Committee: IAASB  
Meeting Location: Melbourne  
Meeting Date: March 17-21, 2003

Review of Interim Financial Information

Objectives of Agenda Item

To review the draft ISA and approve it for release as an exposure draft.

Background

At its December 2002 meeting, IAASB discussed a draft ISA dealing with the auditor’s responsibilities when the auditor undertakes an engagement to review the interim financial information of an audit client.

IAASB made the following decisions:

- The proposed ISA should also cover interim financial information that is allowed to be issued by legislation or regulation or equivalent authority.
- The previous annual financial statements of the entity should have been audited (or are in the process of being audited) and should be publicly available.
- An engagement letter should be required for the engagement.
- The proposed ISA should cover materiality in relation to interim financial information.
- The auditor should be required to append a summary of uncorrected misstatements to the management representation letter.
- Oral reporting should not be allowed.
- Guidance should be provided with regard to the presentation of pro forma financial information.
- Appendix 1 should be incorporated into the text of the draft ISA.

Activities Since Last IAASB Discussions

The Task Force held a conference call on January 24, 2003 to discuss changes to the draft ISA to address IAASB’s decisions.

STRUCTURE OF THE DOCUMENT

In addition to the changes made to the draft ISA to reflect the decisions made and comments received at the last IAASB meeting, the Task Force has re-ordered the paragraphs of the draft ISA and added new headings and sub-headings in order to improve the flow of the document. A marked-up copy of the changes to the document has not been provided since it would prove
difficult to read in attempting to differentiate the changes made from the paragraphs that have been re-ordered in the document. However, a clean version with the major additions underlined has been provided to assist IAASB members in their review.

STANDARDS IN OTHER JURISDICTIONS
As mentioned at the last IAASB meeting, in developing this draft ISA, the Task Force considered existing standards in other jurisdictions. This comparison is presented in Agenda Item 3-C for the information of IAASB members. While the comparison has not been updated to reflect the changes between the US exposure draft and final standard, the Task Force has reviewed the final US standard for changes and taken these into account in the development of the final draft ISA.

Material Presented

Agenda Paper 3-A  Draft ISA, “Review of Interim Financial Information”
(Pages 81 – 100)

Agenda Paper 3-B  Draft ISA, “Review of Interim Financial Information” with underlined additions from previous draft
(Pages 101 – 120)

Agenda Paper 3-C  Comparison of Existing Standards Applicable to Review of Interim Financial Information
(Pages 121 – 132)

Action Requested
IAASB is asked to review the draft ISA and approve it for release as an exposure draft.