



**International Federation of Accountants**

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**Committee:** IAASB Consultative Advisory Group

**Meeting Location:** Barcelona

**Meeting Date:** March 1–2, 2010

### **The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements—Project Proposal and Preliminary Issues**

#### **Objectives of Agenda Item**

1. To obtain the Representatives’ views on key matters identified in the project proposal to revise ISA 720,<sup>1</sup> approved by the IAASB at its December 2009 meeting
2. To obtain the Representatives’ views on preliminary issues relating to the project.

#### **Background and Relevant Developments**

##### **Background**

3. Extant ISA 720<sup>2</sup> was last revised in 1993 with conforming amendments made to the standard when the IAASB issued its audit risk standards<sup>3</sup> in October 2003. The ISA was redrafted (but not revised) as part of the IAASB’s Clarity project and clarified ISA 720 was released in December 2007.
4. At its December 2009 meeting, the IAASB considered a project proposal to revise extant ISA 720 as envisaged in the IAASB’s *Strategy and Work Program, 2009-2011*. The IAASB approved the project proposal, indicating general agreement on the matters to be considered in the project as outlined in the proposal.

##### **Relevant Developments**

4. In considering the project proposal, key comments noted by the IAASB include:
  - In establishing the auditor’s responsibilities under ISA 720, consideration should be given to how such responsibilities can effectively be communicated to preparers and

<sup>1</sup> ISA 720 (Redrafted), “The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.”

<sup>2</sup> ISA 720, “Other Information in Documents Containing Audited Financial Statements.”

<sup>3</sup> The IAASB’s audit risk standards are comprised of ISA 315, “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment;” ISA 330, “The Auditor’s Responses to Assessed Risks;” and ISA 500, “Audit Evidence.”

## **IAASB CAG PAPER**

### **IAASB CAG Agenda (March 2010)**

#### **Agenda Item N**

#### **Other Information in Documents Containing Audited Financial Statements – ISA 720 – Project Proposal and Preliminary Issues**

users of financial statements; and

- On the matter of electronic dissemination of audited financial statements and the auditor's report, caution should be exercised when considering the extent to which this matter should be dealt with in ISA 720 to avoid inadvertently departing from the main objective of the ISA, which is the auditor's responsibilities relating to other information in documents containing audited financial statements and the auditor's report.
5. The Task Force, chaired by Cédric Gélard, has commenced its consideration of matters to be addressed in the revision of ISA 720. In addition to the project proposal presented in Agenda Item N.1, preliminary issues for consideration by the Representatives are set out in Agenda Item N.2.

#### **Material Presented – IAASB CAG PAPERS**

Agenda Item N.1	ISA 720 Project Proposal – As Approved at December 2009 IAASB Meeting
Agenda Item N.2	ISA 720 – Issues and IAASB Task Force Proposals (to follow)