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**International Auditing and Assurance Standards Board  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York  
E-mail: [jamesgunn@iaasb.org](mailto:jamesgunn@iaasb.org)**

Dear Sir,

**COMMENTS ON EXPOSURE DRAFT – THE AUDITOR’S RESPONSIBILITIES  
RELATING TO OTHER INFORMATION**

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on Exposure Draft - proposed International Standard on Auditing (ISA) 720 (revised), the auditor’s responsibilities relating to other information.

We applaud the IAASB for re-exposing the proposed ISA after taking into account feedbacks which were received from respondents to ED-720 (2012). The Institute believes that the proposed ISA 720 (revised) would strengthen and clarify the auditor’s responsibilities with respect to other information. Further, there would be less subjectivity since the scope of the documents to be covered by ISA 720 has been clearly clarified (i.e. concept of an annual report).

The auditor should read and consider the other information so that credibility of the audited financial statements could not be undermined by material inconsistencies between the audited financial statements and other information. Further the proposed ISA would assist the auditor in complying with relevant ethical requirements that require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.

We look forward to have a clear and understandable ISA regarding the auditor's obligations with respect to the other information in the context of the audit of the financial statements.

The Institute deliberated the exposure draft and our responses to specific questions are as follows:

### **Question 1**

Whether, in your view, the stated objectives, the scope and definitions, and the requirements addressing the auditor's work effort (together with related introductory, application and other explanatory material) in the proposed ISA adequately describe and set forth appropriate responsibilities for the auditor in relation to other information.

#### **Comment**

In our view the proposed ISA has clearly articulated the auditor's objectives, the scope of documents covered, and the required work effort expected from the auditor. Paragraph 2 of the proposed standard has clearly stated that "The auditor's opinion on the financial statements does not cover the other information, nor does this ISA require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements".

The auditor should read and consider the other information because other information that is materially inconsistent with the financial statements or the auditor's knowledge obtained during the course of the audit may indicate that there is a material misstatement of the financial statements or that a material misstatement of the other information exists, either of which may undermine the credibility of the financial statements and the auditor's report thereon.

### **Question 2**

Whether, in your view, the proposals in the ISA are capable of being consistently interpreted and applied.

#### **Comment**

We do believe that the proposals in the ISA are capable of being consistently interpreted and applied. The proposed concept of an annual report is well understood in our country (Zambia) and therefore the definition in the proposed standard should be capable of being easily applied.

The new focus on annual reports as the basis for the definition of other information removes much of that subjectivity and provides an appropriate basis for the auditor to exercise judgment in determining what information should be considered as other information.

The Institute also agrees that the preliminary announcements of financial information and securities offering documents (including prospectuses) should be excluded from the scope of the ISA.

### **Question 3**

Whether, in your view, the proposed auditor reporting requirements result in effective communication to users about the auditor's work relating to other information.

#### **Comment**

We believe the proposed auditor reporting requirements would result in effective communication to users about the auditor's work relating to other information.

Paragraph 8 of the proposed standard has clearly stated that "The auditor's responsibilities under this ISA do not constitute an assurance engagement on other information or impose an obligation on the auditor to obtain assurance about the other information". Therefore the level of work expected has been clearer stated.

We also support the proposed requirement that, when the auditor has obtained other information prior to the date of the auditor's report, the auditor shall include a separate section in the auditor's report addressing other information.

### **Question 4**

Whether you agree with the IAASB's conclusion to require the auditor to read and consider other information only obtained after the date of the auditor's report, but not to require identification of such other information in the auditor's report or subsequent reporting on such other information.

#### **Comment**

We do agree with the IAASB's conclusion to require the auditor to read and consider other information only obtained after the date of the auditor's report, but not to require identification of such other information in the auditor's report or subsequent reporting on such other information.

The re-issuance or amendment of the auditor's report could carry with it an elevated risk of implying that assurance had been obtained on the other information.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Chansa A. Chiteba

**Director Standards and Regulation**