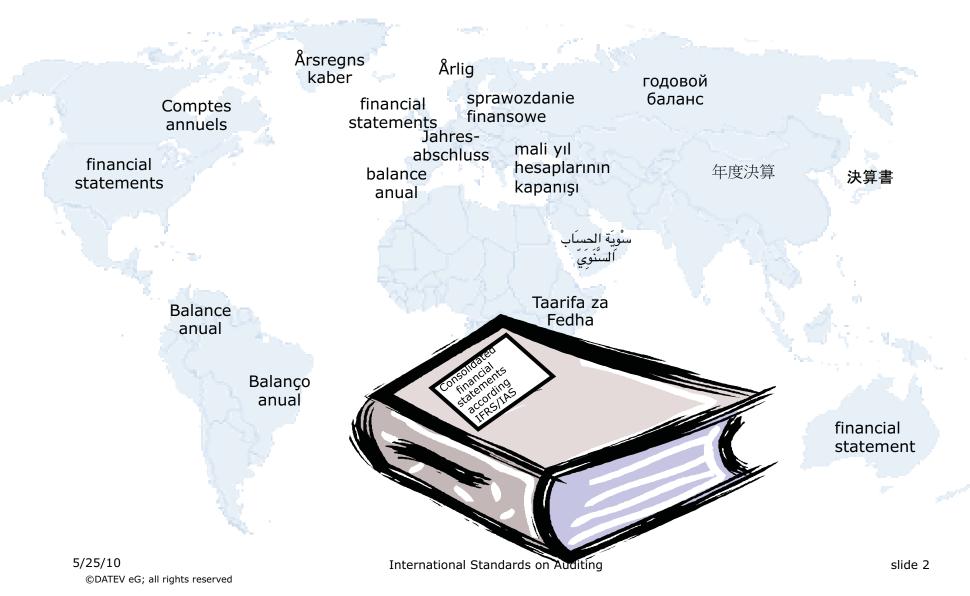# International Standards on Auditing (ISA)

Wolfgang Stegmann

Vice-President of DATEV Germany
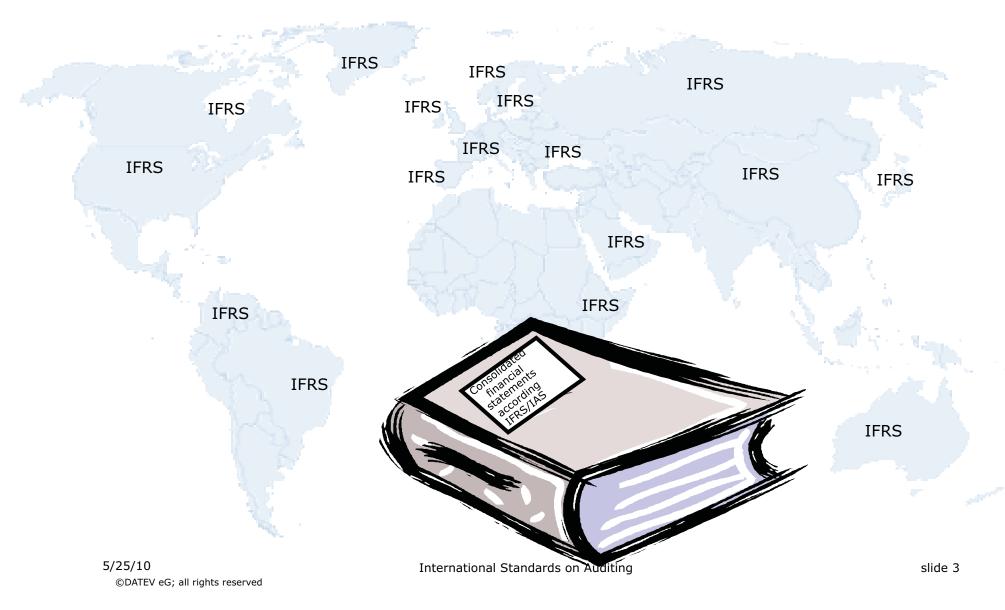
As IFRS is the esperanto of accounting …

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Årsregns kaber

Årlig

годовой баланс

Comptes annuels

financial statements

sprawozdanie finansowe

financial statements

Jahres-abschluss

mali yıl hesaplarının kapanışı

年度決算

決算書

balance anual

سْوِيَة الحسَاب السَّنَوِيّ

Balance anual

Taarifa za Fedha

Consolidated financial statements according IFRS/IAS

Balanço anual

financial statement

As IFRS is the esperanto of accounting …

IFRS   IFRS   IFRS

IFRS   IFRS   IFRS

IFRS

IFRS   IFRS

IFRS   IFRS   IFRS

IFRS

IFRS

IFRS

IFRS

IFRS

Consolidated financial statements according IFRS/IAS

... is ISA the esperanto of auditing !!

An audit is an audit worldwide, but tell me what is an audit ?

revision

tilsyn

Аудит

audit

audit

Wirtschafts-prüfung

denetim

審計

監査

audit

auditoría

مراجعة الحسابات

auditoría

Ukaguzi

auditoria

audit

Audit according ISA

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ISA
ISA
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ISA

Audit according ISA

International Standards on Auditing

Vision

> It is our aim to improve our customers' competitiveness in a changing professional world.
>
> Therefore, we intend to develop DATEV into the leading International Service Provider for all information and communication services needed by the tax consulting, auditing and legal profession.

DATEV International

Revenues 672,4 Mio €

Employees 5.700

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DATEV.cz s.r.o.
Brno,
Czech Republic

Liaison Office
Brussels, Belgium

Bratislava, Slovakia
(via DATEV.cz)

Budapest, Hungary
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Vienna, Austria

DATEV SINFOPAC S.L.
Barcelona, Spain

DATEV SGS s.r.l.
Salerno, Italy

International Standards on Auditing

■ solutions for tax consultants and auditors
■ solutions for auditors

slide 7

5/25/10
©DATEV eG; all right

International Standards on Auditing (ISA)

Current status:

- Over 100 countries are already using the ISA

    - by adopting the standards

    - as a basis for their national standards

- The European Commission is in the process to adopt the ISA directly into European law

- Effective date for obligatory application still not defined

    - possibly in 2012 for audits of the year 2011

    - at the latest in 2013 for audits of the year 2012

- Additionally new requirements for quality assurance

    - International Standard on Quality Control (ISQC 1)

Objectives of the ISA

- Serving the public interest by high quality

  - auditing standards

  - quality control standards

- Use in all audits

  - Listed companies

  - Non listed companies

  - Government entities at all levels

- Enhancing the quality and uniformity of practice throughout the world

- Improving public confidence in the global profession of auditors

- International standards for a better comparability of auditing services

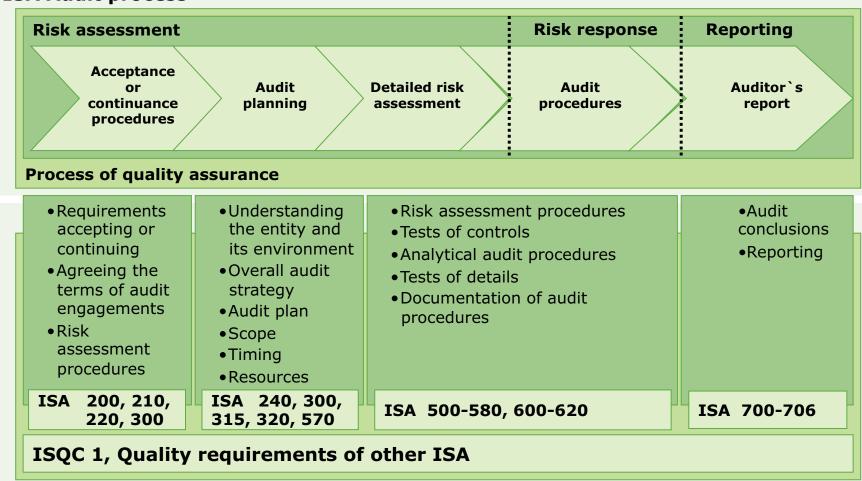# The IAASB´s Clarity project from 2004-2009

- Objective of the project:
  - improve the clarity of the ISA
  - improve the understandability of the ISAs and make them more compatible with regulatory frameworks
- Project results:
  - 36 clarified ISA
  - Clarified ISQC 1
  - Clear structure of the standards
    - Introduction
    - Objective
    - Definitions
    - Requirements
    - Application and other explanatory Material

The ISA audit process

ISA Audit process

Risk assessment			Risk response	Reporting
Acceptance or continuance procedures	Audit planning	Detailed risk assessment	Audit procedures	Auditor`s report

Process of quality assurance

•Requirements accepting or continuing •Agreeing the terms of audit engagements •Risk assessment procedures	•Understanding the entity and its environment •Overall audit strategy •Audit plan •Scope •Timing •Resources	•Risk assessment procedures •Tests of controls •Analytical audit procedures •Tests of details •Documentation of audit procedures	•Audit conclusions •Reporting
ISA 200, 210, 220, 300	ISA 240, 300, 315, 320, 570	ISA 500-580, 600-620	ISA 700-706

ISQC 1, Quality requirements of other ISA

DATEV: We are supporting the whole process

Effects for the profession of auditors

- Convergence of international and national standards

- Former national standardsetters only responsible for issues which are not specified by the ISA (add-ons or carve-outs)

- Adjustment of all existing audit tools necessary

  - Software system

  - Working papers approach

- Requirements for performing ISA-compliant audits

  - Compliance with all ISA

  - Consistent application of the risk oriented audit approach

  - Detailed audit documentation

  - Quality assurance

Advantages using the ISA

- An international set of standards and a standardised audit approach possibly all over the world

- Greater acceptance of audit reports outside of their home jurisdiction

- New opportunities for auditors

  - offer auditing services worldwide

  - enable or improve transnational cooperation in performing audits

  - use the same documentation system in groups of accounting firms

- Enhance the efficiency of audit engagements through consistent implementation of the risk oriented audit approach

Supporting the implementation and application of the ISA

- For SMPs: „Guide to Using International Standards on Auditing in the Audits of Small- and Mediumsized Entities" (SMP Committee)

  - detailed analysis of the ISA and their requirements in the context of an SME audit

  - practical "how-to" audit approach that practitioners may use when undertaking a risk-based audit of an SME

- Application and other explanatory material of the clarified ISA

- Software support for

  - performing an efficient ISA-compliant audit

  - a complete audit documentation

Software tools supporting the audit process (1/2)

- Software system with a full implemented risk oriented audit approach

- Scaleable working papers depending on

  - the size of the entity and its characteristics

  - the risk assessment

  - the size of the engagement team

- System with support in all steps of the audit process

  - Client acceptance

  - Risk assessment

  - Nature, time and extent of audit procedures
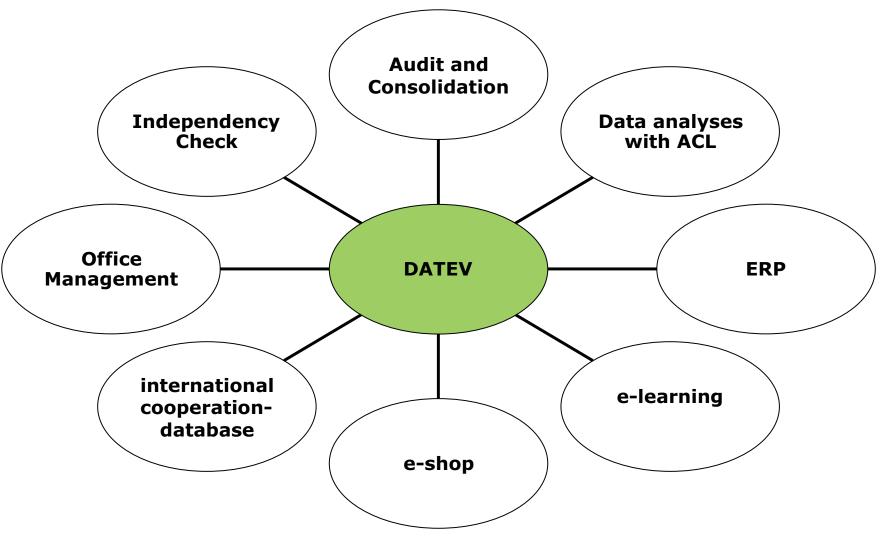
  - Audit results

  - Reporting

Software tools supporting the audit process (2/2)

- Documentation of all data relevant to the audit and the performed audit procedures

- Software tools for performing ISA-compliant audit procedures, e.g.

  - Statistic analysis of mass data

  - Sampling procedures

- Tools for monitoring and managing the audit process

  - Current status of the audit

  - Quality assurance

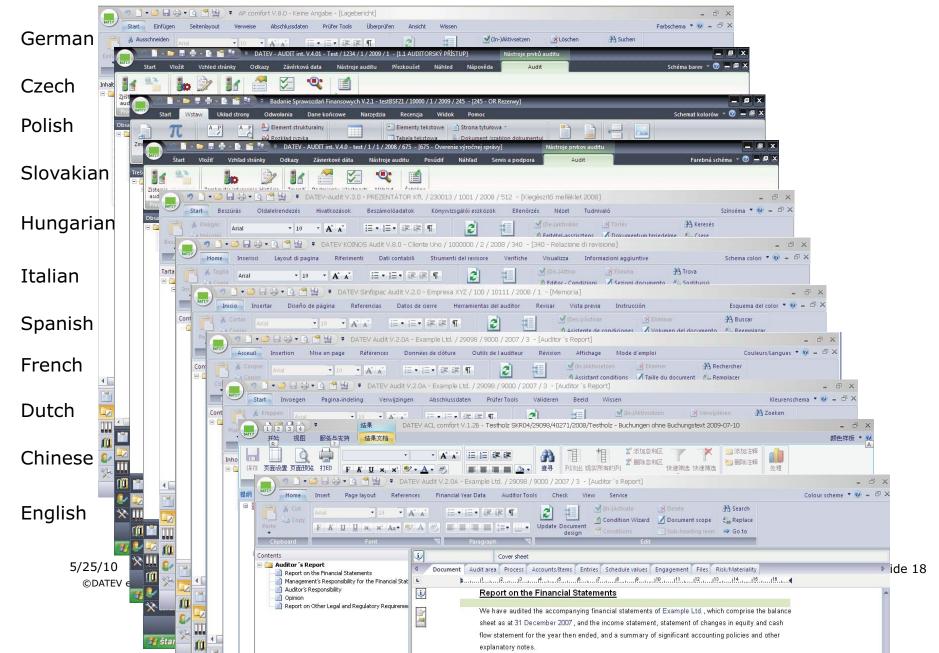- System for organising documents relating to the audit engagement

International Software solutions

AUDIT solutions international development

German

Czech

Polish

Slovakian

Hungarian

Italian

Spanish

French

Dutch

Chinese

English

DATEV

Shaping the future – together.

We would be pleased to meet you at our booth.

We can also arrange a meeting in your office.

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Thoralf Schmidt: thoralf.schmidt@datevsinfopac.com