

Meeting: IAASB
Meeting Location: Los Angeles
Meeting Date: December 5-9, 2011

Agenda Item

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Due Process

Objective of Agenda Item

1. To advise the IAASB of the status of due process for the following documents scheduled for approval at the December 2011 IAASB meeting:
 - Proposed International Standard on Auditing (ISA) 610 (Revised)¹ and proposed ISA 315 (Revised),² as well as conforming amendments to other ISAs.
 - Proposed International Standard on Related Services (ISRS) 4410 (Revised).³
 - Proposed *IAASB Strategy and Work Program, 2012-2014*.

Background

2. The IAASB Technical Director is responsible to advise the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a final Standard or Practice Statement is approved for issue. The same provisions apply for the approval of the IAASB's future strategy and work program.
3. The following outlines the Technical Director's conclusion and basis thereof with respect to actions up to the December 2011 IAASB meeting for the above documents. Before final approval of the documents, the IAASB Technical Director will advise on whether due process has been followed during the course of the December 2011 meeting.

Due Process Up to the Date of the December 2011 IAASB Meeting

4. The Technical Director confirms to the IAASB that up to the December 2011 IAASB meeting, the above documents have been developed in accordance with the IAASB's due process.
5. The respective appendices to this Agenda Item summarize the due process steps for each of these documents up to the December 2011 IAASB meeting.

¹ Proposed ISA 610 (Revised), *Using the Work of Internal Audit*

² Proposed ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

³ Proposed ISRS 4410 (Revised), *Compilation Engagements*

Appendix I

Proposed ISA 610 (Revised) and Proposed ISA 315 (Revised)

1. Proposed ISA 610 (Revised) is a substantive revision of ISA 610, and proposed ISA 315 (Revised) is a limited revision of ISA 315. For these documents, the IAASB:
 - Approved the project proposal for the revision of ISA 610.⁴
 - Considered but did not find need to consult further (i.e., issue a consultation paper, or hold a public forum or roundtable, or to conduct a field test of the proposals) on the proposed revised ISAs.
 - Approved and issued an exposure draft of the proposed revised ISAs for public comment, together with an explanatory memorandum highlighting, amongst other matters, the significant proposals of the IAASB.
 - Considered an analysis of the significant issues raised by respondents on the exposure draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
 - Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Project Task Force, that they consider should be discussed; and
 - Amended the proposed revised ISAs accordingly.
 - Consulted with the IAASB Consultative Advisory Group (IAASB CAG) during the development of the proposed revised ISAs. In particular, the IAASB CAG was consulted on:
 - The proposal to start the project;
 - Significant issues relating to the development of the proposed revised ISAs; and
 - Significant issues raised in comment letters on the exposure draft of the proposed revised ISAs and the IAASB's related responses.

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the Project Task Force has reported back to the IAASB CAG the results of the IAASB's deliberations.

⁴ The project proposal contemplated that clarification of the question of how internal audit fits within the concept of internal control insofar as the internal control requirements in ISA 315 would be necessary. In proposing revisions to ISA 610, the IAASB agreed that a requirement for the auditor to make inquiries of the internal audit function was needed, and determined that this would be best placed in ISA 315. The IAASB also agreed that minor conforming amendments were needed to other ISAs for consistency.

Appendix II

Proposed ISRS 4410 (Revised)

1. Proposed ISRS 4410 (Revised) is a substantive revision of ISRS 4410.⁵ For this document, the IAASB:
 - Approved the project proposal for the revision of ISRS 4410.
 - Considered but did not find need to consult further (i.e., issue a consultation paper, or hold a public forum or roundtable, or to conduct a field test of the proposals) on the proposed revised ISRS.
 - Approved and issued an exposure draft for public comment, together with an explanatory memorandum highlighting, amongst other matters, the significant proposals of the IAASB.
 - Considered an analysis of the significant issues raised by respondents on the exposure draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by a respondents have, or have not, been accepted.
 - Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Project Task Force, that they consider should be discussed; and
 - Amended the proposed revised ISRS accordingly.
 - Consulted with the IAASB CAG during the development of the proposed revised ISRS. In particular, the IAASB CAG was consulted on:
 - The proposal to start the project;
 - Significant issues relating to the development of the proposed revised ISRS; and
 - Significant issues raised in comment letters on the exposure draft of the proposed revised ISRS and the IAASB's related response.

⁵ ISRS 4410, *Engagements to Compile Financial Statements*

Appendix III

Proposed IAASB Strategy and Work Program, 2012-2014

1. IFAC's Standards-Setting Public Interest Activity Committees' (PIAC) [Due Process and Working Procedures](#) outline what is required of the IAASB when setting its strategy and work program. Given that this project does not involve the revision or development of a Standard or Practice Statement, a formal project proposal was not developed.
2. In summary, for the proposed IAASB Strategy and Work Program, 2012-2014, the IAASB:
 - Approved and issued a survey questionnaire for public comment.
 - Approved and issued a consultation paper for public comment, highlighting, amongst other matters, the significant proposals of the IAASB.
 - Considered an analysis of the significant issues raised by respondents on the consultation paper, including the prioritization of projects identified in the consultation paper and respondents' suggestions of new projects.
 - Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Project Task Force, that they consider should be discussed; and
 - Amended the proposed Strategy and Work Program accordingly.
 - Consulted with the IAASB CAG during the development of the proposals. In particular, the IAASB CAG was consulted on:
 - The proposed survey questionnaire and plans for consultation;
 - Significant issues relating to the development of the proposals included in the consultation paper; and
 - Significant issues raised in comment letters on the consultation paper and the IAASB's related response, including the proposed projects to be included in the work program.