



International Federation of Accountants

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## Agenda Item D.6

**Committee:** IAASB Consultative Advisory Group

**Meeting Location:** Toronto

**Meeting Date:** September 4-5, 2008

### **IAASB Clarity Project – Issues on Exposure of Proposed ISA 220 (Redrafted), ISQC 1 (Redrafted), ISA 501 (Redrafted), ISA 520 (Redrafted), and ISA 710 (Redrafted)**

#### **Objective of Agenda Item**

1. The objective of this Agenda Item is to obtain the views of Representatives on the proposed resolution of key issues arising from respondents' comments on the exposure drafts of the following proposed clarified ISAs and ISQCs to be considered by the IAASB at its September 2008 meeting:

- Proposed ISA 220 (Redrafted), "Quality Control for Audits of Financial Statements;"
- Proposed ISQC 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements;"
- Proposed ISA 501 (Redrafted), "Audit Evidence—Specific Considerations for Selected Items;"
- Proposed ISA 520 (Redrafted), "Analytical Procedures;" and
- Proposed ISA 710 (Redrafted), "Comparative Information—Corresponding Figures and Comparative Financial Statements."

Approval of the final ISAs is planned for the September IAASB meeting.

#### **A. PROPOSED ISA 220 (REDRAFTED), "QUALITY CONTROL FOR AN AUDIT OF FINANCIAL STATEMENTS," AND**

#### **PROPOSED ISQC 1 (REDRAFTED), "QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF FINANCIAL STATEMENTS, AND OTHER ASSURANCE AND RELATED SERVICES ENGAGEMENTS."**

#### **OBJECTIVES**

2. While the majority of respondents to the exposure drafts of proposed ISA 220 (Redrafted) ("ED-ISA 220") and ISQC 1 (Redrafted) ("ED-ISQC 1") indicated support for the proposed objectives stated therein, some expressed significant concern. Firstly, it was questioned whether it is appropriate to use the term "reasonable assurance" in the objectives. While the term is widely used and has an understood meaning in audits, it was suggested that it may not be suitable for describing the audit firm's and engagement partner's quality control obligations and could be

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confused with the objective of an auditor in obtaining reasonable assurance as it relates to the audit.

3. Secondly, in relation to objective stated in ED-ISA 220, respondents believed that it should deal more directly with implementing quality control procedures at the engagement level, rather than obtaining reasonable assurance. This would be more consistent with the extant ISA and reflect better the responsibilities of the engagement partner.
4. Thirdly, some respondents found it unusual that the objective stated in ED-ISA 220 did not address the issue of reports that are appropriate in the circumstances, notwithstanding this element being included in the objective stated in ED-ISQC 1.
5. Finally, a few respondents did not feel that the objective stated in ED-ISQC 1 reflected fully the scope of the standard; that is, while it covers the establishment of a system of quality control, it omits concepts of designing, maintaining, and operating effectively that system.
6. The Task Force has proposed amendments to the objectives in proposed ISA 220 (Redrafted) and ISQC 1 (Redrafted) that it believes are responsive to the comments received. Further, the Task Force has drawn parallel the structure of the objectives stated in proposed ISQC 1 (Redrafted) and ISA 220 (Redrafted).
7. However, the Task Force has found that it would not be appropriate to remove the term “reasonable assurance” in the objectives. In relation to ISQC 1 (Redrafted), this concept underpins the central aim of many of the requirement in the extant standard. In relation to ISA 220 (Redrafted), the IAASB has reaffirmed its view that the concept of reasonable assurance is appropriate in the objective, as it clarifies in part that absolute assurance at the engagement level is not required.
8. The proposed revised objectives are as follows (changes from ED-ISA 220 and ED-ISQC 1 are shown in marked text): ***(Refer to paragraph 8 and 11 of September 2008 IAASB Agenda Item 10-D and 10-G, respectively)***

#### Proposed ISQC 1 (Redrafted)

11. The objective of the firm ~~is to~~ establishing and maintain a system of quality control ~~is to~~ provide it with reasonable assurance that:

- (a) The firm and its personnel comply with professional standards and regulatory and legal requirements; and
- (b) Reports issued by the firm or engagement partners are appropriate in the circumstances.

#### Proposed ISA 220 (Redrafted)

8. The objective of the auditor is to ~~obtain~~ implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that ~~the~~ :

- (a) The audit complies with professional standards and regulatory and legal requirements, ~~through the implementation of appropriate quality control procedures at the engagement level.~~; and
- (b) The auditor's report issued is appropriate in the circumstances.

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##### LINKAGE BETWEEN ISA 220 (REDRAFTED) AND ISQC 1 (REDRAFTED)

9. A few respondents stated that references to proposed ISQC 1 (Redrafted) in ED-ISA 220 should be removed, or at least restricted to application material, as not all jurisdictions that adopt ISAs will also adopt ISQC 1 (Redrafted). Further, it was suggested that references to ISQC 1 (Redrafted) in the requirements of ISA 220 (Redrafted) may create ambiguity between the interrelationships of the two standards.
10. In contrast, a few respondents felt that the statement in ED-ISA 220 pertaining to engagement team reliance on the firm's system of quality control needs to be put in appropriate context. It was suggested that it is critical to emphasize that audit quality and the systems, policies and procedures that contribute to audit quality are a joint obligation of the engagement partner and the audit firm. The engagement partner needs to be supplied with information from the firm to which the engagement partner belongs, and needs to review and assess the information the engagement partner receives. The engagement partner must have an appropriate basis for his/her decision to rely on the firm's systems. Engagement team reliance on the firm's systems therefore needs to be premised on the condition that the firm has developed and installed an effective quality control system and provided appropriate information to the engagement partner.
11. At its June meeting, the IAASB stated that a strong link between ISA 220 (Redrafted) and ISQC 1 (Redrafted) is essential; ISA 220 (Redrafted) is not meant to stand alone and its effectiveness is based on ISQC 1 (Redrafted).
12. The Task Force has therefore endeavored to create a linkage between ISA 220 (Redrafted) and ISQC 1 (Redrafted) that emphasizes the importance of the provisions of ISQC 1 (Redrafted) to the achievement of the objective in ISA 220 (Redrafted), while not incorporating ISQC 1 (Redrafted) in the ISAs by reference. The Task Force's proposal is as follows (changes from ED-ISA 220 are shown in mark-up): ***(Refer to paragraphs 2-6 of September 2008 IAASB Agenda Item 10-D)***

##### *System of Quality Control, and Role and Entitlement of Engagement Teams*

2. Audit quality and the systems, policies and procedures that contribute to audit quality are the responsibilities of both the auditor and the audit firm. The auditor receives information from the firm regarding the firm's system of quality control and also provides information to the firm. The commitment to audit quality at both the engagement team and the firm level is essential in performing audit engagements.
3. This ISA is premised on the condition that the firm has established and maintained an appropriate system of quality control. Such a system is one that complies with [proposed] International Standard on Quality Control (ISQC) 1 (Redrafted)<sup>1</sup>, or one that is based on relevant national requirements that impose obligations on the firm

<sup>1</sup> [Proposed] ISQC 1, "Quality Control For Firms That Perform Audits And Reviews Of Financial Statements, and Other Assurance And Related Services Engagements."

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that achieve the aims of the requirements set out in [proposed] ISQC 1. (Ref: Para. A1)

4.2. Under [proposed] ISQC 1 International Standard on Quality Control 1 (Redrafted), “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,” the a firm has an obligation to establish and maintain a system of quality control ~~designed~~ to provide it with reasonable assurance that:

- (a) The firm and its personnel comply with professional standards and regulatory and legal requirements; and
- (b) The ~~auditors’~~ reports issued by the firm or engagement partners are appropriate in the circumstances.<sup>2</sup>

5.3. Engagement teams: (a) Implement Within the context of the firm’s system of quality control, engagement teams implement quality control procedures that are applicable to the audit engagement; ~~and (b) —~~ Pprovide the firm with relevant information to enable the functioning of that part of the firm’s system of quality control relating to independence; ~~and.~~

6.(e) Engagement teams A are entitled to rely on the firm’s quality control systems ~~(for example, in relation to capabilities and competence of personnel through their recruitment and formal training; independence through the accumulation and communication of relevant independence information; maintenance of client relationships through acceptance and continuance systems; and adherence to regulatory and legal requirements through the monitoring process), unless~~ information provided by the firm or other parties suggests otherwise. (Ref: Para. A2)”

#### Matters for Consideration by the IAASB CAG:

Q1. The Representatives are asked for their views on the following:

- (a) The appropriateness of the objectives stated in proposed ISA 220 (Redrafted) and ISQC 1 (Redrafted); and
- (b) Whether the proposed link in ISA 220 (Redrafted) to ISQC 1 (Redrafted) is clear and emphasizes sufficiently the importance of the firm having developed and installed an effective quality control system?

Q2. While the above are the issues that the Task Force believes may most usefully be discussed at the CAG meeting, the Representatives are welcome to express their views on any matter for which further consideration may be needed by the IAASB. ***(Refer to September 2008 IAASB Agenda Item 10-A, 10-B and 10-D)***

<sup>2</sup> [Proposed] ISQC 1, paragraph 11.

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#### **ISA 220 (Redrafted) and ISQC 1 (Redrafted) Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY**

Agenda Item 10-A of the September 2008 IAASB Meeting – Issues Paper – Proposed ISA 220 (Redrafted) and Proposed ISQC 1 (Redrafted)

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4155>

Agenda Item 10-D of the September 2008 IAASB Meeting – Proposed ISA 220 (Redrafted) (Marked from Exposure Draft)

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4158>

Agenda Item 10-G of the September 2008 IAASB Meeting – Proposed ISQC 1 (Redrafted) (Marked from Exposure Draft)

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4161>

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### B. PROPOSED ISA 501(REDRAFTED), “AUDIT EVIDENCE—SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS”

#### *Scope and Objective*

1. Many respondents to the exposure draft of proposed ISA 501 (Redrafted)<sup>3</sup> (“ED-ISA 501”) were of the view that the specificity of ED-ISA 501 in relation to certain financial statement account balances and disclosures, and its strong technical orientation, brings about a lack of linkage to the risk assessment standards and results in the ISA being out of line with the principles-based standards. It was also felt that the scope of the ISA did not clearly reflect the intent of the ISA and how it relates to other ISAs, and could suggest that the ISA contains fully the responsibilities of the auditor in relation to the selected items addressed. A respondent also felt that ED-ISA 501 does not warrant an objective of its own and that it is more appropriate for the ISA to be assumed into these other relevant ISAs.
2. The Task Force believes that it is appropriate to retain ED-ISA 501 as a stand-alone standard. Its focus on specific account balances and disclosures is not unique; other ISAs, for example ISA 540 (Revised and Redrafted)<sup>4</sup> and ISA 570 (Redrafted)<sup>5</sup>, also address specific account balances and disclosures although admittedly in a more comprehensive manner. As it is the purpose of ISA 501 to draw the auditor’s attention to the selected items, it is appropriate to establish an objective accordingly. Further, the Task Force is of the view that it is neither desirable nor appropriate to dilute the over-arching nature of ISA 330 (Redrafted) or ISA 500 (Redrafted) with material from ISA 501, as those standards appropriately deal with audit evidence considerations applicable to all aspects of the evidence gathering process.
3. Nevertheless, the Task Force agrees that the scope of the ISA and how it relates to other ISAs could be expressed more clearly and precisely, and that the objective could link better with the requirements of the ISA. The Task Force also believes that revision of the title of the proposed ISA would assist in this regard. Accordingly, the Task Force proposes the following refinements (marked showing changes from ED-ISA 501): ***(Refer to paragraphs 4-17 of September 2008 IAASB Agenda Item 4-A, and paragraphs 1 and 3 of September 2008 IAASB Agenda Item 4-B)***

#### **Audit Evidence—Regarding Specific Considerations For Selected ItemsFinancial Statement Account Balances and Disclosures”**

#### **Scope of this ISA**

1. This International Standard on Auditing (ISA) deals with specific considerations by

<sup>3</sup> Proposed ISA 501(Redrafted), “Audit Evidence Regarding Specific Financial Statement Account Balances and Disclosures.”

<sup>4</sup> ISA 540 (Revised and Redrafted), “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures.”

<sup>5</sup> ISA 570 (Redrafted), “Going Concern.”

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the auditor with respect to inventory, litigations and claims involving the entity and segment information in an audit of financial statements. Application of the ISA assists the auditor in the obtaining of sufficient appropriate audit evidence in accordance with ISA 330 (Redrafted)<sup>6</sup>, ISA 500 (Redrafted)<sup>7</sup> and other relevant ISAs. It addresses certain, but not all, regarding certain assertions and related considerations which may be relevant when obtaining sufficient appropriate audit evidence with respect to the for specific financial statement account balances and disclosures addressed. It establishes requirements and provides guidance additional to that contained in ISA 330 (Redrafted) and other relevant ISAs.

...

#### Objective

3. The objective of the auditor is to obtain sufficient appropriate audit evidence regarding the following matters when the related financial statement account balances or disclosures are material to the financial statements:
  - (a) The existence and physical condition of inventory;
  - (b) The completeness of litigation and claims involving the entity; and
  - (c) The presentation and disclosure of segment information in accordance with the applicable financial reporting framework.

#### Matters for Consideration by the IAASB CAG:

Q3. The Representatives are asked for their views on whether they believe the proposed refinements to the title and scope and objective paragraphs of proposed ISA 501 (Redrafted) make clear the intent of the ISA and how it relates to other ISAs.

#### *Segment Information*

4. Several respondents to ED-ISA 501 were of the view that the requirements and application material on “Segment Information” should be removed from the ISA. It was felt that developments in financial reporting frameworks (specifically IFRS 8, “Operating Segments” effective 1 January 2009 with early adoption permitted) bring into question the continuing relevance of this material without a comprehensive review of the extant ISA 501. For example, IFRS 8 focuses on the approach adopted by the ‘Chief Operating Decision Maker’ in determining operating segments; this is different in comparison to IAS 14 “Segment Reporting” which prescribes segment reporting by line of business and geographical areas.

<sup>6</sup> ISA 330 (Redrafted), “The Auditor’s Response to Assessed Risks.”

<sup>7</sup> ISA 500 (Redrafted), “Audit Evidence.”



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The Task Force is of the view that deletion of the material is justified only if the requirements and guidance are no longer relevant or potentially misleading. The Task Force does not believe this is the case. That is, while the specific requirements in the applicable financial reporting framework may change the accounting approach to determining segment information, the principle of obtaining sufficient appropriate audit evidence regarding the presentation and disclosure of segment information as required by the ISA remains applicable. Further, the proposed requirements for the auditor to obtain an understanding of the methods used by management in determining segment information, to evaluate and test the application of such methods, and to perform audit procedures appropriate in the circumstances, appear to remain relevant and applicable to the audit of segment information. *(Refer to paragraphs 68-72 of September 2008 IAASB Agenda Item 4-A, and paragraphs 13, A27-A28 of September 2008 IAASB Agenda Item 4-B)*

5. The Task Force accepts, however, that there remains the risk that some may view the ISA as having been updated to address changes in IFRS, which is not the case.

#### Matters for Consideration by the IAASB CAG:

Q4. The Representatives are asked for their views on whether the material on “Segment Information” in proposed ISA 501 (Redrafted) should be retained or deleted in light of developments in some financial reporting frameworks, including IFRS.

Q5. While the above are the issues that the Task Force believes may most usefully be discussed at the CAG meeting, the Representatives are welcome to express their views on any matter for which further consideration may be needed by the IAASB. *(Refer to September 2008 IAASB Agenda Items 4-A and 4-B)*

#### ISA 501 (Redrafted) Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item 4-A of the September 2008  
IAASB Meeting – Summary of  
Significant Comments and Task Force’s  
Recommendations on ED-ISA 501

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4113>

Agenda Item 4-B of the September 2008  
IAASB Meeting – Proposed ISA 501  
(Redrafted) (Marked from Exposure  
Draft)

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4114>



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#### C. PROPOSED ISA 520 (REDRAFTED), “ANALYTICAL PROCEDURES”

##### *Use of Substantive Analytical Procedures*

1. The comments of several respondents to the exposure draft of proposed ISA 520 (Redrafted) (ED-ISA 250) indicate that the intended scope and focus of the proposed ISA is unclear with respect to the use of analytical procedures as substantive procedures (“substantive analytical procedures”) in response to assessed risks.
2. Some respondents found that the scope and objective paragraphs of ED-ISA 520 could suggest that designing and performing substantive analytical procedures is required in all cases in order to respond to assessed risks. This is, however, not what is required under ISA 330 (Redrafted).<sup>8</sup>
3. Some respondents also believed that the proposed ISA is focusing the auditor on both the question of ‘should substantive analytical procedures be used?’ and ‘if so, how they should be used.’ Accordingly, it was suggested that the objective and requirements should be constructed to make clear this clear. In contrast, others believed that the focus of the ISA with respect substantive analytical procedures is solely on guiding the auditor to obtain relevant and reliable audit evidence when using such procedures. This would be consistent with the extant ISA and the fact that the decision to use substantive analytical procedures is best dealt with in ISA 330 (Redrafted). However, the wording in “in deciding to use” in the requirement in paragraph 8 of ED-ISA 520 creates confusion on where ISA 330 (Redrafted) ends and ED-ISA 520 starts.
4. The Task Force is of the view that, in regard to substantive analytical procedures, proposed ISA 520 (Redrafted) applies once the decision has been made to use such procedures as part of the auditor’s planned approach in responding to assessed risks, and that its focus is on obtaining relevant and reliable audit evidence when using such procedures. Accordingly, the Task Force proposes a number of drafting changes to the scope, objective and relevant requirement paragraphs to make this clear. Further, the Task Force proposes to improve the linkage to ISA 330 (Redrafted) to emphasize that the requirements and guidance regarding the nature, timing and extent of audit procedures are in that ISA.
5. The relevant changes proposed by the Task Force are as follows (marked showing changes from ED-ISA 520): **(Refer to paragraphs 1, 3 and 5 of September 2008 IAASB Agenda Item 7-A)**
  1. This International Standard on Auditing (ISA) deals with the auditor’s use of analytical procedures as substantive procedures “substantive analytical procedures” ~~in response to assessed risks~~,....ISA 330 (Redrafted) includes requirements and guidance regarding the nature, timing and extent of audit procedures in response to assessed risks; these audit procedures may include substantive analytical procedures.<sup>9</sup>
  3. The objectives of the auditor are:

<sup>8</sup> ISA 330 (Redrafted), “The Auditor’s Responses to Assessed Risks.”

<sup>9</sup> ISA 330 (Redrafted), paragraphs 6, 20, A4-A8 and A43- A47.

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- (a) ~~To obtain relevant and reliable audit evidence w~~When using substantive analytical procedures ~~as substantive procedures in response to assessed risks, to design and perform such analytical procedures so that they are effective in responding to assessed risks of material misstatement in the financial statements at the assertion level;~~ and...
- 5. ~~In deciding to use, and w~~When designing and performing, substantive analytical procedures, either alone or in combination with tests of details, as substantive procedures in accordance with ISA 330 (Redrafted),<sup>10</sup> the auditor shall: (Ref: Para. A~~41~~-A~~52~~)
  - (a) Determine the suitability of ~~using the planned~~ substantive analytical procedures given the assertions, taking account of the assessed risks of material misstatement and tests of details, if any, directed towards the same assertion; (Ref: Para. A~~63~~-A~~118~~). ...

#### Matters for Consideration by the IAASB CAG:

Q6. The Representatives are asked for their views on whether they believe the above proposed refinements in proposed ISA 501 (Redrafted) make clear the scope and focus of the ISA with respect to the performance of substantive analytical procedures.

Q7. While the above is the issue that the Task Force believes may most usefully be discussed at the CAG meeting, the Representatives are welcome to express their views on any matter for which further consideration may be needed by the IAASB. **(Refer to September 2008 IAASB Agenda Items 7 and 7-A)**

#### ISA 520 (Redrafted) Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item 7 of the September 2008  
IAASB Meeting – Summary of  
Significant Comments and Task Force's  
Recommendations on ED-ISA 520

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4149>

Agenda Item 7-A of the September 2008  
IAASB Meeting – Proposed ISA 520  
(Redrafted) (Marked from Exposure  
Draft)

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4136>

<sup>10</sup> ISA 330 (Redrafted), paragraphs 20 and A43 – A47.

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#### D. PROPOSED ISA 710 (REDRAFTED), “COMPARATIVE INFORMATION—CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS”

##### *Nature of Comparative Information*

1. The introductory paragraphs of ED-ISA 710 describe the nature of comparative information. This explanation provides important context for the ISA because it establishes the two approaches to comparative information – corresponding figure and comparative financial statements. Paragraph 2 in ED-ISA 710 implied that it is the financial reporting framework that determines whether the comparative information included in financial statements is considered to be corresponding figures or comparative financial statements. Some respondents questioned whether this is so. They pointed out that, although financial reporting frameworks specify that comparative information should be included in financial statements, the auditor’s reporting responsibility in relation to comparative information is generally dictated by the law or regulation governing the audit engagement.
2. The task force agreed with the respondents’ comments. Auditors may be required to express an opinion on the current period’s financial statements only (referred to as the corresponding figures approach in the ISA), or to express opinions on each period presented in the financial statements (referred to as the comparative financial statement approach in the ISA). Therefore, the task force has amended the introductory paragraphs to clarify this point as illustrated below:.

##### *The Nature of Comparative Information*

~~2. The nature of the comparative information that is presented in an entity’s financial statements depends on the requirements of the applicable financial reporting framework. There are two different broad approaches to comparative information in financial reporting frameworks: corresponding figures and comparative financial statements. In general, the information presented is similar, but in the latter case it is likely to be more comprehensive. Most applicable financial reporting frameworks specify corresponding figures; comparative financial statements tend to be required by regulators who also require the auditor to express opinions on both the current and the comparative financial information.~~

23. The auditor’s reporting requirements regarding comparative information in an audit of financial statements differ depending on whether the comparative information is corresponding figures or comparative financial statements. The essential audit reporting differences are:

- (a) For corresponding figures, the auditor’s report ordinarily refers only to the financial statements of the current period and does not ~~separately identify refer to~~ the corresponding figures; whereas
- (b) For comparative financial statements, the auditor’s report refers to each period for which financial statements are presented.

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This ISA addresses separately the auditor's reporting requirements for each circumstance.

*(Refer to Issue C (paragraphs 20-23) of September 2008 IAASB Agenda Item 6-A, and paragraphs 2-3 of September 2008 IAASB Agenda Item 6-B)*

#### *Objective and Structure of Requirements*

3. Virtually all of the respondents agreed with the proposal in ED-ISA 710 to restructure the ISA to indicate that the auditor's procedures are the same under the two different approaches to presenting comparative information. Only two respondents disagreed. One of these respondents disagreed that the work effort is the same and argued that, for example, the words "obtain sufficient appropriate audit evidence" included in the proposed objective imply that the auditor has to obtain sufficient evidence to be able to express an opinion on the comparative information. They disagreed that this is required, for example, for corresponding figures, or when the prior period's financial statements are unaudited.
4. The extant ISA required the auditor to obtain sufficient appropriate audit evidence that the comparative information meets the requirements of the applicable financial reporting framework for both corresponding figures and comparative financial statements. Further, the task force believes that obtaining sufficient appropriate audit evidence should always be read in the context of expressing an opinion on the financial statements as a whole. The task force therefore did not agree with the respondent's view. However, the task force adopted a suggestion by another respondent to clarify in the objective that the auditor's focus is whether the comparative information has been prepared in accordance with *the requirements for comparative information that are in the* applicable financial reporting framework. Further, in response to suggestions from a number of other respondents, the task force has also amended the auditor's objective in relation to comparative information to include "to report in accordance with the auditor's findings, using the approach to comparative information requirement in the circumstances." The revised objective is:

5.4. The objectives s of the auditor ~~is~~ are:

- (a) To obtain sufficient appropriate audit evidence about whether the comparative information included in the financial statements ~~complies has been prepared~~, in all material respects, in accordance with the requirements for comparative information in the applicable financial reporting framework; and
- (b) To report in accordance with the auditor's findings, using the approach to comparative information required in the circumstances.

*(Refer to Issues A and B (paragraphs 4-12) of September 2008 IAASB Agenda Item 6-A, and paragraph 5 of September 2008 IAASB Agenda Item 6-B)*

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### Matters for Consideration by the IAASB CAG:

Q8. The Representatives are asked for their views on:

- (c) Whether the proposed amendments to the introductory paragraphs are appropriate; and
- (d) Whether the proposed amendments to the objective of the ISA are appropriate.

Q9. While the above are the issues that the Task Force believes may most usefully be discussed at the CAG meeting, the Representatives are welcome to express their views on any matter discussed in the IAASB Issue Paper for which further consideration may be needed by the IAASB. ***(Refer to September 2008 IAASB Agenda Item 6-A)***

### ISA 710 (Redrafted) Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item 6-A of the September 2008  
IAASB Meeting – Summary of  
Significant Comments and Task Force's  
Recommendations on ED-ISA 710

<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4127>

Agenda Item 6-B of the September 2008  
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<http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4128>