
INDEPENDENT REGULATORY BOARD FOR AUDITORS
COMMITTEE FOR AUDITING STANDARDS

**IAASB Proposes Enhanced Standard on Using
the Work of Internal Auditors – ISA 610**

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Recognising developments in the internal auditing environment and the evolving relationship between internal and external auditors, the International Auditing and Assurance Standards Board (IAASB) on 15 July 2010 released an exposure draft on a proposed revised standard that addresses the external auditor's responsibilities relating to using internal auditors' work during an audit.

The proposed *International Standard on Auditing (ISA) 610 (Revised), [Using the Work of Internal Auditors](#)*, aims to enhance the external auditor's performance by providing a stronger framework for evaluating and using the work and assistance of an entity's internal auditors. Related enhancements to the external auditor's required considerations of the internal audit function are also proposed in *ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*.

"Internal auditing standards and practices continue to evolve, as does the relationship between external and internal auditors," said Prof. Arnold Schilder, IAASB Chairman. "Ensuring that global audit practices take account of these changes benefits both auditors and preparers. Through our revision of ISA 610, we believe external auditors will be better equipped to evaluate opportunities for effective coordination with internal auditors."

Analyzing Benefits and Impacts of the Proposals

In addition to setting out the main proposals of the IAASB, the explanatory memorandum to the exposure draft pilots an approach for analyzing the benefits and impacts of the IAASB's proposals. The approach provides a structured and transparent means for communicating the effects of proposals to stakeholders.

"Understanding the potential benefits and impacts of proposed changes is an integral part of developing high-quality standards," said James Gunn, IAASB Technical Director. "This pilot will help inform the IAASB and further integrate the analysis of benefits and impacts into the standards-setting process."

The IAASB has invited all stakeholders to comment on its proposals. Matters on which the IAASB would like stakeholders' input are set out in the explanatory memorandum to the exposure draft.

The exposure draft may be downloaded from the IRBA [website](#) or from the IAASB's website at www.iaasb.org/ExposureDrafts.php. Should you have any further queries or experience any technical difficulties in downloading the documents please contact the Standards Department at +27 (0)87 940 8800 or send an email to standards@irba.co.za.

How to Comment

Comments on the exposure draft are requested by **15 November 2010**. South African stakeholders are requested to submit comments to the CFAS Task Group in the preparing the IRBA's comments by **1 November 2010** for consideration and incorporation into the response from South Africa. Comments should be submitted in a Word format by e-mail to standards@irba.co.za. Alternatively submit comments directly to the IAASB at www.iaasb.org/ExposureDrafts.php

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About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes. The CFAS assists the IRBA to develop and maintain auditing pronouncements which are internationally comparable.