

# IAASB Meeting Highlights and Decisions

September 2012

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This summary of decisions of the International Auditing and Assurance Standards Board (IAASB) has been prepared for information purposes only. Except for approval of documents for public exposure and issue of final Standards, decisions reported are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IAASB.

A [podcast](#) recording giving a short audio summary of the main outcomes of the September 2012 IAASB meeting is also available on the IAASB website.

For more detailed information about IAASB projects, please refer to the project summaries under [Current Projects](#).

## Auditor Responsibilities Relating to Other Information

The IAASB approved for exposure proposed International Standard on Auditing (ISA) 720 (Revised), *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon*. The proposed standard broadens and clarifies the scope of documents to be addressed by the auditor, enhances the auditor's work effort, and introduces reporting requirements.

The exposure draft will be released by the end of October 2012. Comments will be requested by February 28, 2013.

## Auditor Reporting

The IAASB received a report back on discussions held at its North American and European Auditor Reporting Roundtables and during other outreach activities to date. Broadly speaking, strong support has been expressed for the IAASB's efforts. Nevertheless, there is diversity of views in terms of both the value and impediments of suggested improvements to the auditor's report and how they could be operationalized in practice.

The IAASB also discussed on a preliminary basis the scope and potential structure of the ISAs to be revised as part of its Auditor Reporting project.

The IAASB will consider responses received on its June 2012 Invitation to Comment (open for comment through October 8, 2012), as well as feedback from its Asia Pacific Roundtable and other outreach activities, at its December 2012 meeting.

## Disclosures

The IAASB approved a project proposal to further consider the audit implications of financial statement disclosures, and to develop appropriate actions to address these issues.

The IAASB will consider issues relating to the project at its December 2012 meeting.

## Audit Quality

The IAASB considered a draft of its proposed consultation paper on an audit quality framework (the Framework), *Audit Quality: An International Framework*. Among other matters, the IAASB discussed the structure, tone and balance of the paper; areas to explore where actions could be taken by stakeholders to enhance audit quality; contextual factors that influence audit quality; and the status of the Framework as an IAASB document.

The IAASB will consider a revised draft of the proposed consultation paper for approval at its December 2012 meeting.

## Assurance Engagements Other than Audits or Reviews of Historical Financial Information

The IAASB discussed Task Force proposals in response to respondents' comments on selected issues arising from the exposure draft of proposed International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Among other matters, the IAASB provided input on the definitions and work effort required for both reasonable and limited assurance engagements.

The IAASB will further consider issues and a revised draft of the ISAE at its December 2012 meeting.

## ISA Implementation Monitoring

The IAASB received an update on the status of the ISA Implementation Monitoring project. As part of this update, the IAASB received a high-level overview of responses from the survey of small and medium practices that is currently being undertaken, and as well as near-final results of the survey of audit committees by undertaken by a number of national auditing standard setters.

## Liaison with the International Accounting Standards Board (IASB)

The IAASB received an update on liaison activities with the IASB, including an overview of the recent and upcoming IAASB comment letters in response to IASB standard-setting proposals. The IAASB expressed its continued support of the activities of the IAASB-IASB Liaison Working Group and agreed to the monitoring of, and responding to, the IASB's

proposed pronouncements on financial instruments, leases, revenue recognition, insurance contracts and the conceptual framework.

The IAASB also received an update from IASB Board Member Prabhakar Kalavacherla on IASB developments.

### [Staff Q&A – ISQC 1 Proportionality](#)

The IAASB provided input on a draft Staff Questions and Answers (Q&A) document addressing the proportionate application of ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*. The IAASB broadly supported the proposed document, noting that the material would assist and support implementation initiatives.

IAASB Staff intends to finalize the Q&A in late October or early November 2012.

### [Next Meeting](#)

The next IAASB meeting will be held in New York, USA, on December 10–14, 2012.