

Updated Agenda Item 2-F

Proposed Changes to Other ISAs (All Conforming Amendments)

MARKED FROM VERSION DISCUSSED SEPTEMBER 16 – CHANGES PROPOSED FOR
CONSISTENCY WITH CHANGES IN OTHER ISAs AND FINAL REVIEW

I. Changes to ISAs as a Result of Proposed ISA 701

A. *Conforming Amendments to ISA 210, Agreeing the Terms of Audit Engagements*

NO CHANGE FROM VERSION DISCUSSED SEPTEMBER 16

B. *Conforming Amendment to ISA 220, Quality Control for an Audit of Financial Statements*

NO CHANGE FROM VERSION DISCUSSED SEPTEMBER 16

C. *Conforming Amendments to ISA 230, Audit Documentation*

Clarifying change proposed to align with construct used in other ISAs, with specific reference now made to the documentation requirement in proposed ISA 701.

Documentation of the Audit Procedures Performed and Audit Evidence Obtained

Form, Content and Extent of Audit Documentation

Documentation of Significant Matters and Related Significant Professional Judgments (Ref: Para. 8(c))

A10. Some examples of circumstances in which, in accordance with paragraph 8, it is appropriate to prepare audit documentation relating to the use of professional judgment include, where the matters and judgments are significant:

- The rationale for the auditor's conclusion when a requirement provides that the auditor "shall consider" certain information or factors, and that consideration is significant in the context of the particular engagement.
- The basis for the auditor's conclusion on the reasonableness of areas of subjective judgments (for example, the reasonableness of significant accounting estimates).
- The basis for the auditor's conclusions about the authenticity of a document when further investigation (such as making appropriate use of an expert or of confirmation procedures) is undertaken in response to conditions identified during the audit that caused the auditor

to believe that the document may not be authentic.

- ~~When a Key Audit Matters section is included in the auditor's report in accordance with proposed ISA 701 applies,~~ the auditor's determination of the key audit matters or the determination that there are no key audit matters to be communicated.¹

D. *Conforming Amendments to ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

Editorial change made to better align with the approach taken in ISA 706.

Further Substantive Procedures to Respond to Significant Risks (Ref: Para. 15)

Recognition and Measurement Criteria

Recognition of the Accounting Estimates in the Financial Statements (Ref: Para. 17(a))

A114. With respect to accounting estimates that have not been recognized, the focus of the auditor's evaluation is on whether the recognition criteria of the applicable financial reporting framework have in fact been met. Even where an accounting estimate has not been recognized, and the auditor concludes that this treatment is appropriate, there may be a need for disclosure of the circumstances in the notes to the financial statements. ~~Where applicable, t~~The auditor may also determine ~~that there is a need to draw the reader's attention to that an accounting estimate that has been identified as having high significant estimation uncertainty by, where applicable, communicating this as is~~ a key audit matter to be communicated in the auditor's report in accordance with proposed ISA 701,² or may consider it necessary to including an Emphasis of Matter paragraph in the auditor's report (see proposed ISA 706 (Revised)).³ If the matter is determined to be a key audit matter, proposed ISA 706 (Revised) prohibits the auditor from including an Emphasis of Matter paragraph in the auditor's report.⁴

E. *Conforming Amendments to ISA 710, Comparative Information—Corresponding Figures and Comparative Financial Statements*

NO CHANGE FROM VERSION DISCUSSED SEPTEMBER 16

II. Changes to ISAs as a Result of Proposed ISA 700 (Revised)

A. *Conforming Amendments to ISA 210*

Final conforming changes will be needed to the example of an audit engagement letter to incorporate the revised description of the auditor's responsibilities for going concern.

¹ Proposed ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, paragraph 18

² Proposed ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

³ Proposed ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

⁴ Proposed ISA 706 (Revised), paragraph 8(b)

- B. Conforming Amendments to ISA 510, Initial Audit Engagements—Opening Balances*
- C. Conforming Amendments to ISA 600, Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*
- D. Conforming Amendments to ISA 710*

Final conforming changes will be made to the illustrative auditors' reports in the Appendices of ISA 510, ISA 600 and ISA 710 as a result of the final changes to ISA 700 and other ISAs.