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Ms Kathleen Healy  
Technical Director  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
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Via online submission

Dear Ms Healy

***Exposure Draft Proposed Changes to the International Standards on Auditing (ISAs) Addressing Disclosures in the Audit of Financial Statements***

CPA Australia welcomes the opportunity to provide input to the International Auditing and Assurance Standards Board (IAASB) in regard to the above exposure draft (ED). CPA Australia represents the diverse interests of more than 150,000 members in 121 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports the IAASB's efforts to clarify and strengthen the ISAs in respect to addressing disclosures in the audit of financial statements. We recognise the critical, growing importance of this aspect of financial statement auditing.

CPA Australia supports the primary proposed changes to the ISAs including the clarification of the definition of financial statements as it relates to disclosures, the emphasis added in various standards and clarification of requirements for aggregating misstatements and reporting. However, as detailed in our submission to the IAASB on the discussion paper, *The Evolving Nature of Financial Reporting: Disclosure and its Audit Implications*, dated 9 June 2011, our view remains that extended, non-authoritative guidance may be a more effective way to address the underlying impetus outlined in the explanatory memorandum to the ED.

Non-authoritative guidance would enable more discursive and un-constrained discussion of the issues involved in auditing disclosures, and also provide the opportunity to draw together relevant aspects of the standards and available guidance in a more cohesive way.

We would encourage the IAASB to consider whether the insights gained through this project could inform the development of a comprehensive practice statement or staff paper in regard to addressing disclosures in the audit of financial statements. As detailed in our previous submission, the primary purpose would be to encourage comprehensive understanding through a discursive and instructive rather than regulatory style, as is necessary in an authoritative document.

In addition to clarifying existing issues more comprehensively, such documents would provide impetus for the development of new methodologies and approaches to the issues in a way that standards and other authoritative documents could not contemplate.

If you require further information on any of our views expressed in this submission, please contact Amir Ghandar, CPA Australia by email at [amir.ghandar@cpaaustralia.com.au](mailto:amir.ghandar@cpaaustralia.com.au).

Yours sincerely

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