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Your Ref: Comment letter on ISA 720 (Revised)
- The Auditor's Responsibilities Relating to Other Information
- Proposed Consequential and Conforming Amendments to Other ISAs

Dear Sir.

Thank you for giving us the opportunity to comment on your Proposed International Standard on Auditing (ISA) 720 (Revised) "The Auditor's Responsibilities Relating to Other Information" and Proposed Consequential and Conforming Amendments to Other ISAs.

I broadly support your proposed ISA. I believe that defining the scope of other information by reference to information included in an entity's "annual report", and extending the auditor's responsibilities to include reading and considering the other information for consistency between the other information and the financial statements or with the auditor's understanding of the entity and the environment acquired during the course of the audit will help to reduce the expectations gap and the perceptions gap that were highlighted during your consultations on Enhancing the Value of Auditor Reporting¹ and Improving the Auditor's Report. Managing users' expectations regarding the scope and role of the auditor with respect to the other information is a first step. Clarifying the obligations of the auditor in respect of the other information is the second.

¹ See paragraphs 15 and 16 of the IAASB Consultation Paper "Enhancing the Value of Auditor Reporting: Exploring Options for Change", May 2011. The key to mitigating the expectations gap and the perceptions gap is clear and honest communication about the extent of the auditor's role, and the extent of the procedures, tasks and general work involved in carrying out that role. Users would then be able to better appreciate the completeness of the auditor's investigative work, and would therefore give greater credence to the auditor's views and opinions. With respect to the other information, as a minimum the auditor should be required to mention any qualifications, omissions or other problems thereon.

Answers to specific questions raised by the IAASB

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.

Yes, I support that the scope, objectives, definitions, requirements and examples adequately describe and set forth appropriate responsibilities for the auditor in relation to other information.

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

There is a trade off in consistency between a principles-based and a rules-based approach. In my view the proposals in the ISA are workable and capable of being consistently applied.

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.

Yes, the proposed auditor reporting requirements are clear and should result in effective communication to users.

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.

I agree with this reasonable and practicable approach.

Yours faithfully

C.R. Barnard

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