IAASB Meeting Highlights and Decisions

September 2005

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This summary of decisions of the International Auditing and Assurance Standards Board (IAASB) has been prepared for information purposes only. Except for approval of documents for public exposure and issuance of final Standards or Statements, decisions reported are tentative and reflect only the current status of discussions on projects which might change after further deliberation by the IAASB.

For more detailed information about IAASB projects, please refer to the project summaries under current projects.

Audit Documentation

The IAASB approved the revised International Standard on Auditing (ISA) 230, Audit Documentation. The revised standard is effective for audits of financial information for periods beginning on or after June 15, 2006.

Clarity of IAASB Standards

The IAASB considered the outcome of, and matters arising from, the forum held in July at which representatives from regulators, national auditing standard setters, accounting firms (including small-and-medium practices), professional accountancy organizations and others were asked for their views on the IAASB’s clarity proposal.

Topics addressed dealt primarily with the refinement of the proposal. They included: the status, form and level of detail of objectives; the guidelines for use in determining requirements; the language for identifying requirements and the conditions for departure; the relationship between the requirements and the application material under restructuring of the ISAs, and whether sufficient context is being provided to promote consistent application; and implementation.

The IAASB also reviewed five ISAs redrafted to reflect the application of the proposed new drafting conventions.

The IAASB asked that the task force consider its comments and present the five proposed redrafted ISAs for approval as exposure drafts at the October 2005 IAASB meeting.
Related Parties

The IAASB reviewed a second draft of the proposed revised ISA 550, *Related Parties*. Topics addressed included:

- The auditor’s responsibilities regarding related parties when the applicable financial reporting framework does not require related party disclosures;
- The nature of the work to be done in relation to third parties that are related to the entity’s principal owners;
- The nature and extent of the mandatory risk assessment procedures to identify related party relationships and transactions not identified or disclosed by management;
- Evaluation of the business rationale of a related party transaction from both sides of the transaction; and
- The nature and extent of the auditor’s discussions of related party matters with those charged with governance.

The IAASB asked that the task force consider its comments and present a revised draft of the proposed ISA, redrafted under the proposed new drafting conventions under the Clarity project, for approval as an exposure draft at the December 2005 IAASB meeting.

Next Meeting

The next IAASB meeting will be held in New York, USA on October 19-21, 2005.