

Meeting: IAASB Consultative Advisory Group
Meeting Location: New York
Meeting Dates: September 8–9, 2014

Agenda Items D, G, I

Auditor Reporting

Objectives of Agenda Items

1. To provide a report back on the comments of the Representatives and Observers on the issues relating to this project as discussed at the March 2014 CAG Meeting.
2. To consider remaining issues and Drafting Team recommendations, as well as revised drafts of the proposed new and revised Auditor Reporting standards addressing reporting on key audit matters (KAM), going concern (GC), and other suggested improvements to auditor reporting on general purpose financial statements.
3. To discuss issues and Drafting Team recommendations in relation to consequential amendments proposed to the ISA 800 series.¹
4. To discuss, on a preliminary basis, activities to support awareness, acceptance and application of the new and revised auditor reporting standards.

Papers to be Referred to during Discussion

5. Auditor reporting will be a significant portion of the IAASB CAG and IAASB's September 2014 agendas. The CAG papers supporting this agenda item have been prepared by three separate Drafting Teams (DTs) tasked with revising the standards included in the ED in response to the feedback. The discussion of this topic will follow the various issues papers presented in relation to KAM, GC, and other suggested improvements to auditor reporting (**Agenda Items D.1, I.1, and G.1**). These papers include *Matters for CAG Consideration*, with reference made to drafts of the proposed new and revised Auditor Reporting standards that are also provided as CAG Papers (**Agenda Items D.2** (ISA 701), **D.3** (ISA 706), **D.4** (ISA 260), **G.2** (ISA 700), **G.3** (ISA 705), and **I.2** (ISA 570)).
6. During the discussions on KAM and GC, reference also will be made to certain revisions to ISA 700 (**Agenda Item G.2**). Where changes proposed to ISA 700 are arising from recommendations of DTs other than DT-700, reference has been made to the relevant issues paper. Illustrative auditor's reports are included in ISA 700 (**Agenda Item G.2**), ISA 705 (**Agenda Item G.3**), ISA 570 (**Agenda**

¹ The phrase "ISA 800 Series" incorporates the following ISAs: ISA 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*; ISA 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and ISA 810, *Engagements to Report on Summary Financial Statements*.

Item I.2), and ISA 706 (**Agenda Item D.3**). Most of these reports include illustrative wording of the auditor's responsibilities for GC and KAM, as well as management responsibilities for GC.

7. The discussion on activities to support awareness, acceptance and application of the auditor reporting standards, planned for Day 2, will focus on the material included in Section II of this paper.
8. Other papers prepared for the IAASB have been included as CAG Reference Papers. See the complete list of materials on page 12 of this paper.

ISA 800 Series

9. The Explanatory Memorandum (EM) to the July 2013 Auditor Reporting Exposure Draft (ED) acknowledged the need to give due consideration to the potential effect on the ISA 800 Series of changes arising from the proposed ISAs. The IAASB concluded that this should be progressed after feedback is received on the proposed ISAs in the ISA 700 Series, and would be best done through a separate ED to be issued later in 2014. The June 2014 IAASB meeting was the IAASB's first opportunity to consider possible changes to the ISA 800 series as recommended by DT-700. **Agenda Item G.4** includes issues and DT recommendations relating to possible consequential amendments to the ISA 800 Series for the CAG's consideration.

Project Status and Timeline

10. Appendix 1 to this paper provides a history of previous discussions with the CAG on this topic, including links to the relevant CAG documentation. The IAASB will be asked to approve the new and revised standards as final standards at its upcoming September 2014 meeting for submission to the Public Interest Oversight Board (PIOB).
11. IAASB approval of the separate ED on the ISA 800 series is planned for its December 2014 meeting.
12. Auditor reporting continues to feature heavily in the IAASB's outreach activities. Most recently, discussion was held with the International Forum of Independent Audit Regulators Standards Coordination Working Group to discuss how the IAASB had considered its comments on exposure in advancing the standards. A session is also planned in advance of the Board meeting with members of the Monitoring Group to address the most significant public interest issues arising during the project, in particular how the new model for auditor reporting that will be established by the final standards is sufficiently responsive to the public interest call for the auditor's report to be made more relevant and informative to users and for greater transparency to be provided about individual audits that are performed.

March 2014 CAG Discussion

13. Below are extracts from the draft minutes of the March 2014 CAG meeting,² and an indication of how the project Task Force or IAASB has responded to the Representatives' comments.

² The minutes will be approved at the September 2014 IAASB CAG meeting.

Representatives' Comments	Task Force/IAASB Response
<p>Mr. Koktvedgaard, speaking on behalf of the CAG Working Group (WG) on Auditor Reporting, congratulated the DTs on the significant progress made as well as the extensive outreach and responses to the ED. He recognized that the IAASB had not yet considered the feedback to the ED and welcomed the opportunities for the CAG to further discuss the topic in September 2014, before the standards are finalized.</p> <p>Ms. de Beer noted that the IAASB would be discussing the same papers at its meeting the following week, and that the CAG's input in advance of the meeting would be valuable to the TF in considering an appropriate way forward.</p>	<p>Support noted.</p>
<p>Mr. Baumann questioned a significantly higher response rate on the PCAOB's proposals from preparers and those charged with governance (TCWG) (54% of responses were from preparers versus the 7% on the IAASB's ED). He noted that the views of these groups differ significantly from those of investors and auditors, which will be challenging for the PCAOB to resolve.</p>	<p>Point noted.</p> <p>Mr. Montgomery explained that historically the IAASB has had difficulty in obtaining direct input from preparers and TCWG through the exposure process, as there are not many global bodies that represent those stakeholders. He noted it was therefore critical for the IAASB to get views from those stakeholders through some of the other outreach activities, including roundtables in which the IAASB participated and one-on-one meetings. Prof. Schilder further explained that some national standard setters (NSS) and regulators conducted outreach activities on a national level with TCWG and preparers, and included their view in the NSS' response letters. He also noted the European audit reform proposals and the UK developments, in light of their status, as positively influencing the views of stakeholders.</p>
<p>Mr. Uchino questioned how the IAASB might seek to educate investors.</p>	<p>Point taken into account.</p> <p>Mr. Montgomery explained that, while there is no specific plan yet, educational material for investors and other groups may be useful. Mr. Gunn noted such efforts will be critical to the success of the changes in auditor reporting as investors do not typically visit the IAASB's website. He noted that CAG Member Organizations have a critical role to play in assisting the IAASB in efforts to inform stakeholders about the intent of the changes to the auditor's report. Ms. de Beer agreed, noting</p>

Representatives' Comments	Task Force/IAASB Response
	organizations like the World Federation of Exchanges have a more direct link with investors that could be leveraged. <i>See further discussion in Section II below.</i>
Ms. de Beer noted that users often encourage the IAASB to seek to align its proposals, to the extent practicable, with proposals from others such as the PCAOB, European Union (EU) and the FRC.	Point accepted. Mr. Montgomery explained that monitoring developments of other standard setters is an important component of the DTs' and Staff's work, in order to ensure the IAASB is considering key aspects of those developments in its work. He also referred to more proactive outreach that had been undertaken on a regular basis with the PCAOB as well as representatives of the EC, the Presidency of the Council, and the Rapporteur for the European Parliament (EP). Doing so enables the IAASB to also provide input to those proposals in light of feedback the IAASB has received in an attempt to try to seek alignment with them.
Mr. Sylph inquired as to the expected effective date for the new and revised auditor reporting standards. Mr. Waldron commented that the IAASB should consider the time necessary to arrive at the "right answer".	Points noted. Mr. Montgomery explained that, assuming the project is completed by the end of 2014, the effective date would most likely be for 2016 audits (i.e. annual periods beginning on or after December 15, 2015), as this would allow sufficient time for PIOB consideration of due process as well as a sufficient implementation period for translation and education. <i>See further discussion in Section I.C below.</i>

Matters for CAG Consideration

14. The Representatives are asked to note the Report Back above. Specific *Matters for CAG Consideration* are also set out in **Agenda Items D.1, G.1, G.4** and **I.1**.

I. Matters Relevant to the Approval of the New and Revised Auditor Reporting Standards

A. Changes Arising from Other IAASB Projects

15. The June 2014 agenda materials reflected the conforming amendments to ISA 700 that were proposed in the May 2014 ED, *Proposed Changes to the International Standards on Auditing (ISAs)—Addressing Disclosures in the Audit of Financial Statements*, and the April 2014 ED related to the re-exposure of proposed ISA 720 (Revised). **Agenda Items G.2** and **G.3** include these changes in shaded text for reference purposes. Reference to concepts established in proposed ISA 720 (Revised) is also made in proposed ISA 701 (**Agenda Item D.2**), proposed ISA 260 (Revised) (**Agenda Item D.4**), and proposed ISA 706 (Revised) (**Agenda Item D.3**), as well as all of the illustrative reports.

16. As the wording is subject to further changes as a result of the finalization of the Disclosures and ISA 720 projects, the DTs are not seeking feedback or approval on those revisions at the IAASB's September 2014 meeting. These have been included for information purposes only to indicate areas where further changes are likely. The shaded text will be removed before submitting the final ISAs to the PIOB for approval and publication. Conforming amendments to the suite of auditor reporting standards will then be made when the changes arising from the Disclosures and ISA 720 projects are finalized.

B. Consideration of the Need for Re-Exposure

17. As the ED served as the IAASB's third consultation on the topic of auditor reporting, the concepts and proposed changes to the ISAs resulting from their application was generally well-accepted amongst stakeholder groups. In addition, the changes to the ISAs since exposure have been in response to comments received and, in the DTs' view, will be viewed as improving the proposals set forth in the ED and enhancing the standards, both from a public interest perspective as well as in terms of their ability to be implemented in practice. The Auditor Reporting Project Chair, together with the two DT Chairs, and the DTs individually have considered the need for re-exposure of the proposed ISAs included in the ED and are of the view that re-exposure is not necessary.

Highlights of Changes from Exposure

18. In relation to proposed ISA 701, a Staff-prepared analysis compares the requirements set out in the ED with those included in the September 2014 IAASB agenda material and includes, at a high level, the rationale for those changes (Agenda Item 2-G of the IAASB September 2014 meeting materials, provided as a CAG Reference Paper for information only). The most notable change from the proposals included in the ED is the new requirement addressing circumstances in which a matter determined to be a KAM is not communicated in the auditor's report, as explained further in **Agenda Item D.1**. Changes to application material further respond to concerns raised on exposure, in particular the need for a robust "decision framework" to support the auditor's determination of KAM.
19. In relation to proposed ISA 570 (Revised), the IAASB and CAG have previously discussed the rationale for the Board's decision to not move forward with requirements relating to two proposed statements regarding GC and instead retain the position in extant ISA 570 for reporting when a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (i.e., exception-based reporting), given the strong views on exposure about the need for a holistic approach to reporting on GC. Notwithstanding this, the IAASB has agreed to further address the calls for a greater focus on GC by requiring the following (as explained further in **Agenda Item I.1**):
- An enhanced description of management's and the auditor's responsibilities relating to GC in all auditor's reports, retaining a number of the concepts previously embedded in the two proposed statements on GC;
 - Use of the heading "Material Uncertainty Relating to Going Concern" in all cases³ where a material uncertainty exists related to events or conditions that may cast significant doubt on an entity's ability to continue as a GC;

³ Unless law or regulation prescribes a different heading

- A new requirement for the auditor to consider the appropriateness of management's disclosures when events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a GC, taking into account the requirements of the applicable financial reporting framework and, where applicable, requirements relating to fair presentation; and
 - Explicit recognition within proposed ISA 701 that matters relating to GC may be determined to be KAM and therefore communicated in the auditor's report.
20. In relation to proposed ISA 700 (Revised), respondents were largely in favor of the various proposals set out in the ED. The most substantive change to the proposed standard relates to the Board's decision to require the Opinion section to be presented first in the auditor's report, followed by the Basis for Opinion section, unless law or regulation prescribes a specific ordering. This was in response to calls across stakeholder groups that this information should be positioned as prominently as possible, given its importance to investors and other users of the auditor's report.
21. Other changes to the standard in response to comments received on exposure are aimed at further clarifying the IAASB's intent and, as appropriate, providing refinements to the requirements and wording in the illustrative auditor's reports, as well as additional guidance, in particular in relation to:
- The explicit statement about independence and other relevant ethical requirements, including listing of sources of those requirements, with further attention given to how the IESBA's *Code of Ethics for Professional Accountants* (IESBA Code) may be referenced.
 - Disclosure of the name of the engagement partner for audits of financial statements of listed entities, and appropriate parameters on the rare circumstances in which such disclosure may not be included in the auditor's report (via the use of a harm's way exemption).
22. Changes to the other standards since exposure, including ISA 705, ISA 706, ISA 260 and the conforming amendments, are primarily to clarify how those standards relate to ISA 700 and ISA 701.

C. Effective Date

23. The Explanatory Memorandum to the ED explained that, in setting the effective date for a new or revised ISA that affects the work effort of the auditor in performing an audit, the IAASB typically provides a period of at least 12–15 months after issuance of the final standard⁴ for purposes of translation, national adoption, and implementation (including training and changes to firms' audit methodologies). This implementation period typically ends, and the new or revised ISA comes into effect, at the beginning of the applicable audit cycle – that is, “for audits of financial statements for periods beginning on or after [date]”.
24. The EM suggested the standards could become effective for audits of financial statements for periods beginning on or after December 15, 2015 – that is, for December 31, 2016 reporting periods. Should this be the effective date, the enhanced auditor's reports would be available to users in early 2017. Early adoption of the standards would be permitted, as is the case with all the IAASB's standards unless specifically prohibited.

⁴ Final standards are issued after they are approved by the IAASB and the PIOB has confirmed that due process has been followed in their development (which typically occurs in the quarter following IAASB approval).

25. At the June 2014 meeting, the Board considered, and did not raise concern with, a preliminary staff recommendation to set this as the effective date. This proposed date accommodates the plans to finalize the revisions of ISA 720 and the amendments to the ISA 800 series, with the intent for all changes to the standards to become effective at the same time. To the extent practicable and subject to the IAASB's consideration of the comments received on exposure, the changes as a result of the Disclosures project may also come into effect concurrently.
26. The Auditor Reporting Task Force Chair, with input from the two DT Chairs, is of the view that the proposed effective date remains appropriate and recommends that the IAASB approve the standards on this basis.

II. Promoting Awareness, Understanding and Effective Implementation of the IAASB's New and Revised Auditor Reporting Standards

27. The final standards will be issued after the PIOB has confirmed that due process has been followed in their development.⁵ The IAASB is committed to ensuring the success of these new and revised standards in view of the significant enhancements to auditor reporting in the public interest.
28. IAASB leadership and Staff are of the view that the objectives of efforts to support successful roll-out of the new and revised standards should focus on:
- (i) Promoting awareness on a timely basis of the IAASB's new and revised standards in response to calls for a more informative auditor's report and greater transparency about the financial statement audit;
 - (ii) Informing and educating those who will use the new auditor's reports about the objectives of the enhancements;
 - (iii) Opening a dialogue to learn about the experiences of those responsible for adopting and implementing the standards; and
 - (iv) Preparing for post-implementation review efforts.
29. The following is an initial plan that is intended to effectively achieve these objectives. The plan has been developed in light of available resources as well as feedback on previous initiatives designed to support roll-out of other new and significant standards.

Activity	Proposed Timing
Auditor Reporting Toolkit	Released concurrently with the final standards – January 2015, with “thought piece” in mid-2015
Outreach and Other Communications by the IAASB and Others	2015–2016
Post-Implementation Review	To commence two full years after the standards become effective – Planning 2017 / Commencement 2018

⁵ The PIOB meeting is scheduled for December 10–11, 2014.

Auditor Reporting Toolkit

30. The following materials and actions are planned concurrent with the release of the final standards:

- In support of awareness:
 - Media release (along with related press engagement by IAASB leadership and senior staff as appropriate)
 - Promotion on International Federation of Accountants (IFAC) Global Knowledge Gateway, a digital hub where professional accountants, students, professional accountancy organizations, firms, regulators, standard setters, academics, and others can easily access accountancy news, views, resources, and thought leadership from IFAC, its member organizations, and other notable groups and individuals
 - Staff-prepared *At a Glance* publication,⁶ along with a one-page fact sheet on Auditor Reporting
 - Overview presentations providing greater details about the key enhancements to auditor reporting (e.g., a high-level summary of the proposals, the expected benefits, and important elements of the standards)⁷
- In support of promoting understanding:
 - Staff-prepared *Basis for Conclusions* that explains the IAASB's decisions in finalizing the new and revised standards
 - A limited number of illustrative examples of KAM, to be provided as non-authoritative Staff guidance. Such publication will also highlight the relevant requirements in ISA 701 in relation to determining and communicating KAM, and potentially explain how KAM relates to other regional and national developments in auditor reporting
 - Subject to the IAASB's discussion, a flowchart relating to the auditor's judgments in determining whether a material uncertainty exists related to events or conditions that may cast significant doubt on an entity's ability to continue as a GC
 - Reference to the July 2014 International Financial Reporting Standards Interpretations Committee Agenda Decision – International Accounting Standard 1, *Presentation of Financial Statements*: Disclosure requirements relating to assessment of GC
 - Listings and extracts of illustrative auditor's reports, drawn from the final standards.

The IAASB currently has a separate page on its website dedicated to the Board's auditor reporting project. The documents identified above will form part of the material ("Toolkit") intended to support awareness and understanding of the newly released standards, and further efforts will be invested by IAASB and Communications Staff to draw attention to this material. The website would also be

⁶ The *At a Glance* publication would provide an overview of the key provisions of the final standards, as well as other information about the changes expected to result from their implementation and the effective date of the standards. This document will also highlight the IAASB's plans for post-implementation support, including the planned post-implementation review.

⁷ NSS, IFAC Member Bodies, and others would be encouraged to download and translate these slides to increase awareness in their jurisdictions.

used, as appropriate, to showcase materials developed by others, relevant press, etc. to give such efforts further prominence.

31. In support of effective implementation, and to further promote awareness and understanding:
- Release of a “thought piece” on readying for the new standards is planned in mid-2015. In particular, this publication will be aimed at:
 - Encouraging all those with responsibilities relating to audits of financial statements to consider implementation issues as soon as practicable; and
 - Providing general considerations that may be relevant to national auditing standard setters (NSS), legislators, and others involved in setting standards; regulators and oversight bodies; IFAC member bodies; and accounting firms and audit practitioners.
32. The above are the initial steps on release. Further tools and activities during the course of 2015–2016, which will leverage the above, are discussed below.

Outreach and Other Communications by the IAASB and Others

Webcasts

33. The use of targeted webcasts, potentially in coordination with other organizations, will be explored as a means of educating key stakeholder groups about the final standards. Such webcasts may incorporate a brief introductory video along with slides included in the Toolkit, with tailoring as appropriate for the audience.⁸ Such webcasts could allow for questions from participants, or could feature a segment from a representative of that stakeholder group, and would be archived on the Auditor Reporting website and available for download. In addition, it may be possible, through coordination with other organizations, to arrange for such webcasts to be eligible for continuing professional education credit.

Outreach

34. Auditor reporting will be a continued area of interest during outreach activities in 2015 and 2016, as the IAASB’s stakeholders seek to adopt and implement the final auditor reporting standards. Initial outreach activities will focus on building awareness of the IAASB’s intentions in developing the standards and provide the IAASB with an initial understanding of implementation experiences, including any practical challenges, and how such challenges are being addressed. This outreach will also serve as a useful basis to inform the planned post-implementation review by strengthening and establishing new contacts to provide input on whether the IAASB’s standards are achieving their objectives.

⁸ For example, to explain the implications of the new standards for audit committees and investors

35. In relation to outreach, IAASB leadership and staff are of the view that, rather than the IAASB seeking to host formal events, resources would be best allocated to participation by or on behalf of the IAASB⁹ at national and regional events in 2015 and 2016. Specifically:

- In coordination with the CAG, NSS, IAASB members and the IFAC Professional Accountants in Business Committee, Staff will identify, as early as possible, planned events to which the IAASB could seek to be invited to speak on the topic of auditor reporting, in particular events targeted towards investors, preparers and audit committees. Requests for participation at other events and other opportunities to further promote awareness and acceptance will also be considered, with a view to geographic balance and audience.
- Ongoing coordination with practitioners is expected through outreach with the Forum of Firms, Global Public Policy Committee, meetings with assurance leadership of firms, events sponsored by the IFAC Small and Medium Practices, and the Financial Audit Subcommittee of the International Organization of Supreme Audit Institutions. Participation in other events sponsored by firms (e.g., annual meetings), supreme audit institutions (SAIs), and IFAC Member Bodies would be welcome.
- It is envisaged that discussion with regulators and oversight bodies will continue through annual or more frequent meetings with the International Organization of Securities Commissions and the International Forum of Independent Audit Regulators and their various subcommittees, as well as the European Audit Inspection Group. Such communications will firstly be aimed at briefings on the final positions in the standards to ensure a consistent understanding of the IAASB's expectations in setting the requirements therein. On a longer-term basis, such communications will enhance the relationship with these organizations and assist the IAASB in understanding inspection findings as the new standards are implemented. Other meetings with the Basel Committee on Banking Supervision, the Financial Stability Board, the World Bank, the International Association of Insurance Supervisors and others who have expressed support for the ISAs as the basis for high-quality audits will also be necessary.
- Liaison with policymakers in Europe is also expected to continue, for example with the Head of Audit Unit of the European Commission, and others as necessary as the member states adopt and publish the provisions necessary to comply with the revised regulatory framework.
- IAASB members and Technical Advisors would be expected to meet with constituents (in particular investors, audit committee members/organizations, and preparers) in their national jurisdictions during 2015 to build awareness about the auditor reporting enhancements. Materials discussed above (in particular, the Toolkit) would be leveraged for these efforts.
- Liaison with the academic community will also be useful, as a means of signaling the IAASB's interest in any research activities that may be conducted and possibly identifying specific topics on which research may usefully inform the post-implementation review.

⁹ Outgoing Deputy Chair Dan Montgomery and former Executive Director Jim Sylph have confirmed their willingness and ability to participate in these outreach activities.

Communications and Activities by Others

36. International and national regulators, oversight bodies, organizations that represent investors, preparers and audit committees, and NSS, SAs, firms, IFAC Member Bodies and other IFAC Committees all have a shared responsibility to promote awareness and support effective implementation of the standards in light of their public interest importance. While the IAASB plans to pursue a number of activities, such organizations may be best placed to plan outreach and liaison with their constituents, through formal events or other types of communication.
37. IAASB leadership and Staff are interested in hearing about those plans so that the collective efforts can be leveraged to the extent possible, in particular whether such organizations may have the capacity to develop:
- Communications to promote awareness of the issuance of the final standards and the Toolkit, as well as plans for webcasts
 - Opinion pieces, articles or frequently asked questions to explain their views about the implications of changes in auditor reporting to their specific audience
38. Follow up sessions with the CAG and NSS will also be planned in 2015 and 2016, for participants to report back on dialogue within their respective organizations in relation to auditor reporting.

Post-Implementation Review

39. The IAASB intends to undertake a post-implementation review of the auditor reporting standards after a period of two years from the effective date. The objective of this review will be to assess the new auditor reporting standards have achieved their intended effect, and to assist the IAASB in, among other matters:
- Determining whether wider application of the proposals initially limited to audits of financial statements of listed entities would be in the public interest;
 - Identifying implementation challenges and possible areas for improvement within the standards;
 - Understanding the way in which the requirements in the standards have been adopted and implemented by various jurisdictions in light of their national frameworks; and
 - Considering whether further enhancements to auditor reporting are necessary, for example as a result of developments at the national level.
40. The post-implementation review may also identify how practical challenges and concerns are being addressed in practice (by auditors, management and audit committees), and whether further enhancements or refinements to the standards, or additional implementation support, is needed.

Matter for CAG Consideration

1. Representatives are asked to share views on the following:
 - (a) How their Member Organizations can assist in promoting awareness and supporting effective implementation of the IAASB's auditor reporting standards, in particular in relation to hosting events or providing other support as outlined in paragraphs 35–36 above.
 - (b) The IAASB's planned activities as outlined in this paper, including whether there are other activities that might also be considered in addition to, or in lieu of, those described above.

III. IAASB Interaction with the IAASB CAG

41. The substantive issues being raised on the project for the purposes of the September 2014 IAASB meeting are included in this paper as well as **Agenda Items D.1, G.1, G.4 and I.1**. Accordingly, this serves as the final discussion of the project prior to its anticipated approval by the IAASB. CAG Representatives may wish to take this opportunity to comment on the IAASB's interaction with the CAG during the development and finalization of proposed auditor reporting standards. Appendix 1 to this paper provides a project history, including links to the relevant CAG documentation.

Material Presented

Key Audit Matters – Matters Related to the Revision of ISA 701

Agenda Item D.1	ISA 701 – Issues and Drafting Team Recommendations
Agenda Item D.2	Revised Draft of ISA 701
Agenda Item D.3	Revised Draft of ISA 706
Agenda Item D.4	Revised Draft of ISA 260

Matters Related to the Revision of ISA 700

Agenda Item G.1	ISA 700 – Issues and Drafting Team Recommendations
Agenda Item G.2	Revised Draft of ISA 700
Agenda Item G.3	Revised Draft of ISA 705

Going Concern – Matters Related to the Revision of ISA 570

Agenda Item I.1	ISA 570 – Issues and Drafting Team Recommendations
Agenda Item I.2	Revised Draft of ISA 570

Material Presented – FOR IAASB CAG REFERENCE PURPOSES ONLY

Agenda Item 2-F of the September 2014 IAASB Agenda Material, *Proposed Changes to Other ISAs (All Conforming Amendments)* [\[Link to follow\]](#)

Agenda Item 2-G of the September 2014 IAASB Agenda Material, *Comparison of Requirements in Proposed ISA 701 from the Exposure Draft to September 2014 Agenda Material* [\[Link to follow\]](#)

Appendix 1

Project History

Project: Auditor Reporting

Summary

	CAG Meeting	IAASB Meeting
Report of IAASB Working Group – key findings from academic research studies on user perceptions of the standard auditor's report	March 2010	December 2009
Issues Paper and IAASB Working Group Proposals	-	December 2010
Development of Proposed Consultation Paper	March 2011	March 2011 May 2011
Consultation – May 2011		
Further Discussion	September 2011	
Discussion of Project Proposal and Issues	March 2012	December 2011 March 2012
Discussion of the Invitation to Comment	September 2012	April 2012 June 2012
Discussion of Feedback from Invitation to Comment and Development of the Exposure Draft	April 2013 September 2013	September 2012 December 2012 February 2013 April 2013 June 2013
Discussion of Feedback from Exposure Draft and Development of Final ISAs	March 2014 September 2014	March 2014 June 2014 September 2014

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CAG Discussions: Detailed References

Report of IAASB Working Group – key findings from academic research studies on user perceptions of the standard auditor's report	<p><u>March 2010</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5253</p> <p>See CAG meeting minutes (in Agenda Item D of the following material): http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5882</p> <p>See report back on March 2010 CAG meeting (in paragraph 12 of the following material): http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6095</p>
Development of Proposed Consultation Paper	<p><u>March 2011</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6095 http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6096</p> <p>See CAG meeting minutes (in Agenda Item M of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemA-Final_March_2011_Public_Minutes_APPROVED-v1-03.pdf</p> <p>See report back on March 2011 CAG meeting (in paragraph 1 of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemH1-Auditor-Reporting-V1-02.pdf</p>
Further Discussion	<p><u>September 2011</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemH-Auditor-Reporting-V1-02.pdf http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemH1-Auditor-Reporting-V1-02.pdf</p> <p>See CAG meeting minutes (in Agenda Item H of the following material): http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda_Item_A-September_2011_Public_Minutes-APPROVED.pdf</p>
Discussion of the Project Proposal and Issues	<p><u>March 2012</u></p> <p>See IAASB CAG meeting material included in Agenda Items G, H, K, L and M: http://www.ifac.org/meetings/brussels-belgium</p> <p>See CAG meeting minutes (in Agenda Items G, H, K, L, and M of the following): http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_A_March%202012_Public%20Minutes-APPROVED.pdf</p> <p>See report back on March 2012 CAG meeting: http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_A_March%202012_Public%20Minutes-APPROVED.pdf</p>

	Agenda Item F1-Auditor Reporting Report Back-v4.pdf
Discussion of the Invitation to Comment and Development of the Exposure Draft	<p><u>September 2012</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_F1-Auditor_Reporting_Report_Back-v4.pdf</p> <p>See CAG meeting minutes (in Agenda Item F of the following): http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-CAG-Agenda_Item_A-Public_Minutes-v5-APPROVED_0.pdf</p>
Discussion of Feedback from Invitation to Comment and Development of the Exposure Draft	<p><u>April 2013</u></p> <p>See IAASB CAG meeting material included in Agenda Items B, B.1., B.2, B.3, B.4, B.5., B.6 and B.7. http://www.ifac.org/meetings/new-york-usa-1</p> <p>See CAG meeting minutes (in Agenda Item B of the following): http://www.ifac.org/sites/default/files/meetings/files/April%202013%20IAASB%20CAG%20Public%20Minutes%20a%20Approved.pdf</p> <p>See report back on April 2013 CAG meeting: http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_C-Auditor_Reporting_Report_Back-final.pdf</p> <p><u>September 2013</u></p> <p>See IAASB CAG meeting material included in Agenda Item C. http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_C-Auditor_Reporting_Report_Back-final.pdf</p> <p>See CAG final approved meeting minutes (in Agenda Item C of the following): http://www.ifac.org/meetings/new-york-usa-2</p> <p>See report back on September 2013 CAG meeting included in Agenda Item C of the following http://www.ifac.org/meetings/new-york-usa-3</p> <p><u>March 2014</u></p> <p>See IAASB CAG meeting material included in Agenda Items C, C.1., C.2 and C.3. http://www.ifac.org/meetings/new-york-usa-3</p> <p>See CAG meeting minutes (in Agenda Item B of the following): http://www.ifac.org/meetings/new-york-usa-4</p> <p>See report back on March 2014 CAG meeting included in paragraph 13 of this paper and in paragraph 3 of Agenda Items D.1, G.1 and I.1.</p>