



441 G St. N.W.
Washington, DC 20548

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Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York 10017

International Auditing and Assurance Standards Board's May 2014 Exposure Draft, *Proposed Changes to the International Standards on Auditing (ISAs) - Addressing Disclosures in the Audit of Financial Statements*

This letter provides the U.S. Government Accountability Office's (GAO) comments on the International Auditing and Assurance Standards Board's (IAASB) May 2014 exposure draft entitled *Proposed Changes to the International Standards on Auditing (ISAs) – Addressing Disclosures in the Audit of Financial Statements*.

We support the IAASB's efforts to clarify the auditor's responsibilities related to auditing financial statement disclosures. GAO's comments on specific matters, which were requested by the board, are provided below for the board's consideration.

Comments on Specific Matters Requested by the Board

1. Whether, in your view, the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and, thereby, will further support the proper application of current requirements in the ISAs?

We believe the proposed changes are appropriate and sufficient and will enhance the focus of the auditor on disclosures.

2. Are there any specific areas where, in your view, additional enhancement to either the requirements or guidance of the ISAs would be necessary for purposes of effective auditing of disclosures as part of a financial statement audit?


We believe the proposed changes provide the requirements and guidance necessary for purposes of effective auditing of disclosures as part of a financial statement audit.

3. Whether, in your view, the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures?

We believe that the proposed changes will help to emphasize the need to integrate work on auditing disclosures earlier and throughout the audit. The auditor, however, relies on management to deliver those disclosures in sufficient time for the auditor to perform these procedures. While this is briefly mentioned in the engagement letter, we encourage the IAASB

to include further application material emphasizing the importance of including an assessment of management's controls for assuring the timely preparation of significant disclosures as part of the auditor's risk assessment procedures.

We thank you for considering our comments on these important issues and we would be pleased to clarify our response to the exposure draft or contribute to the development of any new guidance on auditing disclosures.

A handwritten signature in black ink, appearing to read "James R. Dalkin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James. R. Dalkin
Director
Financial Management and Assurance