

IAASB Meeting Highlights and Decisions

April 2013

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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 April 2013 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 Reporting

The IAASB considered drafts of proposed International Standard on Auditing (ISA) 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and proposed new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

In relation to proposed ISA 701, which would apply to audits of listed entities and when auditors of entities other than listed entities communicate key audit matters in the auditor's report, the IAASB discussed:

- Revised objectives of the auditor focused on the auditor determining, from the matters communicated with those charged with governance, those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements; and, having formed an opinion on the financial statements, communicating those matters in the auditor's report.
- Factors in relation to determining key audit matters to communicate in the auditor's report.
- Proposed requirements when auditors of entities other than listed entities communicate key audit matters in the auditor's report.
- Revised introductory language in the illustrative auditor's report which explains the purpose of the communication of key audit matters.

- The nature and extent of documentation requirements, and the extent of changes necessary to ISA 260, *Communication with Those Charged with Governance*, in light of proposed ISA 701.

The IAASB also discussed issues related to auditor reporting on going concern, including revised wording to be included in the illustrative auditor's report. The IAASB agreed to undertake limited amendments to ISA 570, *Going Concern*, while further monitoring the activities of accounting standards setters relating to going concern in order to determine whether there is a need for more extensive revisions to ISA 570 at a later date.

In considering proposed ISA 700 (Revised) and a revised illustrative auditor's report, the IAASB further deliberated, amongst other matters, the question of the appropriate level of flexibility that should be allowed in relation to the form and content of the auditor's report, including the description of the auditor's responsibilities. The IAASB also further deliberated issues in relation to disclosing the name of the engagement partner in the auditor's report, and agreed in principle to require disclosure for listed entities.

The IAASB will consider revised drafts of the proposed standards, as well as proposed amendments to related ISAs, for approval at its June 2013 meeting.

ISA Implementation Monitoring

The IAASB received and discussed the preliminary report on findings from the post-implementation review of the clarified ISAs. The IAASB will be asked to approve the final report on findings at its June 2013 meeting.

Assurance Engagements Other than Audits or Reviews of Historical Financial Information

The IAASB discussed a proposed revised draft of International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Amongst other matters, the IAASB deliberated issues and options on the approach to be taken with respect to direct engagements. The IAASB noted that addressing both attestation and direct engagements in a single standard results in a very complex document, and that the approach being taken by the task force may not adequately serve the needs of those that would look to the standard when performing direct engagements. Taking into account the need to complete work on ISAE 3000 in the near future and the importance of achieving a high-quality standard, the IAASB agreed that the standard should focus on attestation engagements. Although there will be only limited references to direct engagements, practitioners may use the ISAE, adapted as appropriate, for such engagements. The IAASB also discussed different ways of wording the assurance conclusion for attestation engagements and the definition of limited assurance.

The IAASB will consider a revised draft of the ISAE for approval at its September 2013 meeting.

Disclosures

The IAASB discussed select issues and task force recommendations for enhancing the ISAs in relation to auditing financial statement disclosures. In particular, the IAASB provided input on where changes to the ISAs relating to the planning stage of the audit regarding auditing disclosures may be appropriate. The IAASB also discussed the existing assertions for presentation and disclosure, including considerations around their alignment with the qualitative characteristics of the underlying financial reporting frameworks.

The IAASB will further discuss issues and task force recommendations on this project at its September 2013 meeting.

Innovation, Needs, and Future Opportunities

The IAASB approved the Terms of Reference of the new Innovation, Needs, and Future Opportunities (INFO) Working Group. The objective of the INFO Working Group is to explore emerging developments in the assurance and related services field for the purpose of assisting the IAASB in identifying opportunities for relevant and effective standard setting, or determining other potential actions, in a timely and informed manner. Developments in Integrated Reporting and their assurance implications were identified as a specific area of focus for the INFO Working Group to explore.

Auditor Responsibilities Relating to Other Information

The IAASB received a brief update on the status of comment letter responses received on the Exposure Draft, Proposed 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 IAASB will begin its consideration of issues raised in comment letter responses at its June 2013 meeting.

Next Meeting

The next IAASB meeting will be held in New York, United States, on June 24–28, 2013.