



20 July 2018

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

## **INVITATION TO COMMENT ON IFAC'S INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB) EXPOSURE DRAFT**

### **Proposed International Standard on Auditing (ISA) 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement and Proposed Consequential and Conforming Amendments to Other ISAs***

***Comments to be received by 2 October 2018***

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB's Exposure Draft (ED), Proposed ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement and Proposed Consequential and Conforming Amendments to Other ISAs*, which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/exposure-drafts/>

To ensure that International Standards on Auditing continue to form the basis for high-quality, valuable and relevant global audits, the IAASB proposes more robust requirements and improved guidance to:

- drive consistent and effective identification and assessment of risks of material misstatement;
- modernize ISA 315 to meet evolving business needs, including information technology, and how auditors use automated tools and techniques, including data analytics, to perform audit procedures;
- improve the standard's applicability to entities across a wide spectrum of circumstances and complexities; and
- focus auditors on exercising professional skepticism through the risk identification and assessment process.

To assist with understanding how the standard is to be implemented, IAASB Staff has developed three flowcharts, which have been published as supplements to the ED. The IAASB will give further consideration to the development of non-authoritative guidance as the standard is finalized.

In proposing the changes to ISA 315 (Revised), the IAASB has proposed numerous changes to various other ISAs, in particular, conforming and consequential changes have been proposed to ISA 330, *The Auditor's Responses to Assessed Risks*, which includes requirements for the auditor's responses to the risks of material misstatement identified and assessed in accordance with ISA 315 (Revised). Conforming



amendments to ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*, will be published separately later in July 2018.

Questions for respondents have been included in Section 4 "Request for Comments" to solicit specific feedback on the proposed amendments.

In accordance with the Institute's due process, comments are invited from any interested party and the Institute would like to hear from both those who do agree and those who do not agree with the contents of the ED.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the ED to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37/F., Wu Chung House  
213 Queen's Road East  
Hong Kong

Fax number (+852) 2865 6776  
E-mail: [commentletters@hkiipa.org.hk](mailto:commentletters@hkiipa.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.

20 July 2018  
Invitation to Comment

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Response Due Date  
2 October 2018

*Exposure Draft*

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**Proposed ISA 315 (Revised),  
*Identifying and Assessing the Risks of  
Material Misstatement***

and

***Proposed Consequential and Conforming  
Amendments to Other ISAs***



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

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The Invitation to Comment can also be found on the Institute's website at:  
[www.hkicpa.org.hk/professionaltechnical/assurance/exposedraft/](http://www.hkicpa.org.hk/professionaltechnical/assurance/exposedraft/).



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