
EXTRACT FROM IAASB STAFF DRAFTING CONVENTIONS

This is an extract from IAASB staff general instructions to national standard setters to assist in redrafting of ISAs. These conventions have been developed over the past year or so. The conventions are subject to the proviso that the Clarity Task Force, or subgroup will also review the documents for consistent and proper application.

Requirements

1. Consider whether use of ‘shall consider’ is the clearest way to express a requirement. In general, if it is in relation to matter that the auditor needs to think about in making a decision (e.g., ISA 315 illustrates this in relation to significant risks), then it is likely an acceptable form of ‘shall consider’.
2. If the use of ‘shall consider’ is in relation to the consideration of [something in particular], then attempt to make clear what precisely what the auditor is to consider (for example, consider how the following edits improve the focus of the requirement: “The auditor shall consider whether information obtained from the auditor’s client acceptance or continuance process is relevant to ~~that may be helpful in~~ identifying risks of material misstatement”).)
3. Alternatives to “shall consider” include ‘shall evaluate’ or ‘shall determine’, but these must be used only when it makes sense in the context of the requirement (and doesn’t change the substantive of the obligation on the auditor).
4. Do not use qualifiers in the application material relating to the activities of the auditor such as “ordinarily”, “normally” and “usually”; these create ambiguity as to whether they should form part of the requirements.
5. Be careful not to extend a requirement E.g., if a requirement says: “The auditor shall (do something)”, and the application material says: “(Doing something) includes doing X, Y and Z.” If it is important to the clarity of the requirement, then include it as part of the requirement. If it is strictly application guidance, then use appropriate qualifiers (e.g., (Doing something) may include consideration of such matters as, for example...”
6. If a requirement is conditional on [something], state the condition at the beginning of the requirement.
7. Where possible, avoid repeating requirements that exist in another ISA. Consider either anchoring the requirement back to the original requirement (e.g., using the phrase “in accordance with”) when repetition is considered necessary in the requirements section for understanding and context, or when paraphrasing a requirement in the application material.

Application Material Drafting Points

8. In redrafting sentences in the present tense that are judged not to represent requirements, consider the following:
 - Is it needed at all, or can a cross reference suffice, if it simply paraphrases a new or existing requirement in the ISA or another ISA?
 - Can the action words simply be deleted (that is, has action been reflected because of the style of drafting, where the real purpose of the sentence is to provide further explanation of why something is important)? (for example, the following text is how a present tense (judged not to be a requirement) might be redrafted: “The auditor’s ~~considers the~~ knowledge about the presence or absence of control activities obtained from the understanding of the other components of internal control assists the auditor in determining whether it is necessary to devote additional attention to obtaining an understanding of control activities”
 - Can ‘may’ or ‘for example’ be inserted to highlight the action as a suggested or possible procedure? (for example “Given the exceptional nature of the circumstances, the auditor may consider it appropriate to ~~considers seeking~~ legal advice when deciding whether to withdraw from an engagement...” or “Examples of matters that the auditor may consider include ~~The auditor considers~~ [X,Y, Z]
 - If necessary, consider the passive voice.
9. A common present tense is “The auditor considers the standards and guidance in ISA XXX when...” This is usually for purposes of cross-referencing rather than to establish a requirement (such a requirement exist by virtue of the need for the auditor to comply with relevant requirements). This can often be redrafted by stating “ISA XXX establishes requirements and provides guidance relating to/dealing with...”
10. Consider removing references to ‘use of professional judgment’ unless clearly necessary in the context of the requirement.
11. Avoid phrases such as “it is important that the auditor [do something]” in the application material, unless made in reference to an action specified in the requirements of the ISA or another ISA.
12. Avoid the modifier “ordinarily” when describing an auditor action in the application material. This may be a challenge in some cases. Its use may be acceptable when made in reference to something done by the entity or management; but be cautious, as it may not be true in the context of an SME.