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**International Auditing and Assurance Standards Board (IAASB)  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York  
E-mail: [jamesgunn@iaasb.org](mailto:jamesgunn@iaasb.org)**

Dear Sir,

**COMMENTS ON EXPOSURE DRAFT (ED) – ADDRESSING DISCLOSURES IN THE  
AUDIT OF FINANCIAL STATEMENTS**

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on Exposure Draft - Proposed Changes to the International Standards on Auditing (ISAs), addressing Disclosures in the Audit of Financial Statements published by the IAASB in May 2014.

The Institute believes that the proposed changes to the International Standards on Auditing (ISAs), would clarify auditors' expectations when auditing financial statement disclosures. Further, the proposed changes would improve the consistent and proper application of the requirements as related to disclosures. We agree with the IAASB's view that the proposed amendments would assist auditors in the proper application of the ISAs' requirements as they relate to disclosures, as well as to encourage auditors to focus on giving earlier consideration within the audit process to disclosures.

We fully support the inclusion of greater emphasis on the consideration of disclosures throughout the ISAs, because disclosures are an integral part of the financial statements of an entity and therefore deserve equal attention by the auditors during the course of an audit. High quality auditing standards and financial reporting are key elements in enhancing the public's confidence.

The Institute deliberated the exposure draft and our responses to specific questions are as follows:

### **Question 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?

#### **Comment**

We welcome proposed changes to the ISAs and do believe that the proposed changes are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and it would support the proper application of current requirements in the ISAs.

The proposed amendments have provided more clarity on the work which is expected from auditors when auditing the financial statements' disclosures. Considering disclosures at the audit acceptance stage, in planning the audit approach, in formulating communications with the entity, in setting materiality, performing risk assessment, designing responses to identified risks, evaluating any misstatements and finally in engagement reporting; would improve the quality of disclosures in the financial statements.

### **Question 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?

#### **Comment**

We have no comment.

### **Question 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?

#### **Comment**

We do believe that the proposed changes to assertions are helpful; it would appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures.

Disclosures should be considered at the planning stage and the audit procedures for disclosures should be performed together with underlying financial transactions, as opposed to a separate set of audit procedures solely on disclosures.

We welcome the inclusion of the attribute of relevance of disclosures in the proposed assertion for “Presentation”, so that the issue of irrelevant or excessive disclosure would be addressed.

### **General Questions**

- 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.
- 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.
- 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.
- d) Effective Date—Recognizing that the proposed changes to the ISAs affect some of the same ISAs as other IAASB projects currently being finalized, the IAASB believes that to the extent possible, the effective date should be aligned with these other projects, namely the IAASB’s Auditor Reporting project and the project to revise ISA 720.21 Accordingly, the IAASB believes that an appropriate effective date for the standard would be 12–15 months after issuance of the final standards, but may be longer or shorter to align with the effective date of the revisions arising from the auditor reporting and ISA 720 projects. Earlier application would be permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the changes to the ISAs.

### **General Comments**

- a) We do not anticipate significant problem with the proposed changes to ISAs.
- b) We do not foresee difficulties in applying the proposed changes.
- c) The ISAs are not presently translated in Zambia and therefore we do not foresee any translation issues that may arise.
- d) The ED has mentioned that the effective date for the revised standards would be 12 -15 months from the issuance of the final standards, we are of the view that the proposed period appears to be adequate. We also support that the effective date should be aligned with the IAASB’s Auditor Reporting project and the project to revise ISA 720.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Chansa A. Chiteba

**Director Standards and Regulation**