

IAASB issues exposure draft on risks of material misstatement

The International Auditing and Assurance Standards Board (IAASB) issued an [exposure draft](#) of ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*, with proposed changes including:

- Promotion of a deeper understanding of the entity's business model and risks that may arise from the application of the financial reporting framework in such an environment.
- Explicit acknowledgement of how auditors may use automated tools and techniques, including data analytics, to perform risk assessment procedures.
- Enhancement of the auditor's required understanding of the entity's use of information technology relevant to financial reporting.

The IAASB is seeking to promote a more robust risk assessment process by encouraging auditors to focus on exercising professional scepticism throughout the risk identification and assessment process, while also providing scalability considerations based on differing circumstances.

Comments are due by 2 November, 2018.

