

Ref #475744

18 July 2014

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

Dear Ms Healy

SAICA ASSURANCE GUIDANCE COMMITTEE (AGC) SUBMISSION ON THE EXPOSURE DRAFT ON ISA 720 (REVISED), *THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION IN DOCUMENTS CONTAINING OR ACCOMPANYING AUDITED FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT THEREON*

In response to your request for comments on the *Exposure Draft on ISA 720 (Revised)*, attached is the comment letter prepared by The South African Institute of Chartered Accountants (SAICA).

Our comments are divided into the following sections:

- Appendix A - Responses to confirm whether previous comments on ED issued during November 2012 were addressed.
- Appendix B - Responses to specific request for comments
- Appendix B - Comments on the general matters

We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely,

Tshegofaco Rametsi
Project Director – Financial Services Regulatory
SAICA Standards

cc: Muneer Hassan (SAICA Senior Executive: Standards)
Edwin Selbst (Chairman: SAICA AGC)

APPENDIX A

RESPONSE TO CONFIRM WHETHER PREVIOUS COMMENTS ON ED ISSUED DURING NOVEMBER 2012 WERE ADDRESSED

NO	SAICA Response to the IAASB Original Proposal (November 2012)	Response to confirm if comments/feedback on the IAASB re-proposal (April 2014)
1.	<p><i>Question: Do respondents agree that there is a need to strengthen the auditor's responsibilities with respect to other information? In particular do respondents believe that extending the auditor's responsibilities with respect to the other information reflects costs and benefits appropriately and is in the public interest?</i></p> <p><u>Response:</u></p> <ul style="list-style-type: none"> ○ <i>Need to strengthen the auditor's responsibilities with respect to other information</i> Yes, there is a need to strengthen the responsibility of the auditor regarding other information in documents containing audited financial statements due to the significant changes in the reporting environment and the fact that the users of the financial statements are starting to place more reliance on the "other information". With sustainability reporting featuring prominently, where management often makes bold statements or estimates data without using appropriate and calculated assumptions. However the word "strengthen" might not be the correct term to use in this regard as "extending" or "clarifying" the auditor's responsibility would be better suited as the responsibilities in terms of the current ISA 720 and the proposed ISA 720 are quite different. Further, SAICA is 	<p><i>Findings in the proposed ISA 720 (revised)(2014)</i></p> <p>There is no need to make changes to the Exposure draft with regard to our previous comment under paragraph "need to strengthen the auditor's responsibilities with respect to other information" HOWEVER our comments regarding "costs involved for auditors in complying with the requirements" still apply.</p> <p>We believe that IAASB should provide more clarity in paragraph 14(c) and A33 in the Proposed ISA 720 (revised) to clarify what is expected from the auditor with regard to the requirement "<i>Remain alert for other indications that the other information appears to be materially misstated</i>".</p>

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	<p>concerned that the Proposed Standard will widen the expectation gap by suggesting that the work performed by the auditor provides some level of assurance on other information, which is not the circumstance under either extant ISA 720 or the Proposed Standard.</p> <ul style="list-style-type: none"> ○ <i>Extension of the auditor’s responsibilities with respect to other information and whether it reflects the costs and benefits appropriately and is in public interest</i> <p>It seems that the costs involved for auditors in complying with the requirements of the proposed ISA might be more than intended by the IAASB. This would be due to the extent of work that would be required to comply with the objectives of the revised ISA, the fact that more senior personnel would have to be involved in performing the work (as suggested by the revised ISA in paragraph A33) and the unclear scope of when the auditor’s responsibility with regards to the other information ends.</p>	
2.	<p><u>Question:</u> <i>Do respondents agree that broadening the scope of the proposed ISA to include documents that accompany the audited financial statements and the auditor’s report thereon is appropriate?</i></p> <p><u>Response:</u> Yes, it is appropriate to broaden the scope of the proposed ISA to include documents that accompany the financial statements; however clearer boundaries should be set regarding what documents the auditors are expected to look at. Thus the terms “accompanying” and “primary purpose” need to be clearly defined. We propose that the scope of documents should be determined in</p>	<p><i>Findings in the proposed ISA 720 (revised)(2014)</i></p> <p>We believe that the scope in the proposed ISA have been broadened significantly, however, paragraph A3 lists examples of reports that, when <u>issued separately</u>, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and are therefore, not other information within the scope of this ISA.</p>

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	<p>consultation with management prior to the start of the engagement and included within the engagement letter to ensure all parties are in agreement about which documents are in scope.</p> <p>Further, to ensure that users understand which documents the auditor devoted attention to, in an effort to increase transparency, we believe that the auditor's report should include a description of the documents within scope and specify which documents were available prior to the audit report and read and considered for consistency.</p>	<p>We propose that the IAASB clarify what is meant by "issued separately".</p> <p>Although paragraph A3 states that these reports are not other information within the scope of this ISA, however we believe that paragraph 14(c) scopes in these reports indirectly, with the requirement to "<i>Remain alert for other indications that the other information appears to be materially misstated.</i>"</p>
3.	<p><u>Question:</u> <i>Do respondents find the concept of initial release clear and understandable? In particular, is it clear that initial release may be different from the date the financial statements are issued as defined in ISA 560?</i></p> <p><u>Response:</u> No the concept of "initial release" is unclear and it may become very difficult to interpret this concept in complex situations or where there are multiple releases. There may be a different interpretation as to what the proposed ISA states an "initial release" is, and how the audit teams interpret it. Furthermore we understand that the "initial release" date as per the proposed ISA may differ from the "issue date" as per ISA 560. However consistent terms between the different ISA's will cause less confusion. Also the "cut off" date for the auditor's responsibility in terms of the proposed ISA and ISA 560 is unclear i.e. When does the work that has to be performed on the other information ever end in terms of ISA 560. It is unclear whether other</p>	<p>ED-720 (2012) defined the scope of other information to be addressed by the auditor by reference to the purpose of the documents, and by way of certain new concepts such as "accompanying documents" and "initial release."</p> <p>The IAASB was requested to reconsider its approach as, among other concerns, it was seen as being overly complex to apply and would place an open-ended obligation on the auditor with no time limit on which documents would be included in scope.</p> <p><i>Findings in the proposed ISA 720 (revised)(2014) –</i></p> <p>Initial release concept no longer used in Re-proposed standards.</p>

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	information that is subsequently loaded onto the client's website is included in the scope of the proposed ISA.	
4.	<p><i><u>Question:</u> Do respondents agree that the limited circumstances in which a securities offering document would be in scope (e.g., initial release of the audited financial statements in an initial public offering) are appropriate or should securities offering documents simply be scoped out? If other information in a securities offering document is scoped into the requirements of the proposed ISA in these circumstances, would this be duplicating or conflicting with procedures the auditor may otherwise be required to perform pursuant to national requirements?</i></p> <p><i><u>Response:</u> We believe that initial public offering documents should be scoped out of the Proposed Standard, as we believe there are laws and regulations set out at the national level that address such matters</i></p>	<ul style="list-style-type: none"> • The proposed ISA 720 (Revised) excludes preliminary announcements of financial information and securities offering documents (including prospectuses) from the scope of the ISA. • The IAASB reaffirmed its view of the appropriateness of this decision, taking into account feedback from respondents noting that national law or regulation typically addresses the auditor's responsibilities in relation to these documents and that there is potential for significant conflict with such law or regulation. <p><i>Findings in the proposed ISA 720 (revised)(2014) –</i> Re-proposal consistent with our comment.</p>
5.	<p><i><u>Question:</u> Do respondents consider that the objectives of the proposed ISA are appropriate and clear? In particular:</i></p> <p>a. <i>Do respondents believe that the phrase "in light of the auditor's understanding of the entity and its environment acquired during the audit" is understandable for the auditor? In particular, do the requirements and guidance in the proposed ISA help the auditor to understand what it means to read and consider in light of the auditor's understanding of the entity and its environment acquired</i></p>	<p><i>Findings in the proposed ISA 720 (revised)(2014)</i></p> <p>We believe that the revised objectives are clearer in the proposed ISA 720 (revised); HOWEVER, as we have already indicated above, paragraph 14(c) is in conflict with the objectives, based on its requirement to "Remain alert for other indications that the other information appears to be materially</p>

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	<p><i>during the course of the audit?</i></p> <p>b. <i>Do respondents believe it is clear that the auditor’s responsibilities include reading and considering the other information for consistency with the audited financial statements?</i></p> <p><u>Response:</u></p> <p>a. It would be clearer to state the following in paragraph 11 and all other paragraphs referring to the auditor’s understanding:</p> <p>“The auditor shall read and consider the other information based on the auditor’s understanding of the entity and its environment acquired during the course of the audit and which relates to the audit of the financial statements.”</p> <p>We believe that the proposed wording would better convey that the proposed Standard does not require the auditor to gain additional understanding of the entity and its environment, other than that related to the audit of the financial statements.</p> <p><i>In particular, do the requirements and guidance in the proposed ISA help the auditor to understand what it means to read and consider in light of the auditor’s understanding of the entity and its environment acquired during the course of the audit?</i></p> <p>b. Yes, if read in conjunction with the “Application and Other Explanatory Material”, especially paragraph A37. However the</p>	<p><i>misstated”.</i></p> <p>Furthermore, we recommend the use of professional scepticism by auditors in this regard.</p>

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	<p>extent of the work performed in reading and considering the other information will be subject to the auditor's judgment, as the Application Guidance gives suggested procedures. Thus audit teams need to use their professional judgment to determine the nature and extent of the procedures to be performed on the other information.</p>	
6.	<p><i><u>Question:</u> Do respondents agree that the definitions of terms of "inconsistency" including the concept of omissions and a material inconsistency in the other information are appropriate?</i></p> <p><i><u>Response:</u></i> We do not believe the definitions of the terms "inconsistency" including the concepts of omissions and "a material inconsistency" in other information are appropriate as set out in paragraph 9 of the Proposed Standard. The first part of the definition of an inconsistency explains that "an inconsistency exists when the other information contains information that is incorrect, unreasonable or inappropriate." While it is clear when other information may be incorrect, it is less clear when information may be unreasonable or inappropriate. These criteria are extremely subjective, and it would be difficult for an auditor to assess whether other information was unreasonable or inappropriate with any degree of certainty or consistency except in the most extreme circumstances. Further, the subjective nature of what may or may not be unreasonable or inappropriate could very easily result in disagreements between management and the auditor, based on the different perspectives of each and the different levels of understanding of different aspects of the entity and its environment. We do not believe such discussions would benefit users in any meaningful way, and for</p>	<p>The Explanatory Paragraph 26 in the Proposed ISA 720 (Revised) requires "the auditor to consider whether there is a material inconsistency between the other information and the financial statements or the auditor's knowledge obtained during the course of the audit". The term "inconsistency" is not defined, allowing it to take its ordinary dictionary meaning of "an element not being compatible with another fact or claim" or "not in keeping with."</p> <p><i>Findings in the proposed ISA 720 (revised)(2014):</i></p> <p>The definition of inconsistency has been revised to ordinary meaning addresses our concerns.</p>

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	<p>this reason do not agree with including the concepts of other information being unreasonable or inappropriate in the Proposed Standard.</p> <p>The second part of the definition of an inconsistency explains that an inconsistency exists when “other information is presented in a way that omits or obscures information that is necessary to properly understand the matter being addressed in the other information.” We believe this concept is also difficult to implement on a consistent basis. While in the extreme, an auditor would be able to make this assessment; however, in many instances, the auditor would not have a sufficient basis to make such an assessment. Moreover, including this concept would inappropriately place the responsibility for determining the completeness of the other information on the auditor, when it more appropriately belongs to management.</p> <p>The last part of the definition states “an inconsistency in the other information is material if it could reasonably be expected to influence the economic decisions of the users for whom the auditor’s report is prepared taken on the basis of the audited financial statements and the other information as a whole.” However, it is unreasonable to expect the auditor to determine a materiality threshold for other information such that inconsistencies in other information above such a threshold would influence the economic decisions of users. We believe extant ISA 720 better explains a material inconsistency in terms of the audited financial statements as “an inconsistency that raises doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor’s opinion on the financial</p>	

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	statements.” Similarly, we believe the guidance in paragraph A3 that explains that in the public sector, an inconsistency could be material if it could reasonably be expected to influence non-economic decisions of the intended users, such as changes in public policy and direction, is a subjective determination that would be inappropriate for the auditor to make.	
7.	<p><i><u>Question:</u> Do respondents believe that users of auditors’ reports will understand that an inconsistency relates to an inaccuracy in the other information as described in (a) and (b) of the definition, based on reading and considering the other information in light of the auditor’s understanding of the entity and its environment acquired during the course of the audit?</i></p> <p><i><u>Response:</u> The “term inconsistency” may not be clear to the users of the auditor’s report as the term is open to broad interpretation by the users, as there is no clear definition. Expansion on what constitutes an inconsistency may need to be included in the audit report paragraph dealing with the other information.</i></p>	<p><i>Findings in the proposed ISA 720 (revised)(2014) -</i></p> <p>Refer to our comments under point 6 above.</p>
8.	<p><i><u>Question:</u> Do respondents agree with the approach taken in the proposed ISA regarding the nature and extent of the auditor’s work with respect to the other information? In particular:</i></p> <p><i>a. Do respondents believe the principles-based approach for determining the extent of work the auditor is expected to undertake when reading and considering the other information is appropriate?</i></p> <p><i>b. Do respondents believe the categories of other information in</i></p>	<p><i>Findings in the proposed ISA 720 (revised)(2014) -</i></p> <p>Changes have been made to the proposed ISA 720 (revised) such that the limited procedures to be performed are directed only to other information compared to the financial statements. And the limited procedures described in the application guidance have been revised from the original</p>

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	<p><i>paragraph A37 and the guidance for the nature and extent of the work effort for each category are appropriate?</i></p> <p>c. <i>Do respondents agree that the work effort is at the expected level and does not extend the scope of the audit beyond that necessary for the auditor to express an opinion on the financial statements?</i></p> <p><u>Response:</u></p> <p>a. Yes, we support the principles-based approach for determining the extent of work the auditor is expected to undertake when reading and considering the other information, especially given the diversity in jurisdictional approaches to the types of other information and the manner in which it is communicated to the various stakeholders</p> <p>b. Yes, the categories of the other information in the “Application and Other Material” are appropriate and useful.</p> <p>c. It is understood that the expected work effort in terms of the proposed ISA does not extend the scope of work that the auditor needs to perform to express an opinion on the financial statements, however it will lead to more work that the auditor has to perform on the other information to make sure that he meets all of the responsibilities as set out in the proposed ISA. There will be practical issues and extra costs involved where the auditor only receives the other information after the date of the audit opinion, as there may be more work to be performed in terms of ISA 560.</p>	<p>proposal to emphasize that any limited procedures are based on auditor judgment.</p>

9.	<p><u>Question:</u> <i>Do respondents believe that the examples of qualitative and quantitative information included in the Appendix in the proposed ISA are helpful?</i></p> <p><u>Response:</u> Yes, the examples of qualitative and quantitative information included in the Appendix of the proposed ISA are helpful.</p>	<p><i>Findings in the proposed ISA 720 (revised)(2014) -</i></p> <p>No change made to address our comment.</p> <p>We believe the examples of qualitative and quantitative information included in the Appendix are helpful, but believe that the introduction to the Appendix should be given appropriate context to ensure that the list does not become a “tick box” exercise of items within scope, regardless of the specific circumstances of the audit. In addition, certain of the examples do not seem to be directly related to financial matters (i.e., general descriptions of the business environment and outlook, overview of strategy, and a summary of significant operating developments by country).</p> <p>The fact that the same document could be regarded differently in different jurisdictions should perhaps be clarified in the proposed standard and it should be stated that determining whether a document is within the scope of the proposed standard, is a matter of professional judgement.</p>
10.	<p><u>Question:</u> <i>Do respondents believe it is clear in the proposed requirements what the auditor’s <u>Response</u> should be if the auditor discovers that the auditor’s prior understanding of the entity and its environment acquired during the audit was incorrect or incomplete?</i></p> <p><u>Response:</u> Yes it is clear. However more guidance is needed on what</p>	<p><i>Findings in the proposed ISA 720 (revised)(2014) –</i></p> <p>Paragraph 30 to 32 in the proposed ISA addresses our comments.</p>

	<p>course of action is available to the auditor if the other information was only received after the date of the audit report, and the auditor then discovers that the prior understanding of the entity and its environment acquired during the audit was incorrect or incomplete.</p>	
<p>11.</p>	<p><u>Question:</u> <i>With respect to reporting:</i></p> <p>a. <i>Do respondents believe that the terminology (in particular, “read and consider,” “in light of our understanding of the entity and its environment acquired during our audit,” and “material inconsistencies”) used in the statement to be included in the auditor’s report under the proposed ISA is clear and understandable for users of the auditor’s report?</i></p> <p>b. <i>Do respondents believe it is clear that the conclusion that states “no audit opinion or review conclusion” properly conveys that there is no assurance being expressed with respect to the other information?</i></p> <p><u>Response:</u></p> <p>a. It will be unclear to the users of the audit report precisely what work was completed on the other information and what assurance the auditor is providing them. This might be open to user interpretation and could result in misunderstandings. Furthermore the work to be performed in the proposed ISA is subjective and based on the auditor’s judgment, thus there might be inconsistencies between the audit work performed by different audit teams and thus “read and consider” might not be appropriate to describe to users what work has been performed on the other information. We suggest that a more detailed description on the extent of work performed by us, as well as the results is included in the report.</p> <p>b. The statement should be further clarified to specifically state that no</p>	<p><i>Findings in the proposed ISA 720 (revised)(2014)</i></p> <p>We believe that our concerns were addressed; HOWEVER, we need more clarity on paragraph 14(c) as indicated above. We believe that you can only consider other information in the context of the audited annual financial statements.</p> <p>IAASB should also confirm whether the auditor should use the same materiality applied on the audit of financial statements to the other information.</p>

	<p>assurance is given over the other information. Users can still interpret “no audit opinion or review conclusion” to convey some sort of assurance, given that the statement is included in the audit report, which gives an assurance over the financial statements.</p>	
12.	<p><u>Question:</u> <i>Do respondents believe that the level of assurance being provided with respect to other information is appropriate? If not, what type of engagement would provide such assurance?</i></p> <p><u>Response:</u> The proposed ISA currently states that no assurance is given over the other information, with which we agree. However this might not meet the needs of the users in terms of other information, as they would like to have some assurance that is correct and accurate.</p>	<p><i>Findings in the proposed ISA 720 (revised)(2014) –</i></p> <p>There were no changes made to the proposed revised ISA 720 to address our comment.</p>

APPENDIX B

RESPONSES TO SPECIFIC REQUEST FOR COMMENTS

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.*

Response: In addition to our responses in Appendix A:

- Paragraph 6, in the scope section, states that the auditor's responsibilities (other than reporting responsibilities) apply prior to, or after, the date of the auditor's report. There is no such explicit statement in the requirements section. We recommend that the application guidance to paragraph 13 reinforcing the scope be included. Responsibilities for Other Information after the date of the auditor's report should be a more prominent aspect of the requirements section.
- We agree with elimination of the definition of "inconsistency" and for the term "inconsistency" as used in the re-proposed standard to have its ordinary dictionary meaning.
- What does it mean to "issue separately" as indicated in paragraph A3? This may not always be clear and workable in today's electronic age. We would recommend stating that if the documents are clearly distinguishable (either in electronic form or in the traditional bound report) they would be considered as issued separately.
- Documentation (paragraph 24) – there is guidance around documentation of procedures performed. We believe that the expectations regarding the documentation responsibilities of the auditor should be clarified and that there should be a clearer link between Proposed ISA 720 (Revised), ISA 230 and ISQC 1).

IAASB should also clarify how the auditor should document work performed under paragraph A33 and also to expand paragraph 24 to demonstrate "read and consider" in the situation where the auditor reported on the inconsistency noted.

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

Response:

The proposals in the ISA may be applied consistently in most instances but we recommend the following changes:

- In paragraph 21 of the proposed standard, it states: “*When the auditor has obtained the final version of all or part of the other information.....*”
We believe the words “all or part of” should be replaced with “any”. The current wording could confuse practitioners as to what “a part of” other information consists of. We believe the intention was that even if only one document is obtained by the auditor, the proposed standard and the requirements thereof would be applicable.
- Furthermore, there should be a link in paragraph 21 to paragraph A49 of the proposed ISA. The IAASB should also include an example in paragraph A49 to clarify this.
- The IAASB should also provide guidance on what the auditors should do in these cases:
 - where there are contradictions in the other information in the published annual report after the audit report has been issued.
 - where there are inconsistencies between other information in the annual report and other information in the market.
 - where management has included information about the business plans of which the auditor knows it to be false.
- In the situation where a material misstatement in the other information is noted after the issue of the audit report, and management refuses to correct this, paragraph A45 indicates that appropriate action by the auditor may be to reissue the auditor’s report to include a modified statement as per paragraph 21(d)(ii) of the proposed standard. We believe that it would be inappropriate for some auditors in this situation to do this and others to not do this, due to the fact that this is not a requirement of the standard, but a suggested procedure. We therefore ask the IAASB to deliberate and either remove this suggested procedure from the standard or to make it a mandatory requirement. If management refuses to correct a material misstatement in other information discovered after the date of the audit report, we believe it is highly unlikely that the practitioner will be able to conclude that this will not have an effect on our assessment of the integrity of management (and therefore possibly on the audit opinion issued). Therefore, at least, the auditor should reissue the audit report and include the modified statement as per paragraph 21(d)(ii) of the proposed standard.
- Paragraph A14 refers to document for which management is unable to confirm the timing or purpose and therefore the document is not considered other information for purposes of the proposed standard. We believe that this paragraph could be abused by management or practitioners to avoid complying with the requirements of the proposed standard and should be removed from the proposed standard.
- We believe that paragraph A26 is a repetition of the last bullet point of paragraph A23 and can be removed from the proposed standard.

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.*

Response:

- Paragraph A16 refers to the situation where other information is made available to users only via the entity's website. However, we do question how the practitioner will identify the other information document to the users of the audit report, if the practitioner performs his audit procedures on the version obtained from the entity, rather than directly from the entity's website. Therefore the version that the practitioner performed his procedures on and the version on the website when the other information document is issued to the users might not correspond.
 - We recommend that paragraph A47 be elevated to "essential application guidance" and including it in requirement paragraph 21. Clearly articulate circumstances when an auditor is not required to have a section in auditor's report.
 - The user of the audit report may infer that the version of the annual report on an entity's website is the final version, in this case what evidence the auditor should have on what the latest version is. The IAASB should provide guidance in this regard.
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.*

Response: Yes, we do agree with this approach.

APPENDIX C

COMMENTS ON THE GENERAL MATTERS

- a) *Preparers (including Small- and Medium-Sized Entities (SMEs)), and users (including Regulators)* — The IAASB invites comments on the proposed ISA from preparers (particularly with respect to the practical impacts of the proposed ISA), and users (particularly with respect to the reporting aspects of the proposed ISA).

Response: No comments.

- b) *Developing Nations* — Recognising that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposed ISA, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

Response: No comments.

- c) *Translations* — Recognising that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed ISA.

Response: No comments.

- d) *Effective Date* — Recognising that the proposed ISA results in changes to the auditor's report, the IAASB believes that to the extent possible, the effective date should be aligned with that of the IAASB's Auditor Reporting project. Accordingly, the IAASB believes that an appropriate effective date for the standard would be 12 – 15 months after issuance of the final standard, but may be longer or shorter to align with the effective date of the revisions arising from the auditor reporting project. Earlier application would be permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISA.

Response: Yes, we agree with the proposed effective date and that it should be aligned to that effective date of the IAASB's Auditor Reporting project.