

Responses to ED-315¹
Comments on ‘Translations’
NVivo Report 1A
(FOR REFERENCE)

08. IRBA

No comment.

12. Canadian AASB

The terms “significant” and “material” have very different meaning in the context of risk assessment. We noted that the difference can easily get lost in translation. For example, the term “significant” is typically translated as “importantes” in French, while the term “material” is translated as “significatifs”. The difference between “importantes” and “significatifs” is not always easy to determine, as in French the qualitative aspect of one versus the other is not as evident. When the term “significant” is used in ISAs, including in the concept of “significant classes of transactions account balances or disclosures”, we recommend that the context be sufficiently clear to reduce the risk of confusion when reading it in other languages such as French.

13. CNCC-CSOEC

The complexity of the proposed revised standard could generate potential translation issues. We therefore recommend the IAASB to make efforts to clarify the proposed revised standard. Moreover, the IAASB should ensure that the terminology used in the standard is consistent with the one used in the corpus of standards. Specific examples of terminology used in the standard that should be difficult to translate are in particular “more than remote”, “closer to upper end” since these terms are particularly difficult to represent and conceptualize.

15. IDW

We have difficulty translating the use of the term “less formal” or less “formalized” in relation to the risk assessment process in paragraphs 29 and 31 (a) and in relation to the system of internal control in paragraph 32, as well as in the related application material paragraphs.

We found the reference to “less structured and simpler” as used, for example, in paragraph A93 to be more understandable and easier to translate and ask ourselves whether this description could be used instead of “formal” and “formalized”.

17. Malaysian Institute of Accountants

Not applicable.

18. Nederlandse Beroepsorganisatie van Accountants

The ED is very difficult to understand and needs significant improvements to provide more clarity in the concepts used and to eliminate repetition Difficulties to understand the language used will lead to

¹ Exposure Draft International Standard on Auditing 315, *Identifying and Assessing Risks of Material Misstatement*

inconsistencies in translation. Specific examples of terminology that will be difficult to translate are 'more than remote' and 'closer to the upper end', since these constructions are particularly difficult to represent.

19. National Board of Accountants (Tanzania)

Translation should be allowed but the context should not be interpolated

21. Altaf Noor Ali Chartered Accountants

Potential translation issues in reviewing the ED-315.

A11. We have already recorded our concerns on the style of writing of this ED-315 which make the task of translators difficult. We have emphasized use of short sentences. Use key words as sub-headings to signal change of topic. We long to see a compressed and concise 'application and other material' through diligent editing; add a glossary containing meaning of key terms and explanations. We hope to see these measures to result in high-quality translations.

Our motivation for simplified well-understood reasonable-length user-oriented standards is inspired by the objective of earning public understanding of what auditors do. Therefore, we recommend to our Institute to initiate communications in local URDU language, starting with a brief overview of this standard.

22. BDO International

We have long supported IFAC efforts to make ISAs and other IFAC pronouncements accessible to users through effective and timely translation. Many of the auditing terms and concepts contained in ED-315 are present in other ISAs or defined in the ED so at this stage, we do not foresee any immediate issues in respect of translation. As we noted earlier, the standard itself is now very lengthy which may limit the ability of some auditors to fully comprehend how the standard is intended to work, the interconnected nature of many of the requirements, and the iterative emphasis that the IAASB is keen to promote.

24. Crowe International

We have no translation issues.

25. Deloitte

DTTL would recommend that the IAASB eliminate redundancies and repetitive phrases to ensure that the intention of the requirements and the related application material will not be missed in translation. DTTL has included certain suggestions within the listing of editorial comments in **Appendix II**.

26. EY Global Limited

No comment.

27. Grant Thornton International

As stated in our comments above, we note that the proposals in English are somewhat complex and difficult to interpret. This difficulty is magnified when a standard is being translated into other languages. For example, there is no significant difference between the French translation of the word "significant" and the word "material." Historically, this has not been of particular concern, but given the introduction of the

concept of “significant classes of transactions, account balances and disclosures,” this similarity has now become more important.

28. KPMG IFRG Limited

We highlight that our concerns with certain inconsistencies in terminology, e.g. “controls”, “relevant to the audit”, and “relevant to financial reporting” may be exacerbated in jurisdictions in which the ISA is translated from English, as there is additional scope for misunderstanding and confusion in the translation exercise.

29. MNP LLP

We have no comments on translations.

30. PwC International

We make two observations with respect to translation. First, the significant length of the standard will inevitably require additional time and effort in translation. The Board should look for further opportunities to streamline the content.

Secondly, we have commented on the complexity of the ED, specifically the interrelationships between several new concepts and definitions, which we believe may be confusing and risks inconsistent interpretation and application. We suggest that if native English speakers find understanding the text challenging, the problem is likely to be exacerbated through translation.

31. RSM International

We have no comment

33. Office of the Auditor-General of Canada

Translation – The proposed standard refers to significant classes of transactions, account balances and disclosures as distinct from material classes of transactions, account balances and disclosures. We wish to point out the French translation of material is “significatif”. This may impact the choice of English terminology in order to allow sufficient distinction of concepts in French translations of the final ISA.

35. US Government Accountability Office

We are not providing comments in response to this question.

38. ACCA-CAANZ

The complexity of language and structure make implementation difficult for English-speaking practitioners. Therefore it is expected that this complexity will also create challenges for translators.

39. Accountancy Europe

The proposed revised standard is very difficult to understand and needs significant improvements to give more clarity in the concepts used and to eliminate repetition. The IAASB should ensure that the terminology used in the standard is consistent with the suite of ISAs and capable of being properly translated. Difficulties to understand the language used will de facto lead to inconsistencies in translation. Accountancy Europe notes with some concern a tendency for ISAs to become significantly longer each time they are revised.

The cost of translation will increase as will the time needed to ensure high quality of these translations with effective reflection in audit firms' methodologies. We urge the IAASB to bear this in mind when drafting revised standards, as well as when setting their effective dates. Specific examples of terminology that will be difficult to translate are 'more than remote' and 'closer to the upper end', since these constructions are particularly difficult to represent.

43. CPA Australia

No comment.

44. EFAA

We are not aware of any issues.

45. Finnish Association of Authorised Public Accountants

The proposed revised standard is very difficult to understand and needs significant improvements to give more clarity in the concepts used and to eliminate repetition. Difficulties in understanding the language used will, de facto, lead to inconsistencies in translation and application.

Comments about the wording:

- likelihood of a material misstatement is more than remote (in the definition of Relevant assertions): this expression has not appeared in the ISAs before. It has, though, been used in the IFRSs, and hopefully all those who plan to translate the standard have access to IFRSs in their native language
- perform a stand-back (para 10) – this is also a new expression that may not have a direct equivalent in all languages
- word referring to comparatives, such as 'further audit procedures' – this term is frequently used in the ISAs, and it causes challenges in those languages that cannot use a word with a comparative meaning without including what it is compared to: for example: audit procedures that are further to X. E.g. in Finnish, we have had to find ways to say it in different ways in different contexts. When it is used together with risk assessment procedures, we just say "other audit procedures", or "audit procedures other than risk assessment procedures", and when used alone, it could be "audit procedures that follow risk assessment procedures" or something similar. The same is true with comparatives such as 'smaller' or 'less complex', which actually cannot be used in our language without telling what it is compared to, e.g. entities smaller than X.
- the term spectrum is also used in ISA 540 which is being translated in Finland at the moment. There is no equivalent term in Finnish, and we will probably use a term that means a scale or a range. Is there more to the term that we need to understand?

Comments about the structures:

- complex prepositional structures: In languages that do not use prepositions, sentences including several prepositional structures are challenging to translate. Example: in para 6(l), definition of System of Internal Control: ‘... to provide reasonable assurance about the achievement of an entity’s objectives with regard to reliability of financial reporting...and compliance with applicable laws and regulations. Another example (para A10): “...in the context of how, and the degree to which, the susceptibility to misstatement is subject to, or affected by, the inherent risk factors. In the latter case, the languages that do not use prepositions, need to repeat several words to be able to say what would be easy to express by using prepositions
- multiple genitive structures: In the English language, possession can be expressed by using ‘of’ or ‘s’. In some languages, there is only one way of doing it, and sentences including multiple genitives that all have to be translated in the same way makes the text monotonous and difficult to read. An example of such a structure is in para 19: ‘...from the auditor’s acceptance or continuance of the client relationship’ or ‘auditor’s consideration of susceptibility of misstatement ‘

46. Fed of Prof Council of Economic Sciences (Argentina)

We understand that the translations made by the Iberam Project will be in line with the objective of achieving a single translation into the Spanish language, in a timely, updated and high quality.

47. FSR Danske Revisorer

The proposed revised standard is very difficult to understand and needs significant improvements to improve clarity. Difficulties understanding the standard will de facto lead to inconsistencies in translation.

It is crucial that the revision of the standard is given sufficient time, to make it a clear and simple standard that efficiently can be scaled so it can be applied to audits of small and less complex entities, as well as to large complex entities. In this context, the IAASB should set a more realistic timeline for revising this standard.

48. Interamerican accounting association (South America)

For Latin America, in particular for the countries of South America, translation has always been a difficulty, above all because of the little use of the official language of the NIA, English, and the very particular variation of Spanish in each country. We understand that an important advance to alleviate the problem would be for the IAASB to lead the official translation of all its standards in the main languages, in such a way to maintain the authenticity of the standards in different languages. An appropriate mechanism could be through the constitution of a committee for translation and revision of standards composed of professionals from different Spanish-speaking countries, in the case of translation into Spanish, active in the audit of financial statements.

49. Instituto dos Auditores Independentes do Brazil

Nothing to comment regarding translations issues.

51. Institute of Chartered Accountants in England and Wales

IAASB is often informed that the translation of terms such as 'significant', that have a specific meaning in the context of ISAs, is sometimes problematic. In some languages the word 'significant' may be translated using the same word or words as those used for 'material', for example. It seems likely that in this case, nuanced distinctions may give translators pause for thought when considering existing translations of similar terms in other ISAs, as well as the one in hand. Native English speakers will struggle with some of the definitions and distinctions and new terms always create a multiplicity of interpretations. We noted in our outreach differing interpretations of the word 'spectrum', for example.

The fact that IAASB has had to ask question 11 at all demonstrates the dangers associated with the use of words with a similar meaning in close proximity. This sort of over-engineering will not only cause problems for translators, but will almost inevitably result in inconsistent understanding and application of the standard across firms and jurisdictions, making the existing problem worse.

52. Institute of Chartered Accountants (Ghana)

No issues noted.

53. Institute of Chartered Accountants of Pakistan

No comments.

54. Institute of Chartered Accountants of Scotland

The proposed revised standard is very difficult to understand and needs significant improvements to ensure that it is sufficiently clear and capable of implementation. The IAASB should ensure that the terminology used in the standard is consistent with the other ISAs and capable of being properly translated. The inability to understand the language used will in turn lead to inconsistencies in translation. We would urge the IAASB to bear this in mind when drafting revised standards as well as when setting their effective dates.

55. Institute of Chartered Accountants (Zimbabwe)

None Noted

59. Malaysian Institute of CPA

No comment

61. PAFA

None noted

62. SAICA

The IAASB's pronouncements are not translated in South Africa.

63. SMPC

In some languages (e.g. Japan) the word 'significant' may be translated using the same word as 'material', even though they have specific meanings in the context of the ISAs. Consideration could be given to instances of using words with similar meaning in close proximity in order to assist more consistent understanding and application in practice.

65. Chartered Accountants Academy (Zimbabwe)

No comment