Auditor Reporting

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Agenda Items 2–5
IAASB September 2014 Meeting
Timing of Discussions and Plans for Approval

**Monday**
- ISA 701
- ISA 570
- ISA 706 (limited turnaround planned)
- DT Meetings

**Tuesday**
- ISA 700, 705 & Conforming Amendments (limited turnaround planned)
- ISA 260 (limited turnaround planned)
- DT Meetings

**Wednesday**
- ISA 800 Series
- Revised ISAs 701 & 570 ready
- DT Meetings

**Thursday**
- Reading
- Approval – ISAs 701, 706, 260
- Approval – ISA 570
- DT Meetings (if needed)
- Final Changes to ISAs (if needed)

**Friday**
- Reading
- Approval of remaining ISAs as needed and consideration of re-exposure, effective date, awareness and outreach, etc.
- ISA 800 Series
Ground Rules

• Significant amount of material for approval
  – Focus on changes that have been made since June 2014 meeting
  – Avoid re-opening past debates / recognize the positions have been largely supported by the Board
• Suggest solutions / wording changes to assist DT
• "When in doubt, take it out"
• Final QC checks for consistency etc. to be done post-approval by Staff and DT Chairs
Key Audit Matters – General Principles

• Goal: Keep approach within proposed ISA 701 simple while responding to concerns raised by respondents, CAG, etc.

• General principles embedded in the ISA supported by Board
  – Certain matters always KAM (modified opinions, material uncertainty relating to GC) – but reported in different ways
  – KAM is NOT a piecemeal opinion or substitute for required disclosures
  – Concerns over “original information” can be mitigated
  – Important to allow for possibility that some matters determined to be KAM may not be communicated – but this will be extremely rare
Relationship between KAM and Emphasis of Matter (EOM) Paragraphs

- Goal: Retain concept of EOM but differentiate it from KAM
- General principles
  - KAM is the preferred way of communication, as it provides more and better information to users of the financial statements
  - When KAM are communicated, EoM are used to draw attention to matters that do NOT meet the definition of KAM but are judged to be fundamental to understanding the F/S
- Approach in ISA 706
  - Auditor prohibited from using EOM paragraph for matters determined to be KAM
  - No requirement to assess if each KAM would otherwise meet the definition of an EOM
  - Term “Emphasis of Matter” required in the heading of all EOM paragraphs