Background

- 2009: Initiative started
- Monitor relevant IASB projects to help ensure relevant auditing considerations are part of the development of IFRSs
- 2009–2011: 7 separate working groups dealt with IASB’s projects that could have significant verifiability or auditability issues
- 2011: Established a standing Working Group (WG)
Objective of the Liaison Initiative

The objectives of the WG are:

- Provide written comments to IASB regarding potential verifiability or auditability issues arising from their proposals
- Share information within WG regarding recent financial reporting developments that may impact the remit of the WG
- Assess the auditing implications arising from newly issued IASB pronouncements
Members

- The WG comprises:
  - Tomo Sekiguchi, IAASB Member and Chair of WG
  - Dan Montgomery, IAASB Deputy Chair and co-Chair of WG
  - Jean Blascos, IAASB Member
  - Marc Pickeur, IAASB Member
  - Hiram Hasty, IAASB Technical Advisor
  - Greg Shields, IAASB Technical Advisor
Liaison Activities with the IASB

• Communications with IASB through:
  − Comment and other letters
  − Joint outreach (Former Soviet Republics – November 2011 and May 2013)
  − Attending each other’s meetings (PK and Michael Stewart)
  − IASB CAG Representative / Attending IFRS Advisory Council

• Leadership meetings
  − Next meeting January 2014
WG Comment Letters in 2013

• 4 letters to IASB to comment on Exposure Drafts:
  – Classification and Measurement: Limited Amendments to IFRS 9
  – Financial Instruments: Expected Credit Losses
  – Leases
  – Insurance contracts
Key Themes in Comment Letters

- Clarity about key principles or critical terms to enable consistent application
- Expanded guidance needed in areas in which significant professional judgments are expected to be made
- Emphasize management’s responsibility for documentation
- Materiality
Other Liaison with IASB

• IASB representatives at Auditor Reporting Task Force Meeting
• Update by IASB Staff to Disclosures Task Force
• Participation by IAASB Members and Staff in IASB’s Materiality Initiative
IASB Materiality Initiative

- IASB / IAASB / IOSCO
- Currently scoping the project
  - Objectives and potential topics to be covered
- Working Group call early January 2014
- Expected to present proposals to IASB for initial discussion in Q1 2014
Ongoing Work and Monitoring

• Revisions to IASB’s Conceptual Framework
  − Qualitative characteristics (reliability / verifiability)
  − Scope of notes to financial statements
  − Communication principles

• Disclosures Initiative (Disclosures Task Force)

• Post Implementation Review of business combination related standards
QUESTIONS?