

**Meeting:** IAASB Consultative Advisory Group  
**Meeting Location:** Teleconference  
**Meeting Date:** November 24, 2014

## Agenda Item

# A

### The Auditor's Responsibilities Relating to Other Information – Proposed ISA 720 (Revised) Issues

#### Objectives of Agenda Item

1. The objectives of this Agenda Item are:
  - (a) To obtain the Representatives' views on the significant matters to be discussed by the IAASB at its December 2014 meeting relating to proposed ISA 720 (Revised).
  - (b) To provide a summary of the significant issues raised in comment letters on exposure drafts and related responses.

#### Project Status and Timeline

2. The IAASB approved the issuance of ED-720 (2014)<sup>1</sup> in March 2014. Comments were requested by July 18, 2014. At their September 2014 meetings, the CAG and IAASB received an update on respondents' comments on the April 2014 ED,<sup>2</sup> with focus on the more significant issues arising from those letters, being the work effort, the definition of a material misstatement, and the implications of other information obtained after the date of the auditor's report.
3. This paper covers the Task Force's proposed responses regarding the remaining significant issues, the reporting obligations and the scope of other information, as well as the Task Force's revised proposals regarding the key work effort paragraphs.
4. Appendix 1 to this paper provides a project history, including links to the relevant CAG documentation. A list of respondents to ED-720 (2014) is included in Appendix 2.

#### September 2014 CAG Discussion

5. Below are extracts from the draft minutes of the September 2014 CAG meeting,<sup>3</sup> and an indication of how the project Task Force or IAASB has responded to the Representatives' comments.

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<sup>1</sup> Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

<sup>2</sup> ED-720 (2014) also includes proposed conforming amendments to ISA 210, *Agreeing the Terms of Audit Engagements*; ISA 230, *Audit Documentation*; ISA 260, *Communication with Those Charged with Governance*; ISA 450, *Evaluation of Misstatements Identified during the Audit*; ISA 560, *Subsequent Events*; and ISA 810, *Engagements to Report on Summary Financial Statements*. There were also proposed conforming amendments to the auditor reporting ISAs, including ISA 700, *Forming an Opinion and Reporting on Financial Statements* as part of the auditor reporting project. The IAASB approved ISA 700 (Revised) in September 2014.

<sup>3</sup> The minutes will be approved at the March 2015 IAASB CAG meeting.

Representatives' Comments	Task Force/IAASB Response
WORK EFFORT	
<p>Mr. Fukushima clarified the feedback provided in the IOSCO comment letter, noting that in general IOSCO was of the view that standard should provide further clarification as to what auditors are required to do, for example, by using a more “action”-based term such as “assess” rather than “consider.”</p>	<p>Point taken into account.</p> <p>The Task Force acknowledges the calls for more “action” based terms. While the term “consider” has still been used in relation to the auditor’s obligation to consider whether there is a material inconsistency between the other information and the financial statements or the auditor’s knowledge obtained in the audit, the Task Force has sought to incorporate more “action” orientated terms elsewhere in the work effort paragraphs (<i>See Section A below</i>).</p>
<p>Regarding respondents’ suggestions that the word “consider” be replaced with the word “evaluate”, Ms. Lang drew attention to similar concerns noted in the Report Back and suggested that, as a matter of principle, the Task Force should take into consideration the existing meaning and intent of the use of terms in the existing ISAs (for example, the use of the term “evaluate” as used in ISA 210)<sup>4</sup> to ensure consistency, thereby avoiding potential confusion and translation issues.</p>	<p>Point taken into account.</p> <p>The Task Force notes the comments about the use of the term “evaluate” but believes that the way the term is used is not inconsistent with the definition provided in the <i>Glossary of Terms</i>. (<i>See paragraph 14(a) of Agenda Item A-1</i>).</p>
<p>Mr. Fukushima suggested that the last sentence of paragraph 14(a) that reads “[T]he determination of which amounts or other items to select in performing these procedures is a matter of professional judgment”, be moved to the application material in the standard, as it was of an explanatory nature rather than an explicit requirement. Mr. Baumann complimented the Task Force on its progress, but questioned the Task Force’s rationale for adding the last sentence to paragraph 14(a), challenging whether procedures could be performed on some items and not on others. Mr. Baumann was of the view that it was important that the auditor always apply the requirement in paragraph 14(a) of ED-720 (2014) to provide a basis for the</p>	<p>Point accepted.</p> <p>The Task Force noted similar comments from the IAASB and has recommended amend the requirement such that the requirement addresses the principle (being the need to select amounts or other items for testing) while the application material addresses how to select the amounts or other items (<i>See paragraphs 14(a) and A24–A24A of Agenda Item A-1</i>).</p>

<sup>4</sup> ISA 210, *Agreeing the Terms of Audit Engagements*, paragraph 21

Representatives' Comments	Task Force/IAASB Response
auditor's conclusions about whether there is an inconsistency between the OI and the financial statements.	
<p>Ms. Molyneux asked for a high-level overview of the increased benefit to users of the proposed changes to the OI standard.</p> <p>Mr. Waldron, reflecting on his involvement with the Task Force earlier in the project, added that, in his view, auditors are already performing work with respect to OI and it is important to make it clear to users what that is.</p>	<p>Mr. Gélard explained that the proposed changes are intended to result in an improved and consistent increased work effort among auditors with respect to OI. He also added that explicit reporting on OI in the auditor's report is new and is intended to add transparency to the audit with respect to OI.</p>
<p>Mr. Hemus suggested that the Task Force revisit the revised language in paragraph 15A, noting that the phrase "not related to the financial statements or the auditor's knowledge obtained in the audit" was confusing. He suggested that the phrase be replaced with "not related to the audit".</p> <p>Mr. Fukushima suggested that the Task Force clarify the apparent difference between the messages in paragraph 2 regarding not needing to obtain further audit evidence and paragraph 15A, which could be seen as implying a need to obtain further evidence.</p>	<p>Point not accepted.</p> <p>The Task Force notes that the term "not related to the financial statements or the auditor's knowledge obtained in the audit" is needed to draw a link with the rest of the work effort. Using an alternative term (such as "not related to the audit") may give rise to questions about what aspects of the other information are covered (<i>See paragraphs 14–15A of Agenda Item A-1</i>).</p> <p>Mr. Gélard responded that the requirement in paragraph 15A was to "remain alert" using the auditor's existing general knowledge (i.e. knowledge other than that obtained in the audit), and that there was no requirement to expand that general knowledge. As such, the Task Force believes that paragraph 2 and paragraph 15A are consistent (<i>See paragraphs 2 and 15A of Agenda Item A-1</i>).</p>
THE DEFINITION OF A MISSTATEMENT OF THE OI	
<p>Mr. James questioned the clarity of the phrase in paragraph 12(b), "(including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information)." In his view it does not seem logical that something that is omitted could be disclosed in the OI. Ms. de Beer suggested that the sentence structure be simplified.</p>	<p>Mr. Gélard noted that the auditor was not required to search for omissions in general. Rather, the purpose of the phrase was to make clear that if the OI purports to address a matter, the OI should not omit a material item relevant to that disclosure. He gave the example of a disclosure of key performance indicators (KPI) used by management, where management omitted a relevant KPI which showed a negative trend (<i>See paragraphs 12(b) of Agenda Item A-1</i>).</p>

Representatives' Comments	Task Force/IAASB Response
IMPLICATIONS OF OI OBTAINED AFTER THE DATE OF THE AUDITOR'S REPORT	
<p>Mr. Bluhm questioned the use of the phrase “withdrawing from the audit” and suggested “withdrawing from the engagement” would be more consistent with other literature. He also questioned whether withdrawing from the audit was a practical response after the auditor’s report had been issued. Mr. White agreed and suggested that the focus of this action should be on withdrawing the auditor’s report, if permitted by law or regulation. Ms. de Beer suggested that the Task Force revisit the wording of paragraph A45 in light of the feedback from Messrs. Bluhm and White to consider whether the application material could highlight whether the auditor may be permitted to withdraw the auditor’s report.</p>	<p>Point not accepted.</p> <p>Mr. Gélard and Mr. Montgomery noted that the Task Force did not intend for the words in the last bullet of paragraph A45 to deal with the auditor withdrawing the auditor’s report, as this is addressed by the first bullet in paragraph A45. Rather, the reference to withdrawal was intended to refer to withdrawing from (or not continuing with) future audit engagements. They highlighted that this situation is different to that addressed by ISA 560, in that ISA 560 is concerned with a subsequent event related to the financial statements that indicates that users should no longer rely on the auditor’s report. Mr. Montgomery added that the Task Force was of a view that management’s decision not to correct a material misstatement in the OI should be factored into the auditor’s assessment whether continue as that entity’s auditor.</p>
<p>Mr. Koktvedgaard expressed a more general concern about the auditor being able to withdraw and reissue the auditor’s reports. Acknowledging that there are situations where it may be necessary to reissue the auditor’s reports, he was of the view that it is in the public interest that those situations be very rare so that users can continue to have confidence in the auditor’s opinion provided in the auditor’s report. Ms. de Beer and Mr. Waldron agreed.</p> <p>Mr. Baumann noted that, in some jurisdictions, the audited financial statements have to be filed on a certain date but the annual report filing date may be thereafter. He added that, if the auditor’s report states that there is nothing to report, but the auditor later discovers that there is a material misstatement in the OI, the auditor has to take action. He acknowledged that it is a very difficult issue to deal with if the IAASB continues to scope in such OI in proposed ISA 720 (Revised).</p>	<p>Point noted.</p> <p>The Task Force does not believe that instances of withdrawn auditor’s reports due to concerns about other information issued after the date of the auditor’s report will be common. The Task Force also agrees that it is important that users can have confidence in the auditor’s report.</p> <p>Point accepted. The Task Force notes that the requirements and application material recognize the need for the auditor to take appropriate action when there is a material misstatement in other information obtained after the date of the auditor’s report, though the specific action to take will depend on local law or regulation (<i>see paragraphs 19(b) and A44–A45 of Agenda Item A-1</i>).</p>

Representatives' Comments	Task Force/IAASB Response
Mr. White supported the Task Force's suggestion to require identification of the OI in the auditor's report.	Support noted.
Ms. Blomme indicated that, based on her experiences, the situations when OI is available after the auditor's report date is uncommon. She asked the Task Force to consider whether having such extensive guidance in this area could potentially make it seem as though such situations occur more commonly than they actually do. She suggested that the standard would be enhanced by ensuring that there is balance in the amount of guidance provided, in light of the expected frequency of its use among auditors. She also suggested that the standard emphasizes the close interactions and coordination that exists between the auditor and management, in order to minimize situations where OI is released after the date of the auditor's report.	Point not accepted.  In some jurisdictions the instances of other information being obtained after the date of the auditor's report is uncommon, particularly for listed entities. However, for non-listed entities, and listed entities in some jurisdictions, this situation will be more common and the ISA needs to address these circumstances.
OTHER MATTERS	
Mr. Baumann noted that, in his view, the Task Force has done an excellent job on what is a very challenging standard. His only concern is with the final sentence in paragraph 14(a) as noted before.	Support noted.
Ms. Elliott questioned whether the IAASB had a process to obtain investors' views to inform decisions in this project. Ms. de Beer noted that Mr. Waldron participated in the project during its earlier stages in order to bring an investor view to the discussions. Mr. Waldron confirmed his involvement in the formative stages of the project, and also shared his view that it has historically been difficult for investors to comment on all the work of standard setters (e.g. the IAASB, PCAOB, and FASB) by way of formal comment letters. Mr. Waldron noted that he and other investor representatives on the CAG have had the opportunity to share their views on the proposals and contribute to the process. Ms. de Beer agreed, noting that ISA 720 has been on	Point noted.  Prof. Schilder noted that, beyond the formal comment letter process, the IAASB also routinely conducts outreach targeted at obtaining input from investors and other specific stakeholder groups. Ms. Healy added that the IAASB has observed that National Standard Setters who respond to the IAASB's EDs often conduct national outreach within their respective investor communities and use that information as a basis for formulating their responses. Specific to the OI project, Ms. Healy also noted that the IAASB received very helpful feedback from investors on the proposals relating to auditor reporting on OI as part of the IAASB's 2012 Invitation to Comment: <i>Improving the Auditor's Report</i> .

Representatives' Comments	Task Force/IAASB Response
the CAG agenda many times, which allowed investor Member Organizations to comment.	

## Matters for CAG Consideration

6. For the remainder of this paper, and when considered necessary to provide context to the magnitude of responses, the following descriptive terms have been used:
- A few respondents = 2-3;
  - Some respondents = 4-6;
  - Several respondents = 7-11;
  - Many respondents = 12-34; and
  - A majority of respondents = 35 or more.

### A. Work Effort

#### *Background*

7. After the September 2014 IAASB and CAG meetings, and the discussion of respondents' comments at those meetings, the Task Force noted that some further refinement of the key work effort requirements was needed to achieve a more appropriate balance between setting a principles-based requirement and providing sufficient specification of the work effort, particularly as it relates to the nature and extent of the work effort or procedures performed. This refinement also was considered necessary to avoid the risk that the ISA 720 work effort being perceived as an assurance engagement.
8. The IAASB met via teleconference in October 2014 to discuss further Task Force proposals, including proposals related to the work effort. The IAASB made several suggestions, including that the required procedure in paragraph 14(a) to evaluate the consistency of the other information with the financial statements would be more understandable, and that it would be clearer as to what auditor action was expected, if an action-orientated verb such as "compare" was used. The IAASB also asked the Task Force to consider whether the work effort requirement in paragraph 14(a) could be simplified, noting that the version presented for discussion at the teleconference contained four verbs which served to complicate the requirement. Some members also expressed concern about having procedures attached to the requirement in paragraph 14(b) to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit.

#### *Task Force Recommendations*

9. The Task Force recognizes the importance of describing a clear and unambiguous work effort in the final standard. Taking into account the comments received on the re-exposed proposed standard, as well as the IAASB's and CAG's comments at their recent meetings, the Task Force does not believe that fundamental changes need to be made to the proposed work effort to achieve this goal. The main changes are summarized below and involve simplifying the requirements and providing additional application material to reinforce the requirements.

10. Firstly, the Task Force recommends clarifying and simplifying the required procedure to evaluate the consistency of the other information with the financial statements (see paragraph 14(a) of **Agenda Item A.1**). The mandatory procedure now states:

As the basis for this consideration, the auditor shall perform comparison procedures on selected amounts or other items to evaluate the consistency of the amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements.

The key changes are the use of the term “perform comparison procedures,” which recognizes that “comparison” is what the procedures are intended to involve, and the term “selected amounts or other items,” which makes it clear that the auditor is not expected to compare all of the items and amounts in the other information with the corresponding amounts in the other information. The redrafted requirement provides the basis for the application material that directs the auditor to focus on those amounts or items that are likely to be of most significance to users (see paragraphs A24–A24A of **Agenda Item A.1**).

11. Secondly, the Task Force has clarified that the auditor’s recollection is the basis for the auditor’s consideration as to whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit (see paragraph 14(b) of **Agenda Item A.1**). In terms of the redrafted requirement, the auditor is required to refer to relevant audit documentation or make inquiries of other relevant members of the engagement team or relevant component auditors only if necessary to support the auditor’s recollection. Some Task Force members believe that this focus on recollection, supported as necessary by referring to documentation, engagement team members or component auditors, provides essential context for and supports how to address the initial requirement to consider whether there is a material inconsistency between the other information and the auditor’s knowledge obtained in the audit. However, other Task Force members remain concerned that having a requirement that addresses the need, when necessary to support the auditor’s recollection, to refer to relevant audit documentation or to make inquiries of other relevant members of the engagement team or relevant component auditors will be challenging to apply in practice and will in almost all cases drive auditors to extensively refer to documentation and to make exhaustive inquiries because the auditor would find it difficult to justify not referring to documentation or making the inquiries referred to support the auditor’s recollection. For these members, it also seems that the requirement as drafted could cause auditors (and inspectors and others in terms of evaluating the adequacy of the auditor’s work), to place the focus more on when and how the auditor decided which documentation to reference (or not reference) or of whom inquiries were to be made (or not made), as opposed to the more overarching focus of the “intelligent read.” The Task Force members who are concerned about this requirement as drafted believe that the reference to the possible need to refer to audit documentation or to make inquiries that is currently included in the requirement is consistent with the definition of application material, and as such that the placement thereof in the application material may better achieve the focus on the judgment about consistency that is desired for the requirement.



12. The Task Force has also added guidance that:
- Notes that the auditor's focus should be on items about which the auditor has relevant knowledge and which are of sufficient importance that a misstatement may be material (see paragraph A29A of **Agenda Item A.1**).
  - Reinforces the importance of involving the right members of the engagement team, as the more senior and the more familiar with the key aspects of the audit the auditor is, the more likely it is that the auditor's recollection of relevant matters will be sufficient to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit (see paragraph A31 of **Agenda Item A.1**).
  - Provides examples of when referring to documentation etc. would be appropriate (see paragraph A32 of **Agenda Item A.1**).
13. Finally, the Task Force has proposed additional application material to support the requirement to "remain alert" for indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated (see paragraphs 15A and A33–A33A of **Agenda Item A.1**). This additional guidance provides a link to the related ethical obligation and highlights some of the matters that the audit may identify as a result of remaining alert.

#### **Matter for IAASB CAG Consideration**

1. Representatives and Observers are asked to share their views on the proposed key work effort requirements (paragraph 14-15A of Agenda Item A.1) together with the related application material (paragraph A22–A33A of **Agenda Item A.1**).

## **B. Reporting Implications**

### *Background and Respondents' Comments*

14. The Exposure Draft of proposed ISA 720 (Revised)<sup>5</sup> (ED-720 (2014)) required the auditor to include a section addressing other information in the auditor's report when any other information was obtained prior to the date of the auditor's report. The section was required to identify the other information obtained, state that the auditor had not audited the other information and accordingly did not express an audit opinion or any form of assurance conclusion thereon, describe the auditor's responsibilities relating to other information, and include a statement either describing a material misstatement (if one exists) or stating that the auditor had nothing to report. No section was required to be included in the auditor's report if no other information was obtained prior to the date of the auditor's report.<sup>6</sup>

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<sup>5</sup> Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

<sup>6</sup> Respondents comments in relation to other information obtained after the date of the auditor's report were summarized in the September 2014 IAASB agenda paper (see IAASB agenda paper at [www.ifac.org/sites/default/files/meetings/files/20140915-IAASB-Agenda\\_Item\\_7A-ISA\\_720\\_Issues-Final.pdf](http://www.ifac.org/sites/default/files/meetings/files/20140915-IAASB-Agenda_Item_7A-ISA_720_Issues-Final.pdf))



15. Many<sup>7</sup> respondents supported the reporting requirements in ED-720 (2014) and noted the greater transparency over the auditor's responsibilities for the other information, while a minority<sup>8</sup> explicitly did not support the proposed reporting requirements. Respondents also made various suggestions for improvements, clarifications or expressed concerns about specific aspects of the proposals, including, for example, that:
- Management's responsibility for the other information should be described in the illustrative section;<sup>9</sup>
  - In relation to the description of the auditor's responsibilities relating to other information:
    - The auditor's responsibilities should be more extensively described, particularly to highlight the limits of the auditor's work on other information.<sup>10</sup> For example, one monitoring group respondent<sup>11</sup> recommended that the illustrative section state that "The auditor's opinion on the financial statements does not cover the other information, nor does this ISA require the auditor to obtain audit evidence beyond that required to form an opinion on the financial statements." A few respondents<sup>12</sup> recommended specifically referencing the requirement to perform limited procedures to evaluate the consistency of the other information with the financial statements. Others<sup>13</sup> noted that, despite the IAASB's efforts as reflected in ED-720 (2014), they believed that users would nevertheless interpret the reporting to infer assurance being provided through the auditor's reporting on other information.
    - The reference to the auditor remaining alert for other indications that the other information may be materially misstated should not be included in the auditor's responsibilities, as users may misinterpret this statement.<sup>14</sup>
    - One firm respondent<sup>15</sup> noted concerns that the use of the phrase "if we determine that the other information is materially misstated" may result in users having unrealistic expectations about the extent of work performed.

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<sup>7</sup> **NSS:** CNCC, IDW, HKICPA, NBA; **Accounting Firms:** BDO, CH, DTT, GTI, KPMG, MNP, PWC, RSM; **Public Sector:** AGSA, CIPFA, GAO, SNAO, UKNAO; **Member Bodies:** ACCA, ANAN, ASSIREVI, CalCPA, ICPAK, EFAA, FEE, IBRACON, IBR-IRE, ICAG, ISCA, INCP, KICPA, PAS, WPK, ZICA

<sup>8</sup> **Those Charged With Governance:** AICD; **NSS:** AUASB, CAASB, HKICPA; **Accounting Firms:** EYG, UAB; **Public Sector:** AGC; **Preparers:** HQ; **Member Bodies:** FAR

<sup>9</sup> **NSS:** AUASB, CAASB, CNCC, JICPA, NZAUASB; **Accounting Firms:** DTT, EYG **Member Bodies:** FAR

<sup>10</sup> **Monitoring Group:** IFIAR, IOSCO; **NSS:** CAASB; **Member Bodies:** IBRACON

<sup>11</sup> **Monitoring Group:** IOSCO

<sup>12</sup> **Accounting Firms:** DTT; **Member Bodies:** ASSIREVI

<sup>13</sup> **Those Charged With Governance:** AICD; **NSS:** AUASB, NZAUASB; **Accounting Firms:** MNP; **Public Sector:** **Preparers:** HQ; **Member Bodies:** WPK

<sup>14</sup> **NSS:** HKICPA; **Accounting Firms:** GTI, MNP; **Member Bodies:** WPK

<sup>15</sup> **Accounting Firms:** PWC

- While most respondents either supported the use of the phrase “we have nothing to report in this regard” or did not mention it, several<sup>16</sup> respondents commented that they did not support it. For example, one NSS respondent<sup>17</sup> believed that users may inappropriately take assurance when none was intended from this statement.
- Auditors should be able to use their judgment to decide upon which version of the other information to perform the procedures required by the ISA.<sup>18</sup> This is because in some national circumstances a “close to final” draft may be available to the auditor, and the auditor may be able to determine that no, or only few, changes are expected. This approach would enable reporting on documents that under ED-720 (2014) would not otherwise be identified in the auditor’s report.

*The Auditor’s Responsibilities Relating to Other Information Obtained after the Date of the Auditor’s Report*

16. As noted in Agenda Item J.1 of the September 2014 CAG meeting papers, the Task Force also acknowledges the call from some<sup>19</sup> stakeholders for greater transparency over the auditor’s responsibilities for the other information obtained after the date of the auditor’s report. The Task Force understands these views and agrees that listing the documents that the auditor determined, through discussion with management, will comprise the other information obtained after the date of the auditor’s report and the expected work effort on such other information is responsive to these calls for increased clarity and transparency. However, the Task Force also noted concerns expressed at the September 2014 IAASB meeting about the practicality of applying this approach in all cases, particularly as they relate to situations where the other information that is expected after the date of the auditor’s report is not ultimately prepared. It was also noted that these concerns were more likely to arise in the case of unlisted entities who may not be subject to the same stringent rules regarding other information as listed entities.
17. At the October 2014 IAASB teleconference, members were, in the main, split between two alternative approaches:
  - The Task Force’s recommended approach, which was to require the auditor of a listed entity to identify the other information to be obtained after the auditor’s report date, in addition to the identification of other information obtained prior to the auditor’s report date. Auditor’s reports for non-listed entities would only be required to identify other information obtained prior to the auditor’s report date.
  - An alternative approach, put forward by some IAASB members, which was to revert to the approach proposed in ED-720 (2014) which proposed no reporting regarding such other information.

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<sup>16</sup> **Other Regulators:** IRBA; **NSS:** AUASB; **Accounting Firms:** MNP, RSM; **Public Sector:** AGC, INTOSAI, UKNAO; **Member Bodies:** ASSIREVI, FAS, IBRACON

<sup>17</sup> **NSS:** AUASB

<sup>18</sup> **NSS:** AUASB, CAASB, NZAUASB

<sup>19</sup> **Monitoring Group:** IAIS, IOSCO; **Other Regulators:** EAIG, FRC

Two IAASB members preferred that the auditor's reports for all entities be required to list all the other information, including that other information expected to be obtained after the date of the auditor's report.

### *Task Force Recommendations*

18. The Task Force notes the broad support for the approach to the reporting requirements included in ED 720 (2014), but also agrees with the comments of some respondents that aspects of the reporting requirements can and should be improved to better explain the auditor's responsibilities relating to other information. The Task Force also noted the IAASB's diverse views toward the identification of other information obtained after the date of the auditor's report as explained in paragraph 16 above. Accordingly, the Task Force recommends the following changes:

- (a) In relation to audits of listed entities, when other information exists or will exist, the auditor will be required in all cases to identify both the other information obtained before the date of the auditor's report and the other information expected to be obtained after that date. However, for entities other than listed entities, when other information exists or will exist, the reporting will only be required in reference to other information obtained before the date of the auditor's report (*see paragraph 21 of Agenda Item A.1*). The Task Force believes that this approach balances the perspectives from the IAASB's October 2014 teleconference by recognizing the public interest in identifying the other information that the auditor will read and consider (including other information obtained after the date) for listed entities, which may be characterized as having a larger potential pool of users and, usually, clearer obligations regarding the preparation and timing of the annual report. For entities other than listed entities, the auditor will not be required to identify the other information to be obtained after the date in recognition that, in many cases, the annual reporting process may not be subject to the same level of regulation. The Task Force believes that this approach is a solution which balances the benefits of transparency with the practical difficulties that may be encountered by auditors of entities other than listed entities with respect to other information that is not available until after the date of the auditor's report. The Task Force also notes that regulators and NSS can supplement the reporting requirements of ISA 720 when, in their jurisdiction, there are also clear obligations regarding the preparation and timing of the annual report for entities other than listed entities. Illustrative reports have been provided for both listed entities and non-listed entities (*see Appendix 2 of Agenda Item A.1*).
- (b) The Task Force agreed with respondents who believed that clarifying that the auditor's opinion on the financial statements does not cover the other information is helpful in addressing the risk that an expectations gap might arise (*see paragraph 21A(b) of Agenda Item A.1*). However, the Task Force did not believe it was also necessary to note in the illustrative statements that ISA 720 does not require the auditor to obtain audit evidence beyond that required for an audit of financial statements.
- (c) The description of the auditor's responsibilities has been amended in light of the changes made to the work effort. While the Task Force is cognizant of the benefits of a precise description of the auditor's responsibilities according to the ISA, the Task Force believes that the section addressing other information should be of a length and tone such that it fits appropriately with the rest of the auditor's report. Accordingly, the Task Force has proposed only limited changes to the description of the auditor's responsibilities (*see Illustration 1 in Appendix 2 of Agenda*

**Item A.1**). However, while the Task Force supports Illustration 1, the Task Force has also drafted an alternative in response to the comments outlined in paragraph 15 above which provides greater detail regarding the auditor's responsibilities by specifically referring to the comparison procedures required to be performed (see Appendix 3 to this paper). If the IAASB prefers this alternative, more detailed approach, then the illustrations in Appendix 2 of Agenda Item A.1 will be conformed to this version.

19. In relation to the phrase “If, based on the work we have performed, we determine that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard,” the Task Force continues to believe that the phrase is appropriate, recognizing that a balance must be struck between avoiding the risk that the work on other information be seen as assurance and yet providing transparency over the outcome of the auditor's work on other information.
20. The Task Force acknowledges that the concerns expressed by respondents that users may take assurance when none has been obtained by the auditor and believes the amendments in paragraph 18 above address this risk, particularly the stronger warning that the auditor's opinion on the financial statements does not cover the other information. However, the Task Force also notes that the “audit expectations gap” cannot be addressed solely by the auditor's report, and that other parties, such as regulators, national auditing standard setters (NSS), and firms have a role to play in educating users.
21. The Task Force also considered whether auditors should be permitted to perform procedures on a pre-final version of the other information. While this would assist auditors in some jurisdictions where other information is commonly prepared after the date of the auditor's report, the Task Force does not believe that reporting should be done unless the auditor has obtained the final version of the other information. Reporting on a pre-final version risks undermining public confidence in the auditor's report if the other information is changed subsequent to the auditor's performance of the procedures required by proposed ISA 720 (Revised).

#### **Matters for IAASB CAG Consideration**

2. Representatives and Observers are asked to share their views on the changes proposed by the Task Force in response to comments received on the reporting requirements of proposed ISA 720 (Revised), specifically:
  - The key reporting requirements (**paragraphs 21 and 21A of Agenda Item A.1**); and
  - The illustrative sections addressing other information (**Appendix 2 of Agenda Item A.1**).
3. Representatives are asked to comment on whether, in relation to the description of the auditor's responsibilities in the illustrative sections of the auditor's report, they prefer Option 1 or Option 2 (see Appendix 3 to this paper)

## C. Scope of Other Information

### *Background and Respondents' Comments*

22. Unlike the previous ED, the scope of ED-720(2014) met with broader support, with several<sup>20</sup> respondents noting that the proposed scope of the ISA, including the definitions of other information and annual report, were appropriately flexible to account for national variations. For example, one regulatory respondent noted that “We believe that the scope, determined by reference to the “annual report” while leaving room to integrate the diversity of potential additional legal provisions, is an acceptable compromise. Indeed, the combination of the definition and the application material as proposed in the exposure draft is likely to enhance consistency in practice and to clarify the scope of documents covered. This, together with the specific identification, in the audit report, of the documents examined by the auditor is likely to remove uncertainty for the users about the documents covered.”
23. A few<sup>21</sup> respondents believed that the definitions of other information and annual report were insufficiently clear or were open to differing interpretations. Others<sup>22</sup> wanted a specific limitation of the documents that could be considered other information, such as documentation containing the financial statements.
24. Respondents made suggestions for specific inclusions or exclusions from the scope of the ISA. For example, a monitoring group respondent<sup>23</sup> asked whether insurer’s capital adequacy reports would be within scope while another monitoring group respondent<sup>24</sup> noted that some securities regulators wanted securities offering documents to be within the scope of proposed ISA 720 (Revised) (see also paragraph 25 below). A few respondents<sup>25</sup> wanted specific documents excluded, such as non-financial, subjective, opinion-based, and forward-looking information as they did not believe auditors have the expertise to perform the procedures required by proposed ISA 720 (Revised). A regulatory respondent<sup>26</sup> believed that integrated reports should be excluded from the scope of the ISA.
25. Other concerns noted included that:
- The requirement to determine, through discussion with management, which documents comprise the other information was seen to be encouraging the auditor to negotiate with management so as to be able to agree on which documents comprise the auditor’s report.<sup>27</sup>

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<sup>20</sup> **Other Regulators:** EAIG, IRBA; **NSS:** NBA, NZAUASB; **Accounting Firms:** EYG; **Public Sector:** AGC, INTOSAI; **Member Bodies:** EFAA, ZICA

<sup>21</sup> **Those Charged With Governance:** AICD; **Accounting Firms:** EYG; **Member Bodies:** FAR

<sup>22</sup> **Member Bodies:** ASSIREVI, FAR

<sup>23</sup> **Monitoring Group:** IAIS

<sup>24</sup> **Monitoring Group:** IOSCO

<sup>25</sup> **Preparers:** CCMC, HQ; **Member Bodies:** ISCA

<sup>26</sup> **Other Regulator:** EAIG

<sup>27</sup> **Other Regulator:** EAIG

- The IAASB should have a project addressing assurance on securities offering documents.<sup>28</sup>
- The term “issued separately” in paragraph A3 of the ISA was not clear.<sup>29</sup>
- The definition of an annual report should be made more precise by moving the examples to the application material.<sup>30</sup>

#### *Task Force Recommendations*

26. The Task Force acknowledges the broad support for the definitions of other information and annual report and accordingly few changes are proposed to the definitions (*see paragraphs 12(a) and (c) of Agenda Item A.1*).
27. In other parts of the ISA, the Task Force has sought to further clarify the scope of the ISA by taking into account the comments received on exposure. For example:
  - The auditor is now required to seek to obtain a management representation that, when some or all of the other information will not be available until after the date of the auditor’s report, the final version of the other information will be provided to the auditor when available, and prior to its issuance by the entity, such that the auditor can complete the procedures required by the ISA (*see paragraph 13(a) of Agenda Item A.1*). This is intended to assist the auditor in obtaining such other information on a timely basis so that the ISA can be complied with, and also provides a further dialogue with management about management’s intention to issue such other information (note that the auditor may also choose to request a representation about management’s intention to prepare and issue the other information after the date of the auditor’s report – *see paragraph A19 of Agenda Item A.1*). Existing application material already notes that “if the auditor is unable to ascertain the purpose or timing of such a document, the document is not considered other information for purposes of this ISA” (*see paragraph A14 of Agenda Item A.1*) and, accordingly, a failure to obtain such a representation may indicate that the document may never be prepared or issued (and, therefore, is not other information under *paragraph 13(a) of Agenda Item A.1*).
  - *Paragraph A3 of Agenda Item A.1* has been revised to remove the term “issued separately” (which the Task Force now believes may be difficult to apply when documents are released electronically) and to clarify that capital adequacy reports are not typically part of the other information.
  - *Paragraph A4 of Agenda Item A.1*, which discussed integrated reports, was seen by the Task Force to be unhelpful in that the future status of integrated reports may change (that is, it may become common for the annual report to be an integrated report). Accordingly, paragraph A4, which indicates that some integrated reports are not the annual report, may be perceived as leading the auditor to the wrong conclusion in such circumstances.

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<sup>28</sup> **Monitoring Group:** IOSCO; **Other Regulators:** EAIG, IRBA

<sup>29</sup> **Accounting Firms:** BDO, DTT, GTIL; **Member Bodies:** CAQ, FAR, SAICA

<sup>30</sup> **NSS:** IDW

**Matter for IAASB CAG Consideration**

4. Representatives and Observers are asked to share their views in relation to the Task Force's proposed changes relating to the scope of other information in response to comments received on exposure regarding the scope of the ISA?

**D. IAASB Interaction with the IAASB CAG**

28. The substantive issues being raised on the project for the purposes of the December 2014 IAASB meeting are included in this paper. Accordingly, this serves as the final discussion of the project prior to its anticipated approval by the IAASB. CAG Representatives and Observers may wish to take this opportunity to comment on the IAASB's interaction with the CAG during the development and finalization of proposed ISA 720 (Revised). Appendix 1 to this paper provides a project history, including links to the relevant CAG documentation.

**Matter for IAASB CAG Consideration**

5. Are there any other comments that Representatives wish to make in relation to **Agenda Item A.1**?

**Material Presented – IAASB CAG PAPER**

Agenda Item A.1

Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information* (Marked from ED)



## Appendix 1

### Project History

**Project:** Proposed Revised ISA 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon*

#### Summary

	CAG Meeting	IAASB Meeting
Project Commencement	March 2010	December 2009
Development of Proposed International Standard (up to Exposure)	March 2010 September 2010 March 2011 September 2011 - March 2012 (project update)	March 2010 September 2010 March 2011 September 2011 December 2011 -
Consideration of Comments Received on Exposure	September 2012 September 2013 March 2014	September 2012 December 2013 March 2014
Consideration of Comments Received on Re-Exposure	September 2014	September 2014
Final Approval of Proposed Pronouncement	November 2014	December 2014

#### CAG Discussions: Detailed References

<b>Project Commencement</b>	<p><u>March 2010</u></p> <p>See IAASB CAG meeting material: (in Agenda Item N-1 of the following):  <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0211&amp;ViewCat=1245">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0211&amp;ViewCat=1245</a></p> <p>See CAG meeting minutes (in Agenda Item N of the following material):  <a href="http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211">http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211</a></p> <p>See report back on March 2010 CAG meeting (in paragraph 5 of the following):  <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364</a></p>
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<p><b>Development of Proposed International Standard (Up to Exposure)</b></p>	<p><u>March 2010</u></p> <p>See IAASB CAG meeting material: (in Agenda Item N-2 of the following): <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0211&amp;ViewCat=1245">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0211&amp;ViewCat=1245</a></p> <p>See CAG meeting minutes (in Agenda Item N of the following): <a href="http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211">http://www.ifac.org/IAASB/Meeting-Minutes.php?MID=0211</a></p> <p>See report back on March 2010 CAG meeting (in paragraph 5 of the following): <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364</a></p> <p><u>September 2010</u></p> <p>See IAASB CAG meeting material: (in Agenda Item M of the following): <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0214&amp;ViewCat=1364</a></p> <p>See CAG meeting minutes (in Agenda Item M of the following): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6186">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6186</a></p> <p>See report back on September 2010 CAG meeting (in paragraph 6 of the following): <a href="http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6094">http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=6094</a></p> <p><u>March 2011</u></p> <p>See IAASB CAG meeting material: (in Agenda Item O of the following): <a href="http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0248&amp;ViewCat=1493">http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0248&amp;ViewCat=1493</a></p> <p>See CAG meeting minutes (in Agenda Item O of the following): <a href="http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemA-Draft-March-2011-Public-Minutes-Marked-v1-03.pdf">http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemA-Draft-March-2011-Public-Minutes-Marked-v1-03.pdf</a></p> <p>See report back on March 2011 CAG meeting (in paragraph 5 of the following): <a href="http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemG-ISA720-V1-06.pdf">http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemG-ISA720-V1-06.pdf</a></p> <p><u>September 2011</u></p> <p>See IAASB CAG meeting material: (in Agenda Item F of the following): <a href="http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemG-ISA720-V1-06.pdf">http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemG-ISA720-V1-06.pdf</a></p> <p>See CAG meeting minutes (in Agenda Item F of the following): <a href="http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda Item A-Draft September 2011 Public Minutes-Marked-v3.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda Item A-Draft September 2011 Public Minutes-Marked-v3.pdf</a></p> <p><u>March 2012</u></p>
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	<p>See IAASB CAG meeting material: (in Agenda Item E6 of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-AgendaItem_E6-Project_Updates-v2.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-AgendaItem_E6-Project_Updates-v2.pdf</a></p> <p>See CAG meeting minutes (in Agenda Item E of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_A_Draft_March%202012_Public%20Minutes-final-marked.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_A_Draft_March%202012_Public%20Minutes-final-marked.pdf</a></p>
<b>Consideration of Comments Received on Exposure</b>	<p><u>September 2012</u></p> <p>See IAASB CAG meeting material: (in Agenda Item C of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C_ISA_720-Issues-v3.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C_ISA_720-Issues-v3.pdf</a>  <a href="http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C1_ISA_720-v3.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C1_ISA_720-v3.pdf</a>  <a href="http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C2_ISA%20720-Prop_Conseq_Conform_Amend-v3.pdf">http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda_Item_C2_ISA%20720-Prop_Conseq_Conform_Amend-v3.pdf</a></p> <p>See CAG meeting minutes (in Agenda Item C of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/April%202013%20IAASB%20CAG%20Public%20Minutes%20a%20Approved.pdf">http://www.ifac.org/sites/default/files/meetings/files/April%202013%20IAASB%20CAG%20Public%20Minutes%20a%20Approved.pdf</a></p> <p><u>September 2013</u></p> <p>See IAASB CAG meeting material: (in Agenda Item B of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/20130823-IAASBCAG-Agenda_Item_B1-ISA_720_Cover-clean-final.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130823-IAASBCAG-Agenda_Item_B1-ISA_720_Cover-clean-final.pdf</a>  <a href="http://www.ifac.org/sites/default/files/meetings/files/20130910-IAASBCAG-Agenda_Item_B_ISA_720-final_0.pdf">http://www.ifac.org/sites/default/files/meetings/files/20130910-IAASBCAG-Agenda_Item_B_ISA_720-final_0.pdf</a></p> <p>See CAG meeting minutes (in Agenda Item B of the following):  <a href="http://www.ifac.org/meetings/new-york-usa-2">http://www.ifac.org/meetings/new-york-usa-2</a></p> <p><u>March 2014</u></p> <p>See IAASB CAG meeting material: (in Agenda Item B of the following):  <a href="http://www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B%20-%20ISA_720-FINAL.pdf">www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B%20-%20ISA_720-FINAL.pdf</a>  <a href="http://www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B-1_ISA_720-FINAL.pdf">www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B-1_ISA_720-FINAL.pdf</a>  <a href="http://www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B-1_ISA_720-FINAL.pdf">www.ifac.org/sites/default/files/meetings/files/20140311-IAASBCAG-Agenda_Item_B-1_ISA_720-FINAL.pdf</a></p> <p>See CAG meeting minutes (in Agenda Item B of the following):</p>

	<p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140314-IAASB-CAG-Agenda_Item_A-Sept_2013_Public_Meeting_Minutes_Marked_for_CAG_Comments_Final.pdf">www.ifac.org/sites/default/files/meetings/files/20140314-IAASB-CAG-Agenda_Item_A-Sept_2013_Public_Meeting_Minutes_Marked_for_CAG_Comments_Final.pdf</a></p> <p><u>September 2014</u></p> <p>See IAASB CAG meeting material: (in Agenda Item J of the following):</p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASB_CAG-Agenda_Item_J-ISA_720-Report_Back_Cover-final.pdf">www.ifac.org/sites/default/files/meetings/files/20140908-IAASB_CAG-Agenda_Item_J-ISA_720-Report_Back_Cover-final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140909-IAASB-CAG-Agenda_Item_J-1-Issues-Final.pdf">www.ifac.org/sites/default/files/meetings/files/20140909-IAASB-CAG-Agenda_Item_J-1-Issues-Final.pdf</a></p> <p><a href="http://www.ifac.org/sites/default/files/meetings/files/20140908-IAASB_CAG-Agenda_Item_J.2_Proposed-ISA-720-April-2014_ED-final.pdf">www.ifac.org/sites/default/files/meetings/files/20140908-IAASB_CAG-Agenda_Item_J.2_Proposed-ISA-720-April-2014_ED-final.pdf</a></p> <p>See report back on September 2014 CAG meeting in paragraph 4 of this paper.</p>
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## Appendix 2

### List of Respondents to the Exposure Draft on ISA 720 (2014)

Note: Members of the Monitoring Group are shown in bold below

#	Abbrev.	Respondent (72)	Region
<b>Regulators and Oversight Authorities (9)</b>			
1.	<b>BCBS</b>	<b>Basel Committee on Banking Supervision</b>	<b>GLOBAL</b>
2.	CSA	Canadian Securities Administrators	NA
3.	21 AR	Group of 21 European Audit Regulators <sup>31</sup>	EU
4.	<b>IAIS</b>	<b>International Association of Insurance Supervisors</b>	<b>GLOBAL</b>
5.	ICAC	Ministerio de Economía y Competitividad (Instituto de Contabilidad y Auditoria de Cuentas) [Ministry of Economics and Competitiveness (Institute of Accounting and Audit)]	EU
6.	<b>IFIAR</b>	<b>International Forum of Independent Audit Regulators</b>	<b>GLOBAL</b>
7.	<b>IOSCO</b>	<b>International Organization of Securities Commissions</b>	<b>GLOBAL</b>
8.	IRBA	Independent Regulatory Board for Auditors (South Africa)	MEA
9.	MAOB	Securities Commission of Malaysia - Audit Oversight Board	AP
<b>Those Charged with Governance (1)</b>			
10.	AICD	Australian Institute of Company Directors	AP
<b>National Auditing Standard Setters (10)</b>			
11.	AICPA	American Institute of CPAs - Auditing Standards Board	NA
12.	AUASB	Australian Auditing and Assurance Standards Board	AP
13.	CAASB	Canadian Auditing and Assurance Standards Board	NA
14.	CNCC/CSO EC	Compagnie Nationale des Commissaires aux Comptes & Conseil Supérieur de l'Ordre des Experts-Comptables	EU
15.	FRC	Financial Reporting Council (UK)	EU
16.	HKICPA	Hong Kong Institute of Certified Public Accountants	AP
17.	IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.	EU
18.	JICPA	Japanese Institute of Certified Public Accountants	AP

<sup>31</sup> The 21 countries represented in this group are: Austria, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Liechtenstein, Lithuania, Luxembourg, The Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

19.	NBA	Nederlandse Beroepsorganisatie van Accountants	EU
20.	NZAUASB	New Zealand Auditing and Assurance Standards Board	AP
<b>Accounting Firms (11)<sup>32</sup></b>			
21.	BDO*	BDO International Limited	GLOBAL
22.	CH*	Crowe Horwath	NA
23.	DTT*	Deloitte Touche Tohmatsu Limited	GLOBAL
24.	EYG*	Ernst & Young Global Limited	GLOBAL
25.	GTI*	Grant Thornton International Ltd	GLOBAL
26.	KPMG*	KPMG IFRG Limited (Network)	GLOBAL
27.	MNP	MNP LLP	NA
28.	PKF*	PKF International	GLOBAL
29.	PWC*	PricewaterhouseCoopers International Limited	GLOBAL
30.	RSM*	RSM International	GLOBAL
31.	UAB	UAB Raimda Auditas	EU
<b>Public Sector Organizations (9)</b>			
32.	AGC	Auditor General Canada	NA
33.	AGNZ	Auditor General New Zealand	AP
34.	AGSA	Auditor General South Africa	MEA
35.	CIPFA	Chartered Institute of Public Finance & Accountancy	GLOBAL
36.	GAO	United States Government Accountability Office	NA
37.	INTOSAI	Financial Audit Subcommittee of INTOSAI	GLOBAL
38.	UKNAO	National Audit Office (UK)	EU
39.	PAS	Provincial Auditor Saskatchewan	NA
40.	SNAO	Swedish National Audit Office	EU
<b>Preparers of Financial Statements (2)</b>			
41.	CCMC	Center for Capital Markets Competitiveness	NA
42.	HQ	Hydro Quebec	NA
<b>Member Bodies and Other Professional Organizations (28)</b>			
43.	ACCA	Association of Chartered Certified Accountants	GLOBAL
44.	AIC	Asociacion Interamericana de Contabilidad	SA
45.	ANAN	Association of National Accountants of Nigeria	MEA

<sup>32</sup> Forum of Firms members are indicated with a \*. The Forum of Firms is an association of international networks of accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, and use the ISAs as the basis for their audit methodologies.

46.	ASSIREVI	Associazione Italiana Revisori Contabili (Association of the Italian Auditors)	EU
47.	CACR	Chamber of Auditors Czech Republic	EU
48.	CALCPA	California Society of CPAs	NA
49.	CAQ	Center for Audit Quality	NA
50.	CPAA	CPA Australia	AP
51.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
52.	FAR	FAR (Institute for the Accountancy Profession in Sweden)	EU
53.	FEE	Fédération des Experts comptables Européens - Federation of European Accountants	EU
54.	FSR	Foreningen af Statsautoriserede Revisorer (Danish Institute of Accountants)	EU
55.	IBRACON	Instituto dos Auditores Independentes do Brasil	SA
56.	IBR-IRE	Institut des Experts-comptables et des Conseils Fiscaux (Instituut Van de Accountants en de Belastingconsulenten) & Instituut van de Bedrijfsrevisoren (Institut des Réviseurs d'Entreprises)	EU
57.	ICAG	Institute of Chartered Accountants – Ghana	MEA
58.	ICAS	Institute of Chartered Accountants of Scotland	EU
59.	ICAK	Institute of Chartered Accountants of Kenya	MEA
60.	INCP	Instituto Nacional de Contadores Públicos	SA
61.	IPA	Institute of Public Accountants (Australia)	AP
62.	IPAP	Institute of Public Accountants of Pakistan	AP
63.	ISCA	Institute of Singapore Chartered Accountants	AP
64.	KICPA	Korean Institute of CPAs	AP
65.	MIA	Malaysian Institute of Accountants	AP
66.	MICPA	Malaysian Institute of CPAs	AP
67.	NYSSCPA	New York State Society of CPAs	NA
68.	SAICA	South African Institute of Chartered Accountants	MEA
69.	WPK	Wirtschaftsprüferkammer (German Public Accountants)	EU
70.	ZICA	Zambia Institute of Chartered Accountants	MEA
<b>Individuals and Others (2)</b>			
71.	CBarnard	Chris Barnard	EU
72.	DJuvenal	Denise Juvenal	SA



## Alternative Options for Illustration 1

*Note: Below are two alternatives for describing the auditor's responsibilities in the auditor's report. The highlighted sections of each show the area that would change if Option 2 was selected. Option 1, the Task Force's preferred option, has been used throughout Agenda Item A.2*

Option 1 – Task Force Preferred Option	Option 2 Alternative, More Detailed Approach
<p><b><u>Other Information [or another title if appropriate such as “Information other than the financial statements and auditor’s report thereon”]</u></b></p> <p>Other information comprises the [information included in the X report,<sup>33</sup> but does not include the financial statements and our auditor’s report thereon.]</p> <p>Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether there are indications that the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we determine that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>	<p><b><u>Other Information [or another title if appropriate such as “Information other than the financial statements and auditor’s report thereon”]</u></b></p> <p>Other information comprises the [information included in the X report,<sup>33</sup> but does not include the financial statements and our auditor’s report thereon.]</p> <p>Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether there is a material inconsistency between that information and:</p> <ul style="list-style-type: none"> <li>• The financial statements, based on performing comparison procedures on selected amounts or other items; and</li> <li>• Our knowledge obtained in the audit.</li> </ul> <p>When reading the other information, we are also responsible for remaining alert for other indications that the other information not related to the financial statements or our knowledge obtained in the audit appears to be materially misstated. If, based on the work we have performed, we determine that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.</p>

<sup>33</sup> A more specific description of the other information, such as “the management report and chairman’s statement,” may be used to identify the other information.