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Dear Kathleen,

### Exposure Draft: Proposed International Standard on Auditing 720 (Revised)

The UK National Audit Office (NAO) is pleased to comment on the above exposure draft. The NAO, on behalf of the Comptroller and Auditor General, carries out the external audit of all UK central government departments and a wide range of other UK and international public bodies.

The National Audit Office applies ISAs (UK and Ireland) issued by the UK Financial Reporting Council and therefore would be affected by any changes to ISAs that are adopted in the UK.

Our overall view is that this exposure draft deals with the concerns we had over the terminology used in the previous exposure draft, which we considered was unclear.

Our responses to the detailed questions set out in the exposure draft can be found in the enclosed annex.

If you have any queries in relation to the content of this submission, please feel free to contact me.

Yours sincerely

**Maggie McGhee**

Director General, Quality Assurance

## Detailed responses to questions

The IAASB seeks comments on the following specific matters:

**1. Whether, in our 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.**

We believe the objectives, scope, definitions and requirements adequately describe and set forth appropriate responsibilities for the auditor in relation to other information.

In our context as a Supreme Audit Institution, we would consider it good practice for individual audit teams to consider wider knowledge we have about the entity from all our work streams (including performance audit) when considering whether the other information is materially misstated, rather than solely the information obtained during the audit of the financial statements.

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

Our view is that the proposals are capable of being consistently interpreted and applied. The exposure draft is clear (in paragraph A24 in particular) that the determination of the procedures to be applied is a matter of professional judgement and that a "one size fits all" approach cannot be taken.

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

We do not believe that expressing a negative opinion (e.g. "We have nothing to report in this respect") adds any value to the auditor's report and would prefer reporting by exception only. However the reporting arrangements are not problematic.

**4. Whether we 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.**

We agree with the IAASB's conclusion in this respect.