

**Clarity ISA Implementation Monitoring Project****Draft Questions About Use of the Clarity ISAs in Different Countries****EXAMPLE #1- CANADA**

The IAASB is considering a process for assessing the effectiveness of the Clarity ISAs once they have been implemented. In advance of any post-implementation review the IAASB is also gathering information about how certain countries and audit firms intend to apply the Clarity ISAs and, in particular:

- To confirm certain background information about how the Clarity ISAs will be used;
- To establish whether there have been significant changes, modifications or other adaptations to the Clarity ISAs to facilitate their use in individual countries; and
- To identify whether there are particular translation issues that IAASB should be aware of.

The questions contained in this questionnaire are designed to assist the IAASB's understanding of issues, challenges and other relevant experiences in Canada concerning use of the Clarity ISAs, including Canada's experience of adopting the Clarity ISAs as Canadian Auditing Standards. The information the IAASB obtains from this survey and from the same of a selection of IFAC member body countries will be used to inform the IAASB in consideration of its future activities.

This survey has been designed taking account of information that IFAC currently has about use of the ISAs in Canada, which is summarized at the beginning of the survey questions. If any aspect of that information is not accurate and up-to-date we would appreciate you letting us know.

If you have any questions about this survey, or about the questions contained in the survey, please contact the IAASB staff using the contact details shown below.

We would like to be able to talk to you about the information you provide in response to this survey. In advance of doing that it would be helpful if you would forward your written responses to the attached Questions by email, by *[Insert Date]* to:

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## **BACKGROUND INFORMATION ABOUT CANADA’S ADOPTION OF THE CLARITY ISAs**

- The Auditing and Assurance Standards Board (AASB) is adopting the IAASB’s Clarity ISAs as Canadian Auditing Standards, which will become Canada’s Generally Accepted Auditing Standards.
- These Standards are being adopted as a package, effective for audits of financial statements for periods beginning on or after 15 December 2009.
- The AASB is introducing some modifications to the Clarity ISAs.
- The Clarity ISAs are being translated into French, for use in Canada.

## **CANADA’S EXPERIENCE OF ADOPTING THE CLARITY ISAs**

### **1. General Questions**

- 1.1 Canada is planning to adopt the whole suite of the clarified ISAs as a “package” from the effective date. On the basis of your current experience do you continue to believe that this is the best approach and why?
- 1.2 Please describe any significant changes, modifications or other adaptations that are felt to be necessary for the acceptability of use of the clarified ISAs in Canada (other than those needed to ensure that the Standards align with relevant laws and regulations in Canada).

For example, are there:

- additional requirements (“pluses”);
- deletions from requirements (“carve-outs”);
- additional application material or deletion of application material; or
- other content different to that contained in the clarified ISAs.

If so, what are the significant changes or modifications?

- 1.3 Regarding translation of the clarified ISAs for use in Canada, were there factors that were especially challenging or problematic? If yes, please describe the nature of the issues.

(For example, are there situations where the particular language or wording used in the clarified ISAs lacks sufficient clarity to enable an accurate translation?)

### **Structure of the Clarity ISAs**

2. Has the structure of the clarified ISAs (i.e., objectives, requirements and application material) assisted the effective adoption of the ISAs in Canada? Have you encountered any difficulties in this regard? If so please describe in more detail.

**Interpretation of the Clarity ISAs**

3. Has the application material under the headings “Considerations Specific to Small Entities” been included in Canadian Auditing Standards? Have there been preliminary reactions to this from auditors of smaller entities? If so, what are these?

**Anticipated Issues in the Application of the Clarity ISAs**

4. Is there an expectation that the application of some clarified ISAs may result in undue implementation difficulties? If so, please describe.

**Other Relevant Information Pertaining to Canada’s Experience**

5. Please indicate whether there are, or are expected to be, any other considerations significant to Canada’s experience of adopting the clarified ISAs.

**EXAMPLE #2- CHINA**

The IAASB is considering a process for assessing the effectiveness of the Clarity ISAs once they have been implemented. In advance of any post-implementation review the IAASB is also gathering information about how certain countries and audit firms intend to apply the Clarity ISAs and, in particular:

- To confirm certain background information about how the Clarity ISAs will be used;
- To establish whether there have been significant changes, modifications or other adaptations to the Clarity ISAs to facilitate their use in individual countries; and
- To identify whether there are particular translation issues that IAASB should be aware of.

The questions contained in this questionnaire are designed to assist the IAASB's understanding of issues, challenges and other relevant experiences in China concerning use of the Clarity ISAs, including China's experience of incorporating the Clarity ISAs into China's Standards on Auditing. The information the IAASB obtains from this survey and from the same of a selection of IFAC member body countries will be used to inform the IAASB in consideration of its future activities.

This survey has been designed taking account of information that IFAC currently has about use of the ISAs in China, which is summarized at the beginning of the survey questions. If any aspect of that information is not accurate and up-to-date we would appreciate you letting us know.

If you have any questions about this survey, or about the questions contained in the survey, please contact the IAASB staff using the contact details shown below.

We would like to be able to talk to you about the information you provide in response to this survey. In advance of doing that it would be helpful if you would forward your written responses to the attached Questions by email, by *[Insert Date]* to:

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Senior Technical Manager  
joannemoores@ifac.org  
DDI: +1 (212) 471 8726

## **BACKGROUND INFORMATION ABOUT CHINA’S USE OF THE CLARITY ISAs**

- China is planning to incorporate the IAASB’s Clarity ISAs into a new set of Standards on Auditing for China.
- The new Standards are being introduced as a package, effective for audits of financial statements for periods beginning on or after 1 January 2011.
- The national auditing standard setters in China are introducing modifications to the Clarity ISAs where considered necessary.
- The Clarity ISAs are being translated into Chinese, for use in China.

## **CHINA’S EXPERIENCE OF USING THE CLARITY ISAs**

### **1. General Questions**

- 1.1 China is planning to incorporate the whole suite of the clarified ISAs as a “package” from the effective date. On the basis on your current experience do you continue to believe that this is the best approach and why?
- 1.2 Does the way the clarified ISAs will be used in China give a different authority from that established by the IAASB for any of the following components of the clarified ISAs:
  - the requirements
  - the objectives
  - the application material?
- 1.3 Please describe any significant changes, modifications or other adaptations that are felt to be necessary for the acceptability of use of the clarified ISAs in China (other than those needed to ensure that the Standards align with relevant laws and regulations in China).

For example, are there:

- additional requirements (“pluses”)
- deletions from requirements (“carve-outs”);
- additional application material or deletion of application material; or
- other content different to that contained in the clarified ISAs.

If so, what are the significant changes or modifications?

- 1.4 Regarding translation of the clarified ISAs for use in China, were there factors that were especially challenging or problematic? If yes, please describe the nature of the issues.

(For example, are there situations where the particular language or wording used in the clarified ISAs lacks sufficient clarity to enable an accurate translation?)

**Structure of the Clarity ISAs**

2. Has the structure of the clarified ISAs (i.e., objectives, requirements and application material) assisted the effective incorporation of the clarified ISAs into the Chinese Standards on Auditing? Have you encountered any difficulties in this regard? If so please describe in more detail.

**Interpretation of the Clarity ISAs**

3. Has the application material under the headings “Considerations Specific to Small Entities” been included in Chinese Standards on Auditing? Have there been preliminary reactions to this from auditors of smaller entities? If so, what are these?

**Anticipated Issues in the Application of the Clarity ISAs**

4. Is there an expectation that the application of some clarified ISAs may result in undue implementation difficulties in China? If so, please describe.

**Other Relevant Information Pertaining to China’s Experience**

5. Please indicate whether there are, or are expected to be, any other considerations significant to China’s experience of adopting the clarified ISAs.