

Advanced Auditing and Other Assurance Services

COM 3242

Bachelor of Commerce III

**Current Issues and
Developments in Auditing**



Prof. Twaha Kigongo Kaawaase (PhD, M.Soc.Sc., P.G.Dip.Dev.Fin., B.Com., FCCA, CPA)

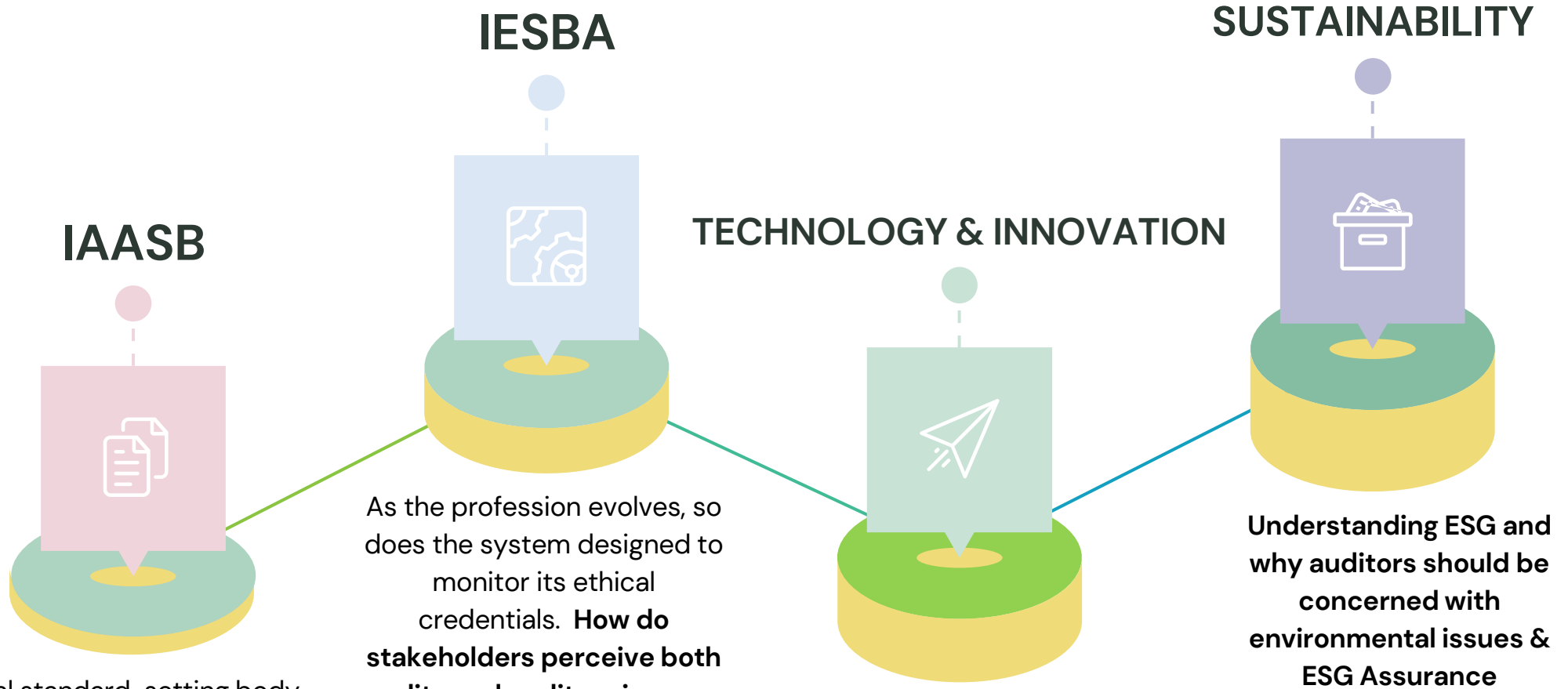
AGENDA: Current Issues and Developments: A Continuous Phenomenon

- 1) IAASB: Auditing Standards
- 2) IESBA: Ethical Standards
- 3) Technology in Auditing
- 4) Sustainability Reporting
and Assurance

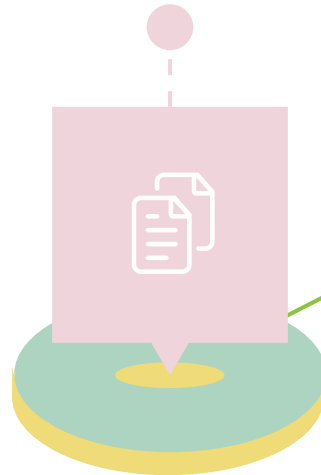


CURRENT ISSUES & DEVELOPMENTS

THE WORLD IS NOT STATIC, AND SO IS THE AUDIT PROFESSION

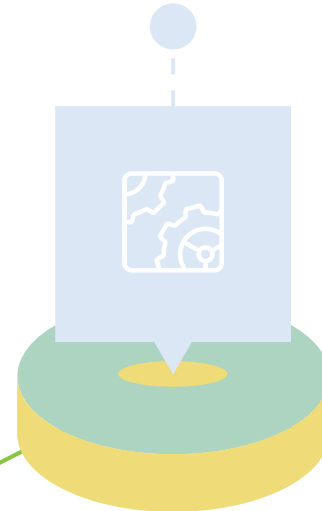


IAASB



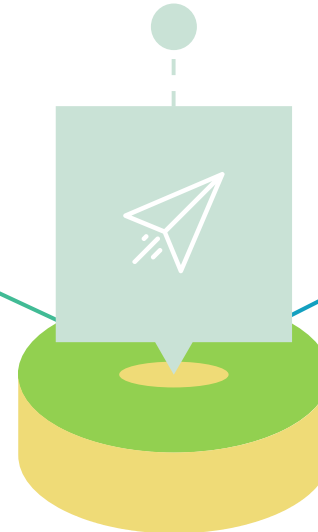
The IAASB, a global standard-setting body for the audit profession, is always on the lookout for areas of practice that require adaptation or evolution in response to real-world events.

IESBA



As the profession evolves, so does the system designed to monitor its ethical credentials. **How do stakeholders perceive both audits and auditors in areas such as audit quality, Fees, Non-audit services and Independence**

TECHNOLOGY & INNOVATION



The impact of **AI, digital solutions and Big Data** on the audit profession.

SUSTAINABILITY



Understanding **ESG** and why auditors should be concerned with environmental issues & **ESG Assurance**

Latest changes on ISAs & Implementation Timeline and Roadmap



Key Takeaways for Students

1

Convergence is the Theme

ISA 240, ISA 570, and PTE amendments are designed to work together — study them as a package, not in isolation.

2

Fraud Gets a Complete Overhaul

The genuineness presumption removal and fraud lens approach represent the most significant shift in fraud auditing standards in decades.

3

Sustainability is Now Part of Assurance

ISSA 5000 opens an entirely new domain for the profession. Understanding sustainability frameworks is becoming essential.

4

Technology is Reshaping Evidence

The ISA 500 revision will redefine what constitutes audit evidence in a digital world — data analytics, AI, and automated tools.

5

Implementation Matters

Having the right standards on paper is not enough — execution and genuine adaptation of procedures is where quality lives.

Prof. Twaha Kaawaase

Recent Changes to the IESBA Code of Ethics

The 2025 Handbook of the International Code of Ethics for Professional Accountants has these core changes



Using the Work of an External Expert

It is now a must to assess the **Competence, Capabilities** and **Objectivity (CCO)** of the expert before using their work



Sustainability Assurance & Reporting

New Ethics Standards have been introduced: **IESSA (International Ethics Standards for Sustainability Assurance)**...
Emphasizes Independence for the assurance provider, amongst other requirements; Effective 15th Dec 2026



Tax Planning & Related Services

Accountants consider the client's wishes in Tax Planning, but be mindful of the impact of their advice on the public interest and the broader economic and reputational interests



Definition of Publicly Traded Entity (PTE)

Has been clarified to include all entities that issue financial instruments that are traded on exchanges

Digital Transformation



Digital Transformation



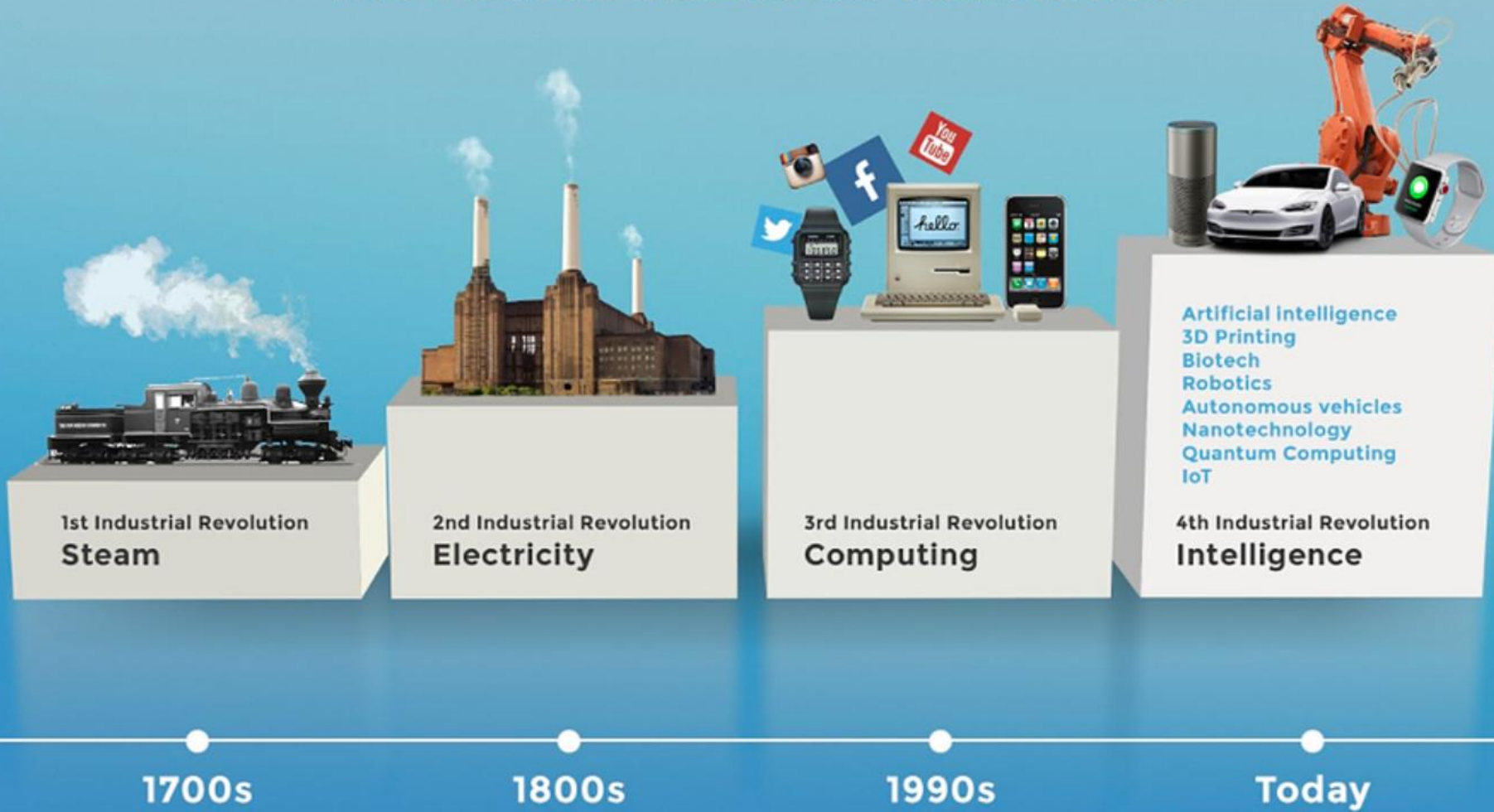
Digital transformation refers to the **changes affecting our lives** with the development of new technologies.

Digital transformation is advantageous :

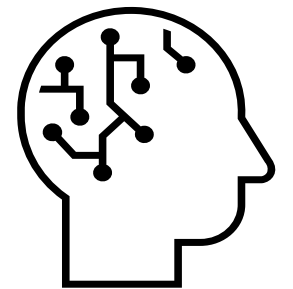
- Increases efficiency
- Decreases Costs

This rapid change is **represented by 4 periods** in relation to the developments in the process **after the Industrial Revolution**

The Fourth Industrial Revolution



The **4IR** is characterised by the **integration of cyber-physical systems** and **digital transformation**.



... there is a **new concept** that changed the industry in each period...

Meaning of Artificial Intelligence



What is artificial intelligence?

“... a technology that seeks to replicate or mimic those cognitive skills possessed by humans as well as human judgements...”



« The capacity given by humans to machines to memorize and learn from experience, to think and create, to speak, to judge and make decisions »

“A simulation of human intelligence by software-coded heuristics ...”

... “Intelligence that is human man-

made ...”



Importance of Artificial Intelligence

How does AI lend a hand in External Auditing ?



The Audit Profession in AI Era



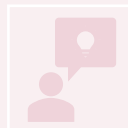
Audits are meant to provide some level of assurance on subject matters



To provide any level of assurance requires **sufficient** and **appropriate** evidence



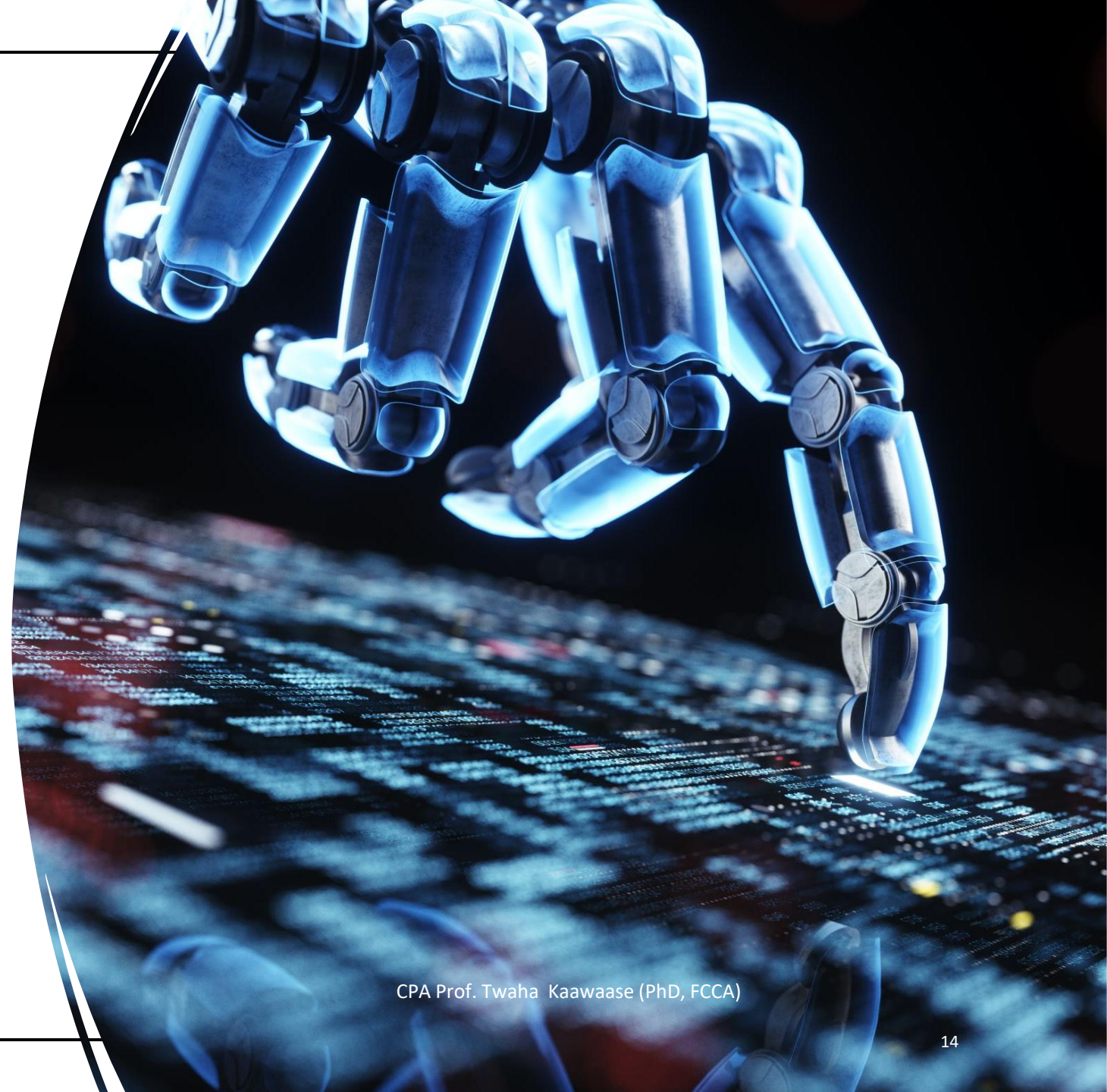
AI technologies enhance the audit process by facilitating the collection of the requisite audit evidence.



AI, therefore, has transformed the audit profession and its functions.

Audit Tasks that can be performed by Artificial Intelligence (AI)

- Analytical Review Procedures
- Risk Assessment
- Materiality Assessment
- Internal Control Environment Assessment and evaluation of Internal Controls
- Going Concern Judgements
- Bankruptcy or Company failure predictions
- Detection of Misstatements (Anomalies in the data due to Fraud or Errors)
- Aggregating or compiling audit evidence
- Review of contracts and working papers documentation



Examples of AI Tools in Auditing

1. Robotic Process Automation (RPA)
2. Deep Learning
3. Machine Learning Algorithms (MLA)
4. Expert Systems

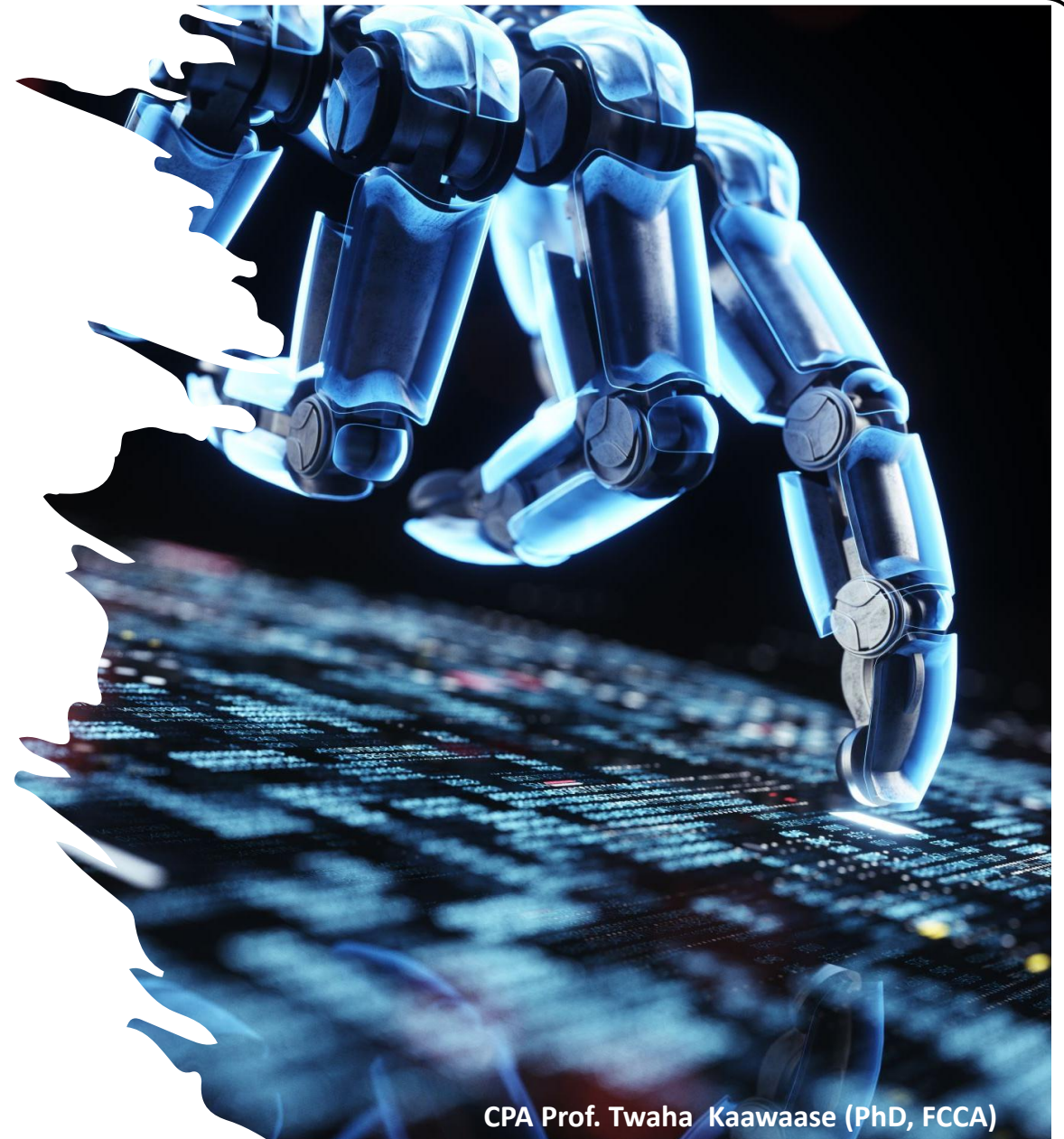


Risks associated with AI in Auditing

Despite its advantages, AI poses several risks

Ethical issues

- Auditors have to identify, evaluate, and address threats that AI can pose to ethical principles



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Challenges & Risks

Critical considerations for AI adoption in audit



Data Quality & Bias

AI models trained on incomplete or biased data can produce unreliable audit conclusions. Ensuring data integrity is foundational.



Professional Skepticism

Over-reliance on AI outputs may erode auditor judgment. The need for 'fiduciary-grade AI' with human oversight remains essential.



Regulatory Uncertainty

Standards are still evolving. The FRC's 2026 framework is a first step, but global harmonization of AI audit guidance lags behind.



Workforce Transformation

300,000+ professionals have left. Firms must reskill teams to work alongside AI while maintaining audit quality.

Ethical Issues with AI in Auditing

- **Confidentiality** – Use of AI requires access to client data sets. Confidentiality considerations by the client may limit the auditor's ability to get the right quality and quantity of evidence to construct machine learning algorithms
- **Professional Competence and due care** – fulfilling this ethical requirement may be compromised by the auditor's lack of digital skills and expertise
- **Objectivity** – Data sets must be selected by humans, and the systems must be trained by humans; **the existence of human bias in inputting data** and designing systems may compromise the objectivity principle.
- **Professional behaviour** – Overreliance on AI may erode professional judgment, and Professional scepticism when auditors fail to question AI outputs.
- **Integrity** – The core threat to integrity stems from misuse or uncritical reliance on AI systems, leading to degradation of the auditor's own judgement



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WORLD NEWS

Deloitte to partially refund Australian government for report with apparent AI-generated errors



BY [ROD MCGUIRK](#)

Updated 10:08 AM GMT+3, October 7, 2025

[Leer en español](#)

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MELBOURNE, Australia (AP) — Deloitte Australia will partially refund the 440,000 Australian dollars (\$290,000) paid by the Australian government for a report that was littered with apparent [AI-generated](#) errors, including a fabricated quote from a federal court judgment and references to nonexistent academic research papers.

SUSTAINABILITY



"... Meeting the needs of the present without compromising the ability of future generations to meet their own goals ... " (UN, 2021).

SUSTAINABILITY & SDG GOALS

In 2015, the UN adopted the 17 UN **Sustainable Development Goals** (SDGs) to illustrate how the World could put the definition of sustainability into practice



SOCIAL ENVIRONMENTAL REPORTING



Why should the auditor be concerned with Social Environmental Reporting

Witnessing the effects of Climate change in Uganda



ENVIRONMENTAL POLLUTION IN UGANDA



The Independent Uganda
Jganda's air quality: Public must ...



ATC MASK
Air Pollution In Uganda: Causes ...



www.voanews.com
Pollution Is Silent Killer in Uganda



ATC MASK
Air Pollution In Uganda: Causes ...



Witnessing the effects of Climate change in Uganda



CNN
Uganda: Floods kill at least 24 ...



Floods Hit Eastern Uganda - allAfrica ...



Floods in Kampala, Uganda - FloodList



The Independent Uganda
COVER STORY: Lake Victoria floods

Witnessing the effects of Climate change in Uganda



Anadolu Agency
Uganda: At least 6 dead in floods



CGTN Africa
floods raging East Africa ...



Uganda Radio Network
What Triggered Floods in Uganda ...



Nile Post
Kampala Floods: Water never forgets its ...



www.google.com/2&bih=569&biw=1200&hl=en



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THE DISAPPEARING FOREST COVER AND DESERTIFICATION IN UGANDA

Witnessing the effects of Climate change in Uganda



 DESERTIFICATION - WordPress.com

Deforestation in Uganda – DESERTIFICATION



 DESERTIFICATION - WordPress.com

Deforestation in Uganda – DESERTIFICATION



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Desertification in Nakasongola Uganda ...



REPUBLIC OF UGANDA

MINISTRY OF WATER AND ENVIRONMENT

Forest Cover change in Uganda From 24% in 1990 to 9% in 2015



Witnessing the effects of Climate change in Uganda

Tables showing forest cover change between 1990 and 2015

1990 – 2015 [25 years damage]

For more information contact:
 UGANDA NATIONAL REDD+ SECRETARIAT,
 FOREST DOCTOR SUPPORT DEPARTMENT,
 MINISTRY OF WATER AND ENVIRONMENT,
 Plot 18/20 Spring Road, Tel: +256 414347033,
 Email: mwe@mwe.go.ug; ps@mwe.go.ug; www.mwe.go.ug

Witnessing the effects of Climate change in Uganda

DAILY MONITOR WEDNESDAY, NOVEMBER 15, 2023

3

www.monitor.co.ug

National News

By press time yesterday, police were still searching for the bodies of the deceased. The residents and their leaders are now worried for their school-going children.

BY GERTRUDE MUTYABA
& DAN WANDERA

Three people have drowned at the flooded sections of River Mayanja and River Lugogo in Nakasongola and Nakaseke districts in two days.

Yesterday, a Nakaseke-based businessman drowned after their boat failed to manoeuvre through the fast-flowing water near a bridge recently washed away by River Mayanja at Kyererezi Village in Kapeeka Sub-county, Nakaseke

Flooded rivers Mayanja, Lugogo claim three lives



use the small boats because the waters are deep and fast flowing at the road section. We appeal to UNRA (Uganda National Roads Authority) to quickly come to the rescue of our people. We need a new bridge," Mr Ssenfuma said yesterday.

The police also confirmed the drowning of two people on Monday at two different sections of River Lugogo in Kakooze Sub-county, Nakasongola District.

The deceased, whose remains were still missing by press time yesterday, include Vincent Wasswa, a resident of Nakaseeta Village and Sam Akimaana, a resident of Kinoni Village, both in Kakooze Sub-county, Nakasongola District.

Mr Clescensius Beinimugisha, the Nakasongola District Police Commander,

Witnessing the effects of Climate change in Uganda

SATURDAY MONITOR NOVEMBER 25, 2023

7

www.monitor.co.ug

National News

Climate change impacts continue to affect food security and livelihoods of agricultural communities who depend on crops such as maize and rice.

BY YAHUDU KITUNZI

The continued construction of structures in wetlands will trigger severe floods and other climate change-related disasters in the country, experts have warned.

Wetlands are an essential ecosystem that supports biodiversity and climate mitigation and adaptation, fresh water availability, global economies, and more.

Mr Jackson Muhindo Rukara, the climate justice coordinator at Oxfam Uganda, says the environment is at the mercy of large-scale land-based investments mainly managed by private sector com-

Rice farmers cry foul as climate change bites



law has, however, been historically poor. As a result, Mr Muhumuza says, half of Bungoma forest has been decimated by investors.

Flooding

Last year Mbale Sino Industrial Park was flooded, with properties worth millions of shillings destroyed. In September, the government started re-channelling River Nashibisho in Mbale Sino industrial park in order to prevent flooding. The river, which runs through the park, was one of many large natural streams of water that burst their banks in Mbale City last August, killing 29 people and displacing hundreds more.

As President Museveni condoled with the bereaved families, he underlined the dangers of environmental degradation by depleting forest cover, invading wetlands, cultivating on riverbanks, and throwing polythene bags in drainage channels. All this, he said, blocks the free flow of water. Mr Joseph Okello, an environmental expert, couldn't agree more.

"We have loss of soil fertility leading



The kiteezi landfill disaster in uganda was worsened by **climate change** through intensified rainfall, which triggered a **landslide on the unstable, overflowing landfill**

Witnessing the effects of Climate change in Uganda

Your future?



5/8/2026 8:26 AM



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IN SUMMARY WHY THE CONCERN ... ?



Increased cases of climate change due to pollution and desertification



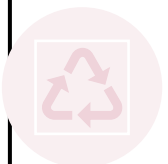
Increased expenditures of the Government on cleaning drainage channels



Increased diseases such as pneumonia owing to air pollution



Increased flood incidences leading to the displacement of people and, in some cases, deaths.



Waste generation has intensified, and poor waste management is the norm



Meeting the needs of the current generation without limiting the ability of future generations to meet their needs / in tandem with the Sustainable Development Goals.



SUSTAINABILITY REPORTING /INTEGRATED REPORTING

EMERGING

- Several changes in the reporting landscape :
 - 1970s: Only financial reports
 - 1980s: Social reports emerged, capturing issues on the **health and safety of employees.**
 - Shortly after 1980, **environmental reports** also became prominent.
- Corporate reporting is quickly changing. Now an integrated approach : **ESG or sustainability information, and broader non-financial information.**

Non- financial reporting



1. Environmental impact Reports
2. Employees reports
3. Corporate Social Responsibility Reports
4. Corporate Governance reports



What Are the Six Capitals?

The International Integrated Reporting Council (IIRC) identifies six stocks of value that organisations use, transform, and create through their activities. A Company cannot rely on only one capital



Financial

Manufactured

Intellectual

Human

Social & Relationship

Natural



Financial & Manufactured Capital

Financial Capital

- Funds available through financing, operations, or investments
- Includes debt, equity, grants, and retained earnings
- Enables growth, R&D, and operational expenditure

Manufactured Capital

- Physical objects and infrastructure for production
- Buildings, equipment, roads, ports, and utilities
- Distinct from natural physical objects



Intellectual & Human Capital

Intellectual Capital

- Knowledge-based intangibles like patents, copyrights, and software
- Organizational capital: tacit knowledge, systems, and protocols
- Brand reputation and competitive advantage

Human Capital

- People's competencies, capabilities, and experience
- Motivation, loyalty, and ability to innovate
- Alignment with governance and ethical values



Social, Relationship & Natural Capital

Social & Relationship

- Shared norms, values, and trust between stakeholders
- Brand strength, community engagement, and partnerships
- Social license to operate and stakeholder relationships

Natural Capital

- All renewable and non-renewable environmental resources
- Air, water, land, minerals, forests, and biodiversity
- Ecosystem health that sustains organizational value

Integrated Thinking, Integrated Reporting

The Six Capitals framework encourages organizations to think holistically about the resources they use and the value they create — beyond just financial returns.

Financial

Funds & investments

Manufactured

Physical infrastructure

Intellectual

Knowledge & IP

Human

People & skills

Social

Trust & Relationships, Brand

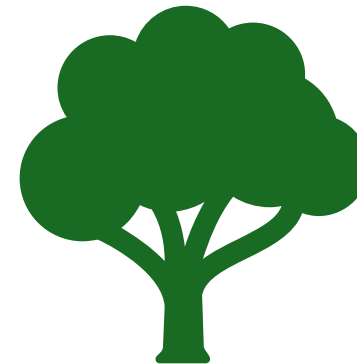
Natural

Environmental resources

A CASE FOR ACCURATE SUSTAINABILITY REPORTS AND ASSURANCE IS MADE



Question is :



How should Sustainability assurance
be undertaken and by who ?



Sustainability Assurance

Frameworks, Standards & the Uganda Pathway

What Is Sustainability Assurance?

An independent examination of **of sustainability disclosures** by a qualified practitioner, designed to enhance **the credibility and reliability of ESG information** reported to stakeholders.

Why It Matters



Credibility

Verified data earns trust from investors, regulators, and the public



Compliance

The requirement is growing globally



Anti-Greenwashing Anti-Bluewashing

Independent checks make inflated sustainability claims harder to sustain.

Key Frameworks & Standards



IFRS SUSTAINABILITY REPORTING STANDARDS

IFRS S1

&

IFRS S2



1. IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'

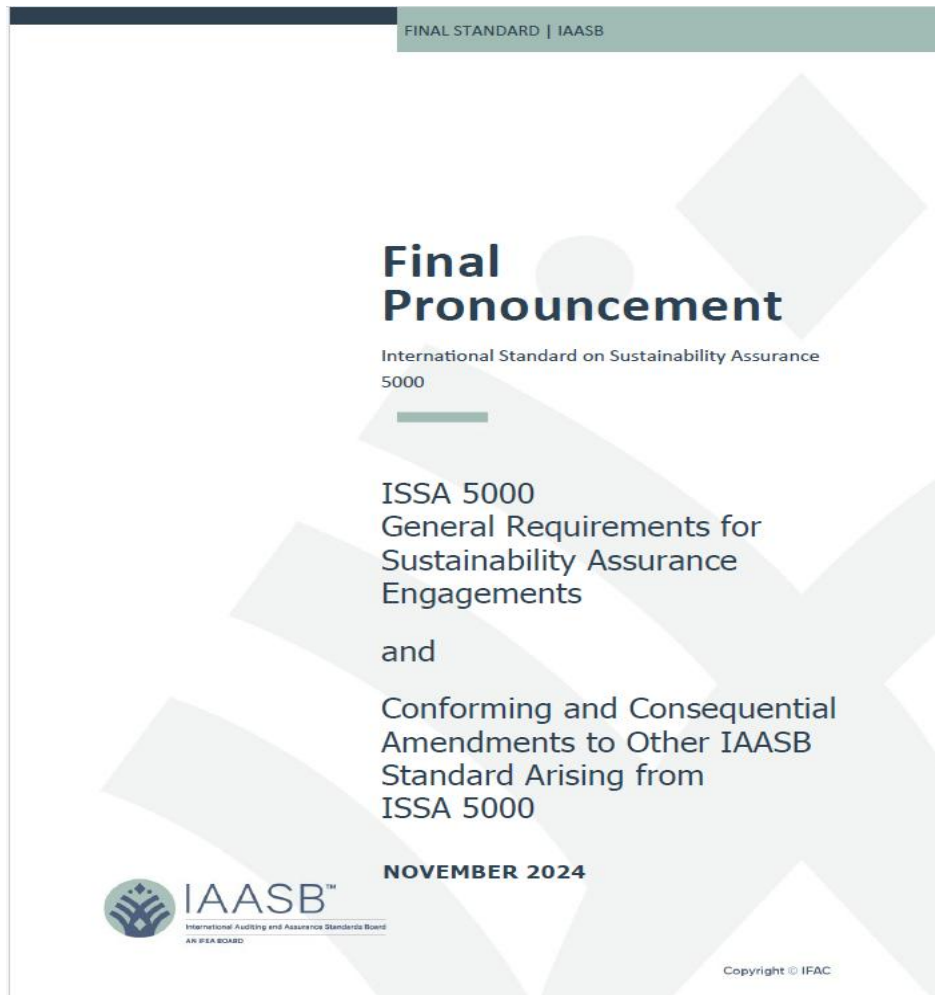
The main objective of this Standard is to disclose all information about sustainability-related risks and opportunities that could reasonably be expected to affect a company's prospects.



2. IFRS S2 'Climate-related Disclosures'

This Standard focuses on specific climate-related information to be disclosed.

ISSA 5000: 2 LEVELS OF ASSURANCE = $f(\text{WORK-EFFORT})$



Reasonable Assurance Opinion

We have conducted a reasonable assurance engagement on the selected disclosures, [identified by ...],¹³ of the Sustainability Report of ABC Company (the Company) for the year ended December 31, 20X1 (“Information RA”).

In our opinion, the Information RA of the accompanying Sustainability Report is prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the selected disclosures, [identified by ...],¹⁴ included in the Sustainability Report of the Company for the year ended December 31, 20X1 (“Information LA”).

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Information LA of the accompanying Sustainability Report is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

LIMITED Vs REASONABLE ASSURANCE, ISSA 5000

Feature	Limited Assurance	Reasonable assurance
Level of Confidence	Moderate / Limited	High, but not absolute
Work Effort / Procedures and Scope	Less Extensive 1. Inquiries 2. Analytical review 3. High-level checks	Very extensive 1. Risk based 2. Detailed testing 3. Detailed Substantive procedure 4. Control evaluation
Conclusion	Negative Assurance (...Nothing has come to our attention...)	Positive Opinion (In our Opinion ... The information is fairly stated in all material respects)

RISKS : Beware of greenwashing

Sustainability and social responsibility claims are often false or misleading, as supply chain and manufacturing processes are complex and hidden. Companies need to dig deep to verify sustainability practices from suppliers.

What is greenwashing and bluewashing?

GREENWASHING

The practice of issuing false or unverified claims connected to the environmental aspects of a product.

BLUEWASHING

The practice of issuing false or unverified claims connected to the social aspects of a product.

Choosing an ecolabel—does it include:

- Up-to-date environmental and social responsibility criteria?
- Mandatory independent verification of compliance and proof for the purchaser?
- System of industry accountability



Social responsibility issues in the supply chain

LABOR LAW VIOLATIONS

excessive working hours; underage workers; discrimination; low wages

LACK OF FREEDOM OF ASSOCIATION

restricted ability of workers to organize and negotiate with management

WORKER HEALTH AND SAFETY

inadequate protection against chemicals; poor safety measures; lack of necessary permits

FORCED LABOR

human trafficking; debt slavery; threat of violence; retention of passports

The Assurance Process



01

Engagement Planning

Define scope, criteria, materiality thresholds, and assurance level

02

Risk Assessment

Identify areas of material misstatement risk in sustainability data

03

Evidence Gathering

Inquiry, inspection, observation, analytical procedures, and testing

04

Evaluation & Conclusion

Assess evidence sufficiency and form the assurance conclusion

05

Assurance Report

Issue the formal assurance statement to stakeholders

Key Principle: ISSA 5000 follow a risk-based approach. The practitioner's procedures are shaped by identified risks of material misstatement, not a fixed checklist.



Uganda's Pathways on Adoption of Sustainability Reporting and Sustainability Assurance Standards

GRADUAL ADOPTION OF IFRS S1 & S2 IN UGANDA

- **Between 2026 and 2027:** Voluntary Adoption – Entities are encouraged to familiarize themselves with the standards, with 2026 serving as a rehearsal year.
- **1 January 2028,** it will become mandatory for:
 - i. All listed entities
 - ii. All financial institutions and micro-finance deposit-taking institutions
 - iii. An entity that carries on insurance business under an insurance contract, whether as an Insurer or reinsurer
 - iv. Government Business Entities which apply the IFRS Accounting Standards
- **1st Jan 2029:** Retirement Benefit Schemes, Savings and Credit Cooperative Organisations (SACCOs) and a large entity as defined under the [ICPAU IFRS for SME Accounting Standards Implementation Guidelines](#); PiEs under the ICPAU Guidance.
- **1st Jan 2030:** Mandatory for SMEs.

Assurance of sustainability reporting in Uganda is taking a gradual approach



Start with "Limited Assurance"

2029

Transition to "Reasonable assurance"

2031

As accountants, what do we bring to the fight

The accounting profession has the opportunity to apply its experience over the last century to the fight against climate change.



ACCA (2021), "Climate Action and Accountancy Profession: Building a Sustainable future" Available at: <https://www.accaglobal.com/gb/en/professional-insights/pro-accountants-the-future/climate-action-accountancy-profession.html>

Accountants & Climate action ...

- Historically, the accounting profession emerged to provide reporting and auditing services and to serve the public interest
- The accounting profession has brought trust, transparency and confidence in decision-making based on financial reporting
- It is time to tap into this century's experience in measurement, disclosure and assurance and partner with Governments, Businesses and Civil society to address the climate crisis.
- Accounting and finance professionals should be at the heart of any Climate Action Strategy formulation and implementation (by either businesses or governments)

Accountants & climate action ...



1. Get executive-level buy-in for climate action: The impact of climate risks should be on the agenda of board meetings
2. Place Climate risk, Environmental, Social and Governance and Net-Zero at the heart of organisational strategy – Expand Strategic considerations beyond financial returns and competitive advantage.

Accountants & climate action ...



3. Decarbonisation and steps to net zero by 2050 will involve measuring, accounting for and reducing emissions. These metrics require the skills of accountants [Carbon Accounting]
4. Adhering to established science-based climate targets requires organisations to set KPIs, accountants are key
5. Report meaningfully and ensure that financial and non-financial reporting are connected and integrated within a clear narrative so that the entities can account for their real value to society [New International Sustainability Reporting Standards]

Conclusion



**Harvard
Business
Review**

Corporate Social Responsibility | Accountants ...

Corporate Social Responsibility

Accountants Will Save the World

by Peter Bakker

March 05, 2013

Article available at:

<https://hbr.org/2013/03/accountants-will-save-the-world>

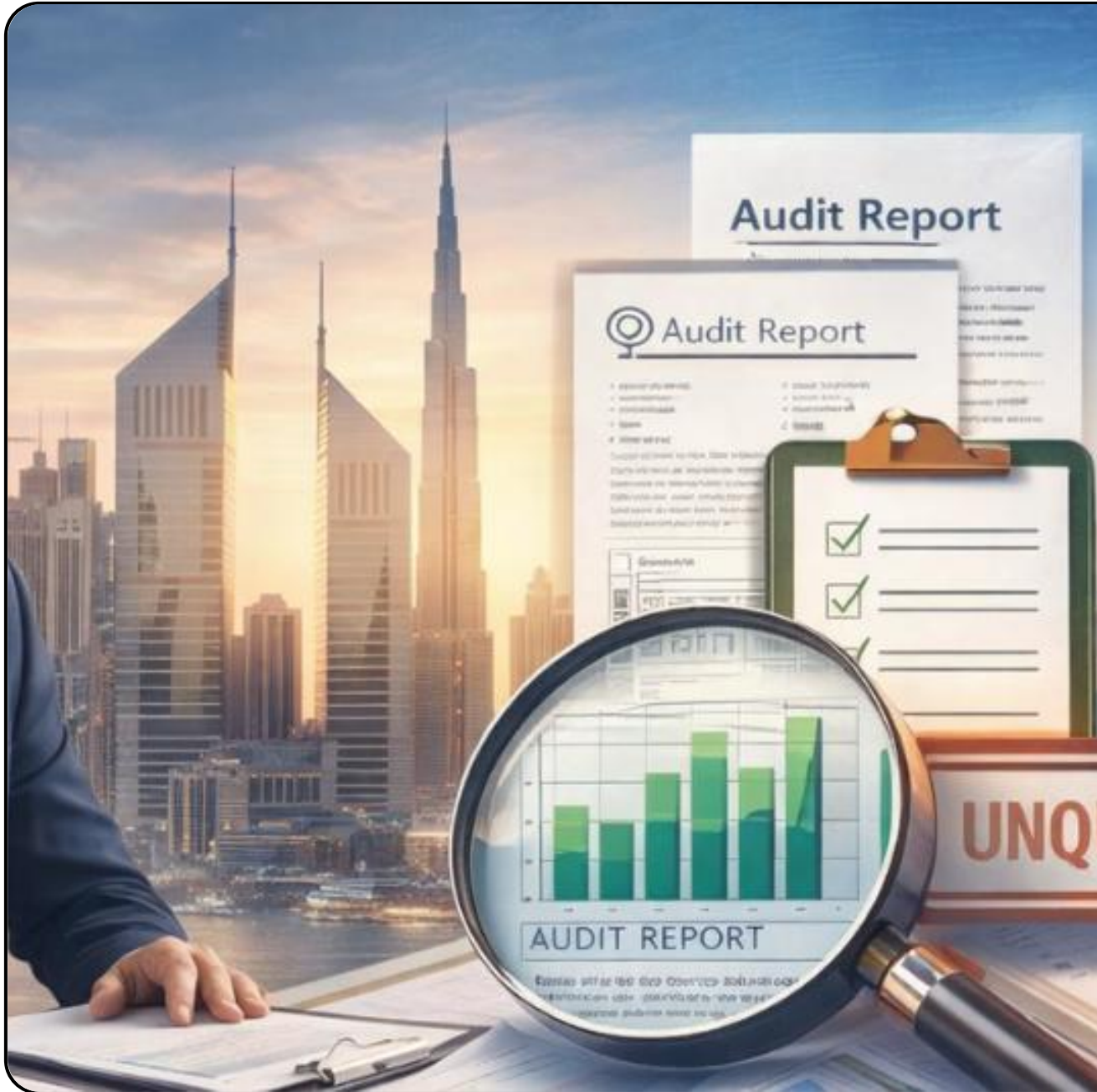
Accessed : 14th November 2023



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ACCA Think Ahead



Q & A

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ACCA Think Ahead



KEY REFERENCES FOR FURTHER READING

1. ICPAU (2023), "Paper 16: Audit Practice and Assurance – Study Materials for Examinations" *The Institute of Certified Public Accountants of Uganda, 2023*
2. ACCA (Exams 2025-2026), " **Course Book for Advanced Audit and Assurance – International (AAA-INT)**, BPP Publishing, ISBN 9781509749488
3. IAASB (2025), "2025 Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Pronouncements", IFAC, New York. Available at [2025 Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements | IAASB](#)
4. ISSB (2025), International Standard on Sustainability Assurance 5000, (General requirements for Sustainability Assurance Engagements)