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Agenda Item
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Committee:　　　　IAASB

Meeting Location:　Brussels

Meeting Date:　　　December 8-11, 2008

Clarity ISAs – Implementation Support

Objective of Agenda Item

1. To obtain the IAASB's views on a preliminary staff proposal for implementation support on the set of clarity ISAs.

Background

2. In response to stakeholder concerns regarding the challenges of implementation expressed during its recent strategy consultations, the IAASB agreed that as part of its future work program, it would include activities designed to assist practitioners in their implementation of the standards. Accordingly, the IAASB's 2009-2011 Strategy and Work Program contemplates, as one of the initiatives geared towards implementation, the development of appropriate implementation guidance.

3. As a further support to practitioners, the IAASB also agreed, subject to any unforeseen circumstances, not to issue any additional ISAs that would become effective in the two years after the completion of the clarity project. This responds to stakeholder requests for a period of stability in the standards as jurisdictions focus on the important task of implementing the clarity ISAs.

4. In addition, staff released a clarity project update in October 2008 to raise awareness of the impending completion of the clarity project, to emphasize the importance of not underestimating the level of effort needed for successful implementation, and to encourage those with responsibility for implementation to give immediate attention to implementation issues.

5. In view of the above, staff has been considering the type of activity that IAASB might undertake to support the implementation effort in a way that would be practicable and cost-effective, and achieve maximum impact. Accordingly, the following sets out a proposal for the provision of implementation support for the set of clarity ISAs. The initial proposal was considered by the Steering Committee at its August 2008 meeting.

Proposal

IMPLEMENTATION SUPPORT MODULES

6. The main thrust of the proposal consists of the development of a series of modules that target specific ISAs, mainly those that have been revised and redrafted. The content of the modules would be developed by staff, with IAASB's involvement limited to providing general input on the approach, identifying the key topics for the series and commissioning them.

7. Each ISA module would consist of the following two distinct parts.

Video Presentation

8. The first part would entail the chair of the relevant project task force (where possible), or other appropriate individual, presenting an overview of the module in video format for 10-15 minutes. The overview could cover such items as the following:

- Reasons for revising the ISA

- Scope of the ISA

- Objectives to be achieved

- Key points of emphasis relating to new or revised requirements (or definitions) to the extent that these will result in changes to existing practice, and major viewpoints considered by IAASB in establishing the requirements

- Practical considerations with regard to adoption and implementation

9. It is envisaged that staff would develop, in consultation with the task force chair, the necessary script in advance of the presentation. Staff will consult with IFAC's Communications Department with regard to the logistical aspects of developing the video portions. It is envisaged that the videos would be recorded in New York in batches, 3-4 modules at a time, with project task force chairs traveling to New York as appropriate.

Slide Presentation

10. The second part of the module would comprise a slide presentation covering the provisions of the ISA in more detail. It is envisaged that the presentation would consist of a standalone set of slides (together with supporting explanatory notes) that would not require narrative support. The length of this presentation would vary depending on the subject addressed. The content of the presentation would summarize the key matters highlighted in the video presentation, and expand on such matters as the following:

- Overview of major changes from the extant ISA

- Thrust of new or revised requirements, including (as appropriate) key issues considered by IAASB, and rationales for IAASB conclusions as minuted or explained in the Basis for Conclusions documents

- Key considerations in applying the ISA, drawing from the ISA's application and other explanatory material

- Highlight of relevant provisions in other ISAs that should be considered in the context of the particular ISA

- Any specific implementation considerations

11. The content of the slides would be drawn principally from the text of the ISAs, and developed by staff with appropriate clearance by the task force chair.

Distribution Considerations

12. To facilitate access by all stakeholders, the modules would be made available on the IAASB website. If appropriate, the full series could be distributed to Member Bodies on CDs, and various permissions could be granted for translation purposes.

13. It is envisaged that each module, and their component parts, would be separately accessible on the IAASB website so that users can readily access or download that which is of interest to them.

14. As the modules may be delivered locally, they will include appropriate disclaimers (e.g., IAASB takes no responsibility for the content of the course in which they are used, or for the way in which the materials are used). It may also be necessary to specify some conditions for the users, for example, that they are knowledgeable of the subject matter and of ISAs as a whole, that they have relevant practical experience, etc.

Timing

15. It is envisaged that development of the modules would be staggered over the course of 2009, with the first few released by Q2 2009 and the balance by Q3 2009. It is recommended that the first batch of modules comprise the following:

- Module 1   Overview and key features of clarity ISAs (including coverage of key aspects of ISAs 200 and 230)

- Module 2   ISA 540: Estimates and Fair Values

- Module 3   ISA 550: Related Parties

- Module 4   ISA 600: Group Audits

16. Subject to the IAASB's views on this proposal, a mock-up of one module would be developed for the IAASB's consideration and input at the March 2009 IAASB meeting.

RELATED ACTIVITIES

17. In addition to the above, two separate related activities are being contemplated.

IAASB Chair Presentations

18. This activity consists of developing two 'standard' thirty-minute presentations for the IAASB Chair to be given at targeted conferences.

19. One presentation would highlight significant changes to the ISAs as a whole (including reference to the modules on the IAASB website that explain these changes more fully), and identify key implementation challenges for practitioners. The other would focus on adoption/implementation challenges for the national bodies responsible for such activities.

20. A number of possible conferences in 2009 have been identified at which it might be appropriate to arrange for the IAASB Chair to speak. Other conferences may be identified in due course.

Clarity Section on IAASB Website

21. The success of this implementation support proposal, in particular the modules element, will depend to a significant extent on practitioners being aware of it, and how well the proposal meets the needs of those implementing the ISAs. Accordingly, there would need to be a strong communication package, one that includes a relatively early announcement of the intended approach and a mechanism to test or solicit the level of interest in the modules. Subject to the advice of IFAC's Communication Department, this could be done through a unique 'Clarity ISAs' section on the IAASB website, supported through IFAC e-news, Member Body announcements, etc. The modules themselves could be included within this section of the website.

Action Requested

The IAASB is asked for its views on:

a) Whether the approach outlined above represents a reasonable way forward on implementation support for the set of clarity ISAs to be released in 2009;

b) Whether there are alternative approaches that would be more effective;

c) Any other matters that should be considered as part of the effort to provide implementation support on the set of clarity ISAs; and

d) Whether such an approach should become standard practice in support of issuing a new standard.