



Bogotá D.C., September 11, 2014
785-14

To the International Auditing and Assurance Standards Board

Respondents are asked to submit their comments electronically through the IAASB website, using the "Submit a Comment" link. Please submit comments in both a PDF and Word file

Reference: Comments to proposed changes to the International Standards on Auditing (ISAs) - Addressing Disclosures in the Audit of Financial Statements

Dear Sirs,

Instituto Nacional de Contadores Públicos (incp), the national institute of accountants in Colombia, welcomes the opportunity to offer its views on the above initiative published by the International Auditing and Assurance Standards Board in May 2014.

At the incp, we believe that the disclosure process has to improve at the preparers' level, in order to improve disclosures themselves. We also believe that disclosures requirements also have to change to make preparers focus on those matters that help users know what is important to understand the financial position and the performance of the entity.

In our view, in many cases, disclosures are not built during the year as most of the information used in the financial statements. In many cases, it is a last minute exercise and it increases the risk of misstatement; however, by its performance, it does not give the auditor enough room to improve evidence obtained. Having said that, it will be difficult to improve the audit process if the process itself does not improve. We are skeptical that proposed changes will, in fact, result in improved audit evidence on disclosures.

Now, we will respond to the questions in the guidance in the order they were asked.

1. Whether, in your view, the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and, thereby, will further support the proper application of current requirements in the ISAs?

Proposed changes emphasize the required focus on what the auditor should focus. Changes support a good audit process.



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2. Are there any specific areas where, in your view, additional enhancement to either the requirements or guidance of the ISAs would be necessary for purposes of effective auditing of disclosures as part of a financial statement audit?

As mentioned above, in our view, it is imperative that disclosures and the process to create them improve themselves in order to be able to improve the audit evidence. We believe that there are few changes that can be proposed now that will have a real impact on the audit if the mentioned above is not improved.

3. Whether, in your view, the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures?

Presentation and disclosures have been assertions that have been considered during the audit work in many cases even if they were not included explicitly in the audit standards. Proposed changes to the assertions will regularize the consideration mentioned and standardize the audit process in all cases.

General Matters

- (a) Preparers (including Small- and Medium-Sized Entities (SMEs)) and Other Users —The IAASB invites comments on the proposed changes to the ISAs particularly with respect to the practical impacts, if any, of the proposed changes to the ISAs.

We foresee that preparers, especially SMEs will perceive additional requirements from the auditor. This may improve the process in several cases with the positive consequences for final users.

- (b) Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the ISAs, the IAASB invites respondents from these nations to comment on the proposed changes to the ISAs, in particular, on any foreseeable difficulties in applying these in a developing nation environment.

In our country, Colombia, we foresee that it will be very difficult for preparers to comply with IFRS requirements for the first time. It will be also a challenge to face an audit process in accordance with ISAs. Difficulties are related to the change itself and the complexity of both processes: the adoption of IFRSs and to be able to face an audit in accordance with ISAs.

- (c) Translations—Recognizing that many respondents may intend to translate the final changes to the ISAs for adoption in their own environments, the IAASB welcomes



comments on potential translation issues respondents may note in reviewing the proposed changes to the ISAs.

We do not foresee potential translation issues as a result of the proposed changes.

(d) Effective Date—The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the changes to the ISAs.

We believe that timing provided to apply these changes is sufficient to support effective implementation.

Should you wish to discuss the contents of this letter with us, please contact Ana Lucia López at the above e-mail address.

Yours faithfully,



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