

2016 GLOBAL ASSURANCE IN FOCUS

During 2016 the new Auditor Reporting requirements from the International Auditing and Assurance Standards Board will apply to audits completed under the International Standards on Auditing (ISAs). Here we focus on potential trends and changes in the sphere of Auditor Reporting.

1 Playing by new rules

The new Auditor Reporting requirements will have an impact on the auditor's reports of all audited entities.

Amendments to a number of ISAs have resulted in changes to the format, layout and content of auditor's reports. There are also differences for listed and non-listed entities.

The new auditor's report wording needs to be used for reports on financial statements with periods ending on or after

15 December, 2016.



2 Adding value, not just volume

Inclusion of Key Audit Matters (KAM) and the Engagement Partner name in the auditor's report applies to listed entities.

KAM are those matters that, in the auditor's judgment, were of most significance in the audit of the current period financial statements.

Providing a more tailored approach to auditor's reports will encourage...



...in style, format and design.

3 It's not what you say, it's how you say it

Auditor's reports for all entities will now start with the Opinion section and will include a statement about auditor independence; when applicable, there's further content about going concern.

Another required section is 'Other Information' which under the revised ISA clarifies definitions and highlights the timing and type of work to be performed.

111

Is the number of countries at November 2015 using or committed to using the ISAs.



4 Dawn of the early risers

The UK and Netherlands have already moved towards disclosure of KAM - what can we learn from these countries?

The experience of both countries suggests that most audit firms are trending towards analysis using a tabular format, with a KAM (or 'Risk') description accompanied by information about the auditor's procedures.

5

Represents the average number of KAM disclosed in FTSE 100 listed clients in the UK.



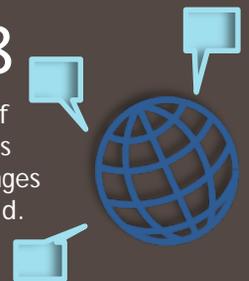
5 Global vs. Local?

While some countries have moved towards early adoption of the Auditor Reporting ISAs, others are about to implement local and regional changes.

The EU has amended the Statutory Audit Directive to enshrine and build on ISA changes; other jurisdictions are currently considering transparency changes in auditor's reports; many local standard setting boards are deciding whether to make KAM a requirement for all entities.

45,508

is the number of listed companies on stock exchanges around the world.



For more information on what the new auditor reporting changes could mean for your audit, contact your BDO engagement team, local [BDO office](#) or read our publication 'A new auditor reporting journey'.

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