system of double entry bookkeeping was first described in Italy, in Luca Pacioli's Summa de Arithmetica dated 20 November 1494.

The practice of modern auditing dates back to the beginning of the modern corporation at the dawn of the Industrial Revolution. In 1853, the Society of Accountants was founded in Edinburgh. Several other institutes emerged in Great Britain, merging in 1880 into the Institute of Chartered Accountants in England and Wales. This nationwide institute was a predecessor to institutes that emerged all over the Western world at the end of the nineteenth century, for example, in the USA (in 1886) or in the Netherlands (in 1895).

Further developments of the separation between provision of capital and management and in the complexity of companies, along with the occurrence of several financial scandals (e.g. City of Glasgow Bank, 1883; Afrikaansche Handels-vereeniging, 1879),[1] have led to a steady growth of the audit profession and regulation. The British Companies Acts (1845–62) were models for US auditing. The first US authoritative auditing pronouncement was issued in 1917.

Economic Conditions for Audit Reports

At the same time, companies across the world experienced growth in technology, improvement in communications and transportation, and the exploitation of expanding worldwide markets. As a result, the demands of owner-managed enterprises for capital rapidly exceeded the combined resources of the owners' savings and the wealth-creating potential of the enterprises themselves. It became necessary for industry to tap the savings of the community as a whole. The result has been the growth of sophisticated securities markets and credit-granting institutions serving the financial needs of large national, and increasingly international, corporations.

The flow of investor funds to the corporations and the whole process of allocation of financial resources through the securities markets have become dependent to a very large extent on financial reports made by company management. One of the most important characteristics of these corporations is the fact that their ownership is almost totally separated from their management. Management has control over the accounting systems. They are not only responsible for the financial reports to investors, but they also have the authority to determine the way in which the information is presented.

1.3 The Auditor, Corporations and Financial Information

Investors and creditors may have different objectives than management (e.g. management prefers higher salaries and benefits (expenses), whereas investors wish higher profits and dividends). Investors and creditors must depend on fair reporting of the financial statements. To give them confidence in the financial statements, an **auditor**[2] provides an independent and expert opinion on the fairness of the reports, called an **audit opinion**.

The Importance of Auditing

It can be said that the function of auditing is to lend credibility to the financial statements. The financial statements are the responsibility of management and the auditor's responsibility is to lend them credibility. By the audit process, the auditor enhances the usefulness and the value of the financial statements, but he also increases the credibility of other non-audited information released by management.[3]

The Expectations of Auditors

The importance of the company as a potential generator of wealth is increasingly understood, and so is the impact that a company's activities have on society and the environment. This has led to the expectation by investors that more information than just financial statements should be provided about a company. Public expectations go further and include questions such as:

- Is the company a **going concern**?[4]
- Is it free of fraud?
- Is it managed properly?
- Is there integrity in its **database**?
- Do directors have proper and adequate information to make decisions?
- Are there adequate controls?
- What effect do the company's products and by-products have on the environment?
- Can an 'unfortunate mistake' bring this company to its knees?

These are matters of **corporate governance**[5] as well as reporting and are all concerns of the auditor.

The auditors are very important to the directors of these corporations. As Sir Adrian Cadbury commented:[6]

> The external auditors are not part of the company team, but the chairmen (members of a corporate board of directors) have a direct interest in assuring themselves of the effectiveness of the audit approach within their companies. No chairman appreciates surprises, least of all in financial matters. The relationship between auditors and managers should be one where the auditors work with the appropriate people in the company, but do so on a strictly objective and professional basis, never losing sight of the fact that they are there on the shareholders' behalf. Chairmen need auditors who will stand up to management when necessary and who will unhesitatingly raise any doubts about the people or procedures with the audit committee. Weak auditors expose chairmen to hazards.

Auditing Expertise

Ordinarily, considerable expertise is needed to perform the auditing function. The auditor must be as competent in financial accounting as the most competent of his clients. He must be an expert in deciding what evidence is necessary to satisfy the assertions of the financial statements.

With the explosion in the use of **information technology** the auditor needs sufficient expertise, coupled with the knowledge of his client's affairs, to enable him to obtain and interpret all the evidence needed to provide **reasonable assurance**[7] that the financial statements are fairly presented. The new auditing environment will demand new skills of auditors if they are to be reporters and assessors of governance and measurements. They must have a questioning mind and be able to analyse and critically assess evidence.

Future of Auditing

In the future, as is the case today, the annual report, financial statements, notes and auditors' reports will be required. In addition to these, however, there will also be a director's report on corporate governance[8] (including effectiveness of **internal control systems**,[9] going concern, and adherence to best practice), and presumably an environmental management report.[10] These new reports come from the widespread concern about corporate governance resulting from major accounting scandals in the beginning of the twenty-first century (see Chapter 2 for further discussion). Auditing is spreading to audit of non-financial, textual and electronic data such as emails, phone messages, social media, human resources, intellectual capital, brand valuation and management, and other intangibles.[11]

Professor P. Percy outlined a perspective on the auditor's future.[12] He predicted that auditors will account for information not only in financial but also non-financial terms. Furthermore, only retrospective, but more and more prospective information will be in the annual report. The public desire will be for external and internal assessors on the board of directors. External assessors will appraise the integrity of information and business conduct, and internal assessors will appraise the efficiency and effectiveness of systems and their adequacy. Independent directors or assessors working on behalf of the shareholders within the board will ensure proper governance is being observed. (See Chapter 14 for further discussion of assurance services.)

1.4 International Accounting and Auditing Standards

International Financial Reporting Standards (IFRS)

Financial accounting standards are unique and separate from audit standards. By its nature, auditing requires that the real-world evidence of financial transactions be compared to financial standards. The standards to which an international auditor compares financial statements are generally standards in the reporting country (e.g. FAS in the USA, or national standards in European Union (EU) Member States which are based on EU Directives). In the future, companies and auditors in many additional countries will use International Financial Reporting Standards (IFRS), formerly called International Accounting Standards (IAS), which are set by the International Accounting Standards Board (IASB).

In March 2001, the IASC Foundation was formed as a not-for-profit corporation. The IASC Foundation is the parent entity of the International Accounting Standards Board, an independent accounting standard setter based in London, UK. In April 2001, the International Accounting Standards Board (IASB) assumed accounting standard setting responsibilities from its predecessor body, the International Accounting Standards Committee. Standards issued by the IASB are called International Financial Reporting Standards (IFRS). The EU has agreed to apply most of the IFRS.

The EU, formed in 1970, has issued a series of accounting standards for Member States. The European Commission (EC) achieves its law objectives through two instruments: Directives which must be incorporated into the laws of Member States; and Regulations, which become law throughout the EU without the need to pass through national legislatures.

Although all the EU Directives influence international accounting, the Eighth Company Law Directive is especially applicable to auditing. The Eighth Directive sets the minimum requirements for accounting training and experience for the community.

Auditing Standards Become International

As international accounting standards acquired more authority, logic dictated a set of international auditing standards collateral to them. Auditing standards were required by multinational corporations that wanted consistent auditing throughout the world.

With a set of international standards adopted for the world, international investors can be more confident in financial statements prepared in another country. The non-domestic auditor's opinion will lend as much credibility as a domestic auditor's opinion.

Developing Nations Adopt International Auditing Standards

International auditing standards encourage and assist developing nations to adopt codified sets of national auditing standards. The evolution of domestic accounting standards in developing nations can be expected to flow from the work of the IASB. Many developing countries rely to a large extent on foreign investment. Foreign investors are more likely to channel funds into a developing country if they have confidence in the accounting and auditing standards in that country. Audit has played a very important role in maintaining state financial and economic order, promoting the development of China's socialist economy and strengthening the construction of clean governments. The promulgation of the 1994 Audit Law symbolises that auditing in China has entered a new phase of development.[13] It is expected that many developing nations will adopt IASs.

IAASB Auditing Standards

The International Auditing and Assurance Standards Board (IAASB) is an independent standards board supported by the IFAC. Their objective is to improve the degree of uniformity of auditing practices and related services throughout the world by issuing pronouncements on a variety of audit and attest functions. The IAASB consists of a full-time chairman and 17 volunteer members from around the world. The board is balanced between practitioners in public practice with significant experience in the field of auditing and other assurance services and individuals who are not in public practice; in addition, at least three members are nominated by the public. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee and are approved by the Public Interest Oversight Board (PIOB). In addition, there are a small number of observer members who have speaking rights at IAASB meetings but no voting rights. The IAASB is supported by a technical staff which has a wide range of standard-setting experience. [14]

IAASB issues several sets of standards to be applied to international auditing and assurance services. IAASB Standards contain basic principles and essential procedures together with related guidance in the form of explanatory and other material. IAASB issues:

- International Standards on Auditing (ISAs) as the standards to be applied by auditors in reporting on historical financial information;
- International Standards on Assurance Engagements (ISAEs) as the quality control standards to be applied by practitioners in assurance engagements dealing with information other than historical financial information;
- International Standards on Quality Control (ISQCs) as the standards to be applied for all services falling under the standards of the IAASB;
- International Standards on Related Services (ISRSs) as the standards to be applied on related services, as it considers appropriate; and
- International Standards on Review Engagements (ISREs) as the standards to be applied to the review of historical financial information.

Public Interest Oversight

The Public Interest Oversight Board (PIOB) oversees the public interest activities of IFAC. The objective of the PIOB is to increase confidence of investors and others that such activities, including the setting of standards by the IAASB, are properly responsive to the public interest. PIOB members are nominated by international institutions and regulatory bodies.

Role of the IAASB CAG

The IAASB Consultative Advisory Group (CAG} is comprised of representatives of regulators, business and international organizations, and users and preparers of financial statements who are interested in the development and maintenance of high-quality international standards for auditing, quality control, review, other assurance, and related services. Through active consultation, the IAASB receives valuable public interest input from the CAG on its agenda, project timetable, priorities and technical issues.

The International Auditing and Assurance Standards Board aims for voluntary international acceptance of its guidelines. Therefore, the International Standards on Auditing (ISAs) are not intended to override national regulations or pronouncements relating to audits of financial information. These ISAs are not yet authoritative in the way that pronouncements of, say, the Public Company Accounting Oversight Board (PCAOB) are to determine **Generally Accepted Audit Standards (GAAS)** in the USA. ISAs were made mandatory in Europe in 2005, and other regions in the world including the USA followed[15].

As of April 2013, the following countries are already using the Clarified ISAs:

- **Europe (33)**: Albania, Armenia, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France (Experts Comptables), Georgia, Greece, Hungary, Iceland, Ireland, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Moldova, Netherlands, Norway, Romania, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Turkey, Ukraine, United Kingdom.
- **Americas (17)**: Argentina, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Costa Rica, El Salvador, Guyana, Jamaica, Mexico, Panama, Puerto Rico (private companies), Trinidad and Tobago, Uruguay, USA (private companies).
- **Asia Pacific (18)**: Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Kazakhstan, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Thailand.
- **Africa/Middle East (18)**: Botswana, Ghana, Kenya, Lebanon, Lesotho, Malawi, Mauritius, Namibia, Rwanda, Sierra Leone, South Africa, Swaziland, Tanzania, Tunisia, Uganda, United Arab Emirates (Abu Dhabi and Dubai), Zambia, Zimbabwe.

International Standards on Auditing (ISA)

International Standards on Auditing (ISAs) are developed by the International Federation of Accountants (IFAC) through its International Auditing and Assurance Standards Board (IAASB). The efforts of IFAC, founded in 1977, are directed towards developing international technical, ethical and educational guidelines for auditors, and reciprocal recognition of practitioners' qualifications. The membership of IFAC member bodies represents several million accountants in public and private practice, education, academe and government service.

There are several important groups within IFAC. The IFAC Council is responsible for overall governance of IFAC. The IFAC Board oversees the management of the organisation, takes action to enhance the transparency of certain IFAC activities, and overseas expansion of its size to include more member bodies. The standard-setting activities of the IFAC are carried out by the International Auditing and Assurance Standards Board (IAASB), the Ethics Committee, the Education Committee, and the Public Sector Committee with an interest in governmental financial reporting.

ISAs as Harmonisation Standards

International Standards on Auditing (ISAs) are the standards that are of most interest to auditors because they are the standards for the most frequent work of auditors, that is, **financial statement audits** and special purpose engagements. Although not all countries require ISAs, they will be used as the basic standards throughout this book because they represent the highest and best international representation of **generally accepted auditing standards (GAAS)**.

ISAs are harmonisation standards, the application of which promotes consistent auditing across the world. The practice and theory of international auditing includes, in addition to knowledge of ISAs, consideration of quality control standards, allocating materiality, performing the audit, coordinating international reports and personnel, etc.

A listing of the International Standards on Auditing is given in Illustration 1.1.

ILLUSTRATION 1.1

List Of 2013 International Standards on Auditing

INTERNATIONAL STANDARDS ON QUALITY CONTROL (ISQCs)

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

AUDITS OF HISTORICAL FINANCIAL INFORMATION

200–299 General Principles and Responsibilities

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

Illustration 1.1 (continued)

300–499 Risk Assessment and Response to Assessed Risks

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 Organisation
ISA 450 Evaluation of Misstatements Identified during the Audit

500–599 Audit Evidence

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

600–699 Using the Work of Others

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

700–799 Audit Conclusions and Reporting

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

800–899 Specialised Areas

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

International Auditing Practice Notes

IAPN 1000 Special Considerations in Auditing Financial Instruments