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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS**  **COMMITTEE FOR AUDITING STANDARDS** |

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| **Exposure Draft: Proposed International Standard on Auditing 540 (Revised), *Auditing Accounting Estimates and Related Disclosures***  Johannesburg / 4 May 2017  The International Auditing and Assurance Standards Board (IAASB) has issued the proposed International Standard on Auditing (ISA) 540 (Revised), *Auditing Accounting Estimates and Related Disclosures* (ED-ISA 540 (Revised)) for public comment.  Significant changes in how auditors evaluate accounting estimates and related disclosures have been proposed by the IAASB in ED-ISA 540 (Revised). The changes will require auditors to sharpen their focus on risks of material misstatements arising from accounting estimates, and to address those risks with more granular audit requirements.  ED-ISA 540 (Revised):   * Enhances requirements for risk assessment procedures to include specific factors related to accounting estimates, namely complexity, judgement, and estimation uncertainty; * Sets a more detailed expectation for the auditor’s response to identified risks, including augmenting the auditor’s application of professional skepticism; and * Is scalable regardless of the size or sector of the business or audit firm.   **Request for Comment**  The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) welcomes comments on all matters addressed in ED-ISA 540 (Revised), including responses to the specific questions set out in the Explanatory Memorandum. Comments should be submitted via email to [standards@irba.co.za](mailto:standards@irba.co.za) by **11 July 2017**. All comments will be considered as a public record.  Alternatively, we invite registered auditors and other interested parties to submit comments directly to the IAASB via the [IAASB Website](http://www.ifac.org/publications-resources/proposed-international-standard-auditing-540-revised-auditing-accounting) by **1 August 2017**. We also encourage registered auditors and other interested parties to participate in any other forums (such as those established by the South African Institute of Chartered Accountants) set up to discuss and comment on ED-ISA 540 (Revised) as well as to participate in pilot testing the requirements and guidance of ED-ISA 540 (Revised) during the exposure period.  A copy of ED-ISA 540 (Revised) is available in PDF format and may be downloaded from the exposure draft page of the [IRBA Website](https://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters). Should you have any other queries or experience any technical difficulties in downloading the document, please do not hesitate to email the [Standards Department](mailto:standards@irba.co.za).  **Imran Vanker**  **Director: Standards**  ***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 statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.* |