

IAASB CAG PAPER



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

Agenda Item

F.1

Committee: IAASB Consultative Advisory Group

Meeting Location: London

Meeting Date: September 20-21, 2007

IAASB Clarity Project – Report Back and Update

Objectives of Agenda Item

1. At the April 2-3, 2007 IAASB CAG meeting, Representatives discussed the following:
 - Draft proposed ISA 200 (Revised and Redrafted), “Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing.”
 - The application to date of the IAASB’s Clarity conventions to the ISAs.
 - Matters relating to proposed redrafted ISAs discussed by the IAASB at its February 2007 meeting, and proposed redrafted ISA scheduled for discussion by the IAASB at its April 2007 meeting.
2. The objectives of this Agenda Item are:
 - To provide a brief report back on the proposals of Representatives on the IAASB Clarity projects discussed at the April 2-3, 2007 CAG meeting.
 - To provide a brief update on the status of the IAASB Clarity project.

Report Back – April 2-3, 2007 CAG Proposals

3. Below are extracts from the minutes of the April 2-3, 2007 CAG meeting¹ related to the discussions on IAASB’s Clarity projects, and an indication of how the IAASB Task Forces or the IAASB responded to the Representatives’ comments.

Representatives’ comments	IAASB Task Force/IAASB response
<i>Proposed ISA 200 (Revised and Redrafted)</i>	
Sixteen of the Representatives present at the meeting indicated objection to the use of the phrase “aim to achieve” in the obligation attaching to objectives. The Representative commented as follows:	The Task Force and IAASB acknowledged the concerns raised by the Representatives, in particular that the wording ‘aim to achieve’ may suggest that the actual achievement of the objectives might be

¹ The minutes will be approved at the September 2007 IAASB CAG meeting.

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Representatives' comments	IAASB Task Force/IAASB response
<ul style="list-style-type: none"> •difficult to understand the effect of the 'aim to' wording, and ...it weakens the obligation....[it] adds an unnecessary layer of 'softness' that might be misinterpreted. • the obligation could suggest to auditors that it is acceptable to not achieve an objective yet still assert that the overall objective of the auditor has been achieved. If this is the case, it may lead some auditors to choose to achieve only some, but not all, of the objectives. Further ... the ISA is unclear about the consequences if an objective is not achieved....it is imperative that the ISA explain what is required of the auditor with respect to individual objectives not achieved. • ...an objective is an absolute and that the wording of the obligation should reflect this (i.e., 'shall' or 'must' wording should be used). [On the other hand, however, it was noted that]...words 'must' or 'shall' are absolute terms, and one cannot subsequently qualify them.....the phrase 'aim to achieve' is appropriate taking into account the fact that concepts such as reasonable assurance and the inherent limitations of an audit underpin an audit conducted in accordance with ISAs. 	<p>optional. This impression was not intended by the IAASB and, accordingly, the obligation has been clarified as follows:</p> <p>“To achieve the overall objective of the auditor, the auditor shall use the objectives stated in relevant ISAs to judge whether, having regard to the interrelationships amongst the ISAs and having complied with the requirements of the ISAs:</p> <ol style="list-style-type: none"> (a) Sufficient appropriate audit evidence has been obtained in the context of the overall objective of the auditor; and (b) Other audit procedures need to be performed in pursuance of the objectives ...” Refer to paragraph 24 of ED ISA 200 (Revised and Redrafted) <p>The consequence of a failure to achieve an objective in a relevant ISA is unchanged in principle from the amended Preface. However, the wording 'has not been or cannot be achieved' has been changed to 'cannot be achieved,' in response to the comments of the Representatives. In addition, proposed ISA 200 (Revised and Redrafted) makes clear that in most cases the failure to achieve an objective will prevent the achievement of the overall objective of the auditor. This reflects the fact that the objectives stated in the majority of the ISAs are clearly related to the overall objective of the auditor.</p> <p>The IAASB reconfirmed its view that the auditor cannot be subjected to an absolute obligation to achieve an objective, because of the inherent nature of an objective and the possibility that there may be circumstances that prevent its achievement. However, the IAASB accepted that it must be clear that the auditor shall either achieve the objectives or, where in the circumstances this is not possible, take appropriate action. The IAASB believes that the proposed ISA achieves this.</p>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Representatives' comments	IAASB Task Force/IAASB response
<ul style="list-style-type: none"> ...the obligation could be enhanced by explaining how the auditor should achieve the objectives. This could be accomplished by, for example, bringing forward the requirement in proposed ISA 200 (Revised and Redrafted) for the auditor to obtain sufficient appropriate audit evidence. ...something could be added to the ISA to draw the auditor's attention to [the] fact [that].... the failure to achieve an objective represents a significant matter arising from the audit that requires documentation under proposed ISA 230 (Redrafted), "Audit Documentation." 	<p>The Task Force and IAASB agree with the suggestion and, accordingly, the requirement for the auditor to obtain sufficient appropriate audit evidence has been brought forward within the Requirements section. Refer to paragraph 19 of ED ISA 200 (Revised and Redrafted)</p> <p>The Task Force and IAASB agree with the observation and, accordingly, the proposed ISA makes clear that the failure to achieve an objective represents a significant matter requiring documentation in accordance with proposed ISA 230 (Redrafted), "Audit Documentation." Refer to paragraph 25 of ED ISA 200 (Revised and Redrafted)</p>
<p>Referring to the inherent limitations of an audit [and a draft paper prepared by FEE for the EC thereon], Mr. Johnson ... noted...the need to view the expertise and professional judgment of the auditor as matters that mitigate, to some degree, the inherent limitations of an audit.... that revised ISA 200 could address further the sources of general inherent limitations and the degree of control that an auditor can exercise over these, and the degree to which the auditor can mitigate them....[and that] revised ISA 200 ought to include an explanation of the distinction between general categories of inherent limitations and specific inherent limitations.</p>	<p>The Task Force and IAASB are satisfied that proposed ISA 200 (Revised and Redrafted) presents a reasonably complete and understandable discussion of the inherent limitations of an audit. Although the IAASB accepts that more could be said about the subject from a technical perspective, it believes that the ISA strikes an appropriate balance between content and readability. The IAASB is also satisfied that the material in the proposed ISA relating to the importance of professional judgment and the distinction between general categories of limitation and specific limitations are sufficient for purposes of the ISAs. Refer to paragraphs A19 and A28-A40 of ED ISA 200 (Revised and Redrafted)</p>
<p>Mr. Rabine was of the view that there is a lack of clarity about how the inherent limitations relate to the auditor's opinion on the financial statement (e.g., does the opinion suggest that the limitation have been mitigated, or overcome), and about the difference between absolute and reasonable assurance.</p>	<p>The Task Force and IAASB accept that the link between inherent limitations and the expectations of an audit could be enhanced. Accordingly, the proposed ISA presents as a separate section a general discussion of an audit of financial statements, including the concept of reasonable assurance and absolute assurance, and that fact that there are inherent limitations of an audit that affect the auditor's ability to detect material misstatements,</p>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Representatives' comments	IAASB Task Force/IAASB response
	whether due to fraud or error. Refer to paragraphs 9-12 of ED ISA 200 (Revised and Redrafted)
Ms. Rand was of the view that the phrase 'inherent limitation cannot be overcome' in the application material is too stark...Ms. Koski-Grafer suggested that a solution may be to re-order the sentence so that it begins with what is expected of the auditor in relation to minimizing the effect of the inherent limitations.	The Task Force and IAASB agreed to restructure the sentence as suggested. Refer to paragraph A31 of ED ISA 200 (Revised and Redrafted)

<i>Proposed ISA 700 (Redrafted), "The Independent Auditor's Report on General Purpose Financial Statements"</i>	
<p>[Referring to the matter of whether proposed ISA 700 (Redrafted) should establish a requirement for the auditor to consider whether the financial statements prepared and presented in accordance with a compliance framework could be misleading, the Representative commented as follows:]</p> <ul style="list-style-type: none"> ...a compliance framework means that the auditor and management are required to follow the requirements of the framework... a compliance framework is one that was never designed to tell the reader anything other than what is required by its rules. ... to require the auditor to ensure that financial statements prepared in accordance with a compliance framework are not misleading is tantamount to asking the auditor to opine on the framework itself. 	<p>The Task Force and IAASB accept the fact that it will be extremely rare for financial statements prepared in accordance with a compliance framework to be misleading in the circumstances, and that it is inappropriate to require the auditor to evaluate whether financial statements prepared and presented in accordance with such a framework are not misleading. However, the IAASB believes that guidance is required to address the necessary actions when in the circumstances the auditor does conclude that such financial statements are misleading. Accordingly, proposed ISA 700 (Redrafted) presents the discussion of this matter as essential explanatory material together with a requirement for the auditor to undertake appropriate action in the circumstances, as follows:</p> <p>"When the financial statements are prepared and presented in accordance with a compliance framework, the auditor is not required to evaluate whether the financial statements achieve fair presentation. However, in extremely rare circumstances, the auditor may conclude that such financial statements are misleading. In such a case, the auditor shall discuss the matter with management and, depending on how it is resolved, shall determine</p>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

	whether, and how, to deal with it in the auditor's report." Refer to paragraph 16 of ED ISA 700 (Redrafted)
--	--

<i>Proposed ISQC 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and ISA 220 (Redrafted), "Quality Control for an Audit of Financial Statements"</i>	
Ms. Sucher questioned the balance between requirements and application material. She noted, for example, that she would expect all of the matters listed in paragraphs A18 and A19 of proposed ISA 220 (Redrafted) to be elevated as requirements. She found the basis for elevating some, but not all, of the matters listed in the corresponding paragraphs of extant ISA 220 unclear.	The Task Force and IAASB are satisfied that only those matters listed in paragraphs 39-40 of extant ISA 220 that represent essential quality control considerations applicable in all cases in which an engagement quality control review is required, have been elevated to requirements. The balance of the matters listed in those paragraphs have been retained as application material, as they represent examples of some of the matters that the engagement quality control reviewer may consider in fulfilling the requirement to consider significant judgments made by the engagement team. Refer to paragraphs 20-22 and A16 of ED ISA 220 (Redrafted) ²
Ms. Blomme suggested that ISQC 1 include material relating to its authority and the obligations on those following the standard within the standard itself (for example, as part of the Requirements section similar to the approach taken in proposed ISA 200 (Revised and Redrafted)). Presenting such material in a separate Preface document, or as part of the application material of the standard, is unlikely to assist the EC.	The Task Force and IAASB agree with these observations and, accordingly, material relating to the authority of proposed ISQC 1 (Redrafted) and the obligations on those following the standard have been incorporated within the standard itself. Refer to paragraphs 4-9 and 13-15 of ED ISQC 1 (Redrafted) ³

<i>Proposed ISA 250 (Redrafted), "The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements"</i>	
Ms. Sucher expressed concern with the proposal that ISA 250 (Redrafted), "The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of	The Task Force and IAASB are satisfied that the proposed categorization between laws and regulation that have a direct and material effect on the financial

² Available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0086>

³ Available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0086>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

<p>Financial Statements” distinguish between different categories of law and regulation. The proposal will lead inevitably to questions about which specific laws and regulation fit into which category, and to varying judgments about how they affect the financial statements. She was of the view that the proposal may be more of a revision of the ISA than a clarification...</p>	<p>statement (and thereby the auditor is required to understand them, for example tax laws or regulation), and those that may affect the financial statements but for which the breadth of regulations is so large that the auditor would not be expected to know them all, is a helpful improvement to the clarity of the ISA. The IAASB agreed, however, that the proposed objectives should be amended to reflect more clearly the auditor’s responsibilities regarding the two categories of laws and regulations. The IAASB also agreed that the wording of the auditor’s responsibilities in the introductory section should more clearly distinguish between those laws and regulations that have a <i>direct</i> effect on the financial statements and those other laws and regulations that <i>do not</i> have a direct effect on those financial statements. Refer to paragraphs 6 and 8 of ED ISA 250 (Redrafted)⁴</p> <p>The IAASB does not believe that the proposals change the substance of the extant ISA, and is of the view that they are within the scope of the Clarity project.</p>
<p>Ms. Blomme was of the view that proposed ISA 250 (Redrafted) should be more flexible in terms of what is required of the auditor when non-compliance with laws and regulations is discovered.</p>	<p>The IAASB concluded that the proposed requirements relating to the actions by the auditor when non-compliance is discovered are appropriate in light of the objective of the auditor to respond appropriately to identified or suspected non-compliance, and necessary for consistency in auditor performance.</p>

<p><i>Proposed ISA 500 (Redrafted), “Considering the Relevance and Reliability of Audit Evidence”</i></p>	
<p>Ms. Sucher found it difficult to understand the meaning and effect of the objective in proposed ISA 500 (Redrafted), “Audit Evidence,” in particular the wording “...procedures <i>capable of providing</i> sufficient appropriate audit evidence.” She observed that there do not appear to be any requirements which</p>	<p>The Task Force and IAASB agree with the observation and, accordingly: the objective has been redrafted so as to state that the auditor is to design and perform audit procedures “so as to be able to obtain relevant and reliable audit evidence”; and certain of the proposed required have been reworded.</p>

⁴ Available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0081>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

<p>directly assist the auditor in achieving the objective. She therefore questioned whether the link between the objective and the requirements is adequate.</p>	<p>The Task Force and IAASB are satisfied that the changes strengthen appropriately the link between the objective and the requirements. Refer to paragraphs 9 and 11-14 of ED ISA 500 (Redrafted)⁵</p>
<p>Ms. Blomme was of the view that the following do not represent requirements:</p> <ul style="list-style-type: none"> • The auditor’s consideration of the objective of the procedures in determining the relevance and reliability of the information to be used as audit evidence (paragraph 11); and • The auditor’s determination of means of selecting items for testing that are effective in meeting the objectives of the audit procedure (paragraph 13). 	<p>The Task Force and IAASB accept that the proposed requirement may have been too prescriptive in terms of the auditor’s specific consideration when determining the relevance and reliability of audit evidence. Accordingly, the requirement has been reworded to direct the auditor, when designing audit procedures, to consider the relevance and reliability of the information to be used as audit evidence. Refer to paragraph 11 of ED ISA 500 (Redrafted)</p> <p>The IAASB believes that material dealing with the selection of items for testing by means other than sampling is better placed in proposed ISA 500 (Redrafted) in order to provide a clear focus on sampling in proposed ISA 530 (Redrafted). It is also of the view that it is appropriate to require that the auditor, when designing tests of controls and tests of details, determine means of selecting items for testing, in order to provide for the design of effective tests. This requirement is the complement to the requirement for the auditor to consider the relevance and reliability of information to be used as audit evidence. Accordingly, the IAASB has retained the proposed requirement.</p>
<p>Ms. Koski-Grafer noted that proposed ISA 500 (Redrafted) addresses several important areas which will require careful consideration. She suggested that an exposure period longer than 90 days might be appropriate.</p>	<p>The IAASB agrees with this observation and, accordingly, has set a 135 day exposure period. This also allows for an overlap with the exposure period of proposed ISA 530 (Redrafted), “Audit Sampling,” from which some of the proposed provisions of ISA 500 (Redrafted) were derived.</p>

⁵ Available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0080>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

<i>Proposed ISA 210 (Redrafted), “Agreeing the Terms of Audit Engagements”</i>	
<p>Mr. Lamoureux...questioned whether it is appropriate for the ISAs to refer to management and those charged with governance together. He noted that in most cases those charged with governance oversee the activities of management, and are not responsible for the preparation of the financial statements.</p>	<p>The IAASB agrees in principle with this observation, but recognizes that the wording of the ISAs needs to be jurisdictional-neutral and reflect the fact that in some jurisdictions those charged with governance have the same responsibilities as management.</p> <p>The Task Force has reviewed each instance in which management or those charged with governance is mentioned in the draft ISA, and has considered whether it should apply to one or other, or both, or whether an alternative drafting technique is appropriate in the circumstances. The Task Force has concluded that the word ‘entity’ should be adopted in most cases in proposed ISA 210 (Redrafted) so as to align with the term used in the objective paragraph (para. 3 (b) of proposed ISA210 (Redrafted)) as the general rule. Notwithstanding this, the term “those charged with governance” has been used in several paragraphs (i.e., paragraphs 4, 8, A11 - A14 and A18) so as to ensure alignment with proposed ISA 200 (Revised and Redrafted). (There may however be some possible changes arising from consideration of responses to the exposure draft of ISA 580 (Revised and Redrafted), “Written Representations.” Those changes and any consequential amendments required will be considered in due course.) Furthermore, a new paragraph (A2) has been added to the Application Material section of ISA 210 (Redrafted) explaining that the responsibilities of management and those charged with governance for agreeing the terms of the audit engagement for the entity depend on the governance structure of the entity and relevant legislation. This approach has resolved the potential confusion and does not affect the interpretation of other ISAs, nor does it require their drafting to be re-examined. <i>Refer to September 2007 IAASB Agenda Item 12-B (see IAASB CAG Reference Papers to IAASB CAG Agenda Item F.2)</i></p>

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item F.1.1 Proposed ISA 200 (Revised and Redrafted), “Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing”

(Also available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0079>)

- Proposed ISA 700 (Revised and Redrafted) – *See Agenda Item B.4.1 of the September 2007 IAASB CAG Agenda*

(Also available from <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0090>)

Clarity Project Update

PROJECT STATUS

4. The IAASB plans to complete its Clarity project by the end of 2008 in accordance with its stated timetable and it continues to be on track to do so. As of its July 2007 meeting, the IAASB has approved five final ISAs drafted in accordance with the new conventions, and has exposed 24 standards in clarified form. The IAASB expects to issue exposure drafts of the remaining standards by the end of 2007. Final clarified standards are being released as they are approved to assist in their translation, adoption and implementation.
5. The IAASB is confident that it will complete its work by the end of 2008. Subject to unforeseen difficulties, the IAASB has capacity to complete the necessary work by September 2008. Further, the IAASB has made provisional plans to hold an extra meeting in November 2008 and to use its December 2008 meeting for purposes of work on the Clarity project, should such actions prove necessary.
6. For reference purposes:
 - Appendix I to this Agenda Item presents an analysis of progress of the Clarity project as of July 2007, and as forecast to September 2007. It indicates some slippage to July 2007, though this should largely be rectified by December 2007.
 - Appendix II outlines the IAASB’s planned approvals of exposure drafts and final standards at its remaining 2007 meetings and in 2008. The IAASB’s timetable to 2008, which is updated after each IAASB meeting, is available at www.ifac.org/IAASB/downloads/Current_IAASB_Project_Timetable.doc.

REMAINING RELATED ACTIONS

7. The following remaining related activities are planned:
 - **Consistency Review of Final ISAs** – Though redrafted ISAs are being released as they are approved, the IAASB accepts that there is a possibility of further conforming changes

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

being necessary to released ISAs as other ISAs are redrafted. Any such changes are not expected to change the substance of the ISAs already approved, though they may have a small effect on their content.

For this purpose, a review of all final and released ISAs will be undertaken contemporaneously with the finalization of each subsequent ISA to ensure all necessary substantive and editorial conforming amendments are considered and made on a timely basis.⁶ This review will include consideration of issues raised on exposure of the remaining ISAs and their effect, if any, on already released final ISAs.

- **Revisit of Glossary** –In conjunction with the consistency review of the suite of final ISAs noted above, a comparison of the material in the Glossary of Terms in the IFAC Handbook of International Auditing, Assurance, and Ethics Pronouncements and the ISAs will be undertaken to ensure that defined terms in the ISAs are complete.
- **Determination of Final Effective Date for the Clarified ISAs** – This matter will be discussed in due course.

⁶ It is anticipated that the IAASB website will provide as a resource a marked version of the 2008 and 2009 editions of the IFAC Handbook of International Auditing, Assurance, and Ethics Pronouncements indicating conforming changes, if any, to ISAs finalized in 2006 and 2007, and 2008, respectively.

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Appendix II

Clarity Implementation Progress against Plan (From October 2006)

	As of July 2007 (cumulative)			Forecast to September 2007 (cumulative)			To Sept 2008
	Original Planned output	Actual output	Variance	Original Forecast	Plan Per Sept Agenda	Variance	Remaining
EDs – Redrafted ISAs and ISQC 1	15	12	(3)	15	13	(2)	3
EDs – Redrafted ‘Closed off revised ISAs’	9	9	-	9	9	-	-
EDs – New or Revised ISAs	5	3	(2)	7	6	(1)	1
Final ISAs and ISQC 1	5	5	-	11	8	(3)	28

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

Appendix II

IAASB Program for Rest of 2007 and 2008

2007 Meetings	Planned Approvals ⁷	
	Exposure Drafts	Final Documents
September	<ul style="list-style-type: none"> ISA 210 (Redrafted), <i>Agreeing the Terms of Audit Engagements</i> ISA 402 (Revised and Redrafted), <i>Audit Considerations Relating to an Entity Using a Service Organization</i> ISA 505 (Revised and Redrafted), <i>External Confirmations</i> ISA 620 (Revised and Redrafted), <i>Using the Work of an Auditor's Expert</i> Consultation Paper, <i>IAASB Strategic Plan 2009-2011</i> 	<ul style="list-style-type: none"> ISA 230 (Redrafted), <i>Audit Documentation</i> ISA 260 (Revised and Redrafted), <i>Communication with Those Charged with Governance</i> ISA 720 (Redrafted), <i>The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements</i>
December	<ul style="list-style-type: none"> ISA 501 (Redrafted), <i>Audit Evidence – Additional Considerations for Specific Items</i> ISA 520 (Redrafted), <i>Analytical Procedures</i> ISA 710 (Redrafted), <i>Comparatives</i> ISA XXX, <i>Deficiencies in Internal Control Noted in an Audit</i> (new – working title) ISAE 3402, <i>Assurance Reports on a Service Organization's Controls</i> (new – working title) 	<ul style="list-style-type: none"> ISA 320 (Revised and Redrafted), <i>Materiality in Planning and Performing and Audit</i> ISA 450 (Redrafted), <i>Evaluation of Misstatements Identified during the Audit</i> ISA 540 (Revised and Redrafted), <i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>⁸ ISA 560 (Redrafted), <i>Subsequent Events</i> ISA 580 (Revised and Redrafted), <i>Written Representations</i> ISA 610 (Redrafted), <i>The Auditor's Consideration of the Internal Audit Function</i>

⁷ Highlighted items represent new or revised standards. Items not highlighted represent extant standards and approved 'closed off' standards subject to limited redrafted to reflect only the IAASB clarity conventions and matters of clarity generally.

⁸ The 'close off' version of ISA 540 (Revised) was approved by the IAASB in March 2006. In December 2006, the IAASB agreed to incorporate ISA 545, *Auditing Fair Value Measurements and Disclosures*, in the Exposure Draft of proposed ISA 540 (Revised and Redrafted), with comments sought on exposure on the effect of the combination of the two ISAs.

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

2008 Meetings	Planned Approvals
March	<ul style="list-style-type: none"> ISA 250 (Redrafted), <i>The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements</i> ISA 510 (Redrafted), <i>Initial Audit Engagements—Opening Balances</i> ISA 530 (Redrafted), <i>Audit Sampling</i> ISA 550 (Revised and Redrafted), <i>Related Parties</i> ISA 570 (Redrafted), <i>Going Concern</i> IAASB Strategic Plan 2009-2011
June	<ul style="list-style-type: none"> ISA 200 (Revised and Redrafted), <i>Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing</i> ISA 210 (Redrafted), <i>Agreeing the Terms of Audit Engagements</i> ISA 500 (Redrafted), <i>Considering the Relevance and Reliability of Audit Evidence</i> ISA 700 (Redrafted), <i>The Independent Auditor's Report on General Purpose Financial Statements</i> ISA 705 (Revised and Redrafted), <i>Modifications to the Opinion in the Independent Auditor's Report</i> ISA 706 (Revised and Redrafted), <i>Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report</i> ISA 800 (Revised and Redrafted), <i>Special Considerations—Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> ISA 805 (Revised and Redrafted), <i>Engagements to Report on Summary Financial Statements.</i>
September	<ul style="list-style-type: none"> ISQC 1 (Redrafted), <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements</i> ISA 220 (Redrafted), <i>Quality Control for an Audit of Financial Statements</i> ISA 402 (Revised and Redrafted), <i>Audit Considerations Relating to an Entity Using a Service Organization</i> ISA 501 (Redrafted), <i>Audit Evidence – Additional Considerations for Specific Items</i> ISA 505 (Revised and Redrafted), <i>External Confirmations</i> ISA 520 (Redrafted), <i>Analytical Procedures</i> ISA 620 (Revised and Redrafted), <i>Using the Work of an Auditor's Expert</i> ISA 710 (Redrafted), <i>Comparatives</i> ISA XXX, <i>Deficiencies in Internal Control Noted in an Audit</i> (new – working title)

IAASB CAG PAPER

IAASB CAG Agenda (September 2007)

Agenda Item F.1

Clarity – Report Back and Update

2008 Meetings	Planned Approvals
December	▪ ISAE 3402, <i>Assurance Reports on a Service Organization's Controls</i> (new – working title)