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**Basis for Conclusions:
ISA 580 (Revised and Redrafted),
Written Representations**

*Prepared by the Staff of the International Auditing and
Assurance Standards Board*



**International Federation
of Accountants**

BASIS FOR CONCLUSIONS:

ISA 580 (REVISED AND REDRAFTED), WRITTEN REPRESENTATIONS

This Basis for Conclusions has been prepared by staff of the International Auditing and Assurance Standards Board (IAASB). It relates to, but does not form part of, ISA 580 (Revised and Redrafted), “Written Representations,” which was approved by 17 of the 18 members of the IAASB in December 2007.¹

Background

1. The IAASB commenced the project in April 2004 in response to developments that indicated a need to revise extant ISA 580.² These included concerns that auditors may be over-relying on written representations. During the project, the IAASB considered matters such as the reasons for obtaining written representations, the evidence that they provide, and from whom they should be requested.
2. The IAASB’s Clarity conventions were applied in drafting the proposed ISA. The authority and obligation attaching to those conventions are established in the amended Preface to International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Preface), approved by the IAASB in September 2006.³
3. The IAASB has consulted widely on its proposals. Significant proposals were discussed with the IAASB Consultative Advisory Group (CAG) at various stages of developing the proposed ISA. The IFAC Small and Medium Practices Committee commented on various drafts of the proposed ISA.
4. In December 2006, the IAASB issued an exposure draft of proposed ISA 580 (Revised and Redrafted)⁴ (ED-ISA 580). The comment period for the proposed ISA closed on April 30, 2007. Fifty-four comment letters were received from a variety of respondents representing preparers, users and auditors of financial statements and regulators. The IAASB revised the proposed ISA as a result of these comments. The following summarizes the more significant issues raised by respondents, and how the IAASB addressed them.

Description of Management’s Responsibilities

5. Legislation, the applicable financial reporting framework, or custom may establish management’s responsibilities for the preparation and presentation of the financial statements; however, the extent of those responsibilities may differ across jurisdictions and from the basis, relating to management’s responsibilities, on which an audit in accordance with ISAs is conducted.

¹ See minutes of the December 8-12, 2007 IAASB meeting at <http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0141&ViewCat=0923>.

² ISA 580, “Management Representations.”

³ The amended Preface can be accessed at http://www.ifac.org/download/IAASB_Preface.pdf. Elements of the authority and obligation attaching to the Clarity conventions have been exposed as part of proposed ISA 200 (Revised and Redrafted), “Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing.”

⁴ Proposed ISA 580 (Revised and Redrafted), “Written Representations.”

6. ED-ISA 580 therefore amended proposed ISA 200 (Revised and Redrafted) to explain that an audit in accordance with ISAs is conducted on the basis that management⁵ acknowledges and understands that it is responsible for (a) the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework; (b) the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; and (c) the completeness of information made available to the auditor.
7. This proposal drew a significant amount of comment. Some respondents thought that the description of management's responsibilities in the proposed ISAs was not consistent with other descriptions in ISAs. Some were concerned about the relationship between the description of management's responsibilities in the proposed ISAs and that in law or regulation. Some requested that management's responsibility for the completeness of information made available to the auditor be clarified.
8. The IAASB agreed that ISAs should describe management's responsibilities in similar and clear terms. The IAASB debated whether the description of management's responsibility for the financial statements should be aligned with the description in proposed ISA 700 (Redrafted)⁶ that was approved by the IAASB in December 2004 when extant ISA 700⁷ was issued. The IAASB, however, had the following concerns:
 - (a) The description in proposed ISA 700 (Redrafted) is not fully aligned with the evaluations and conclusions the auditor takes into account when forming an opinion on the financial statements (as set out in proposed ISA 700 (Redrafted)).
 - (b) "Selecting and applying appropriate accounting policies" and "making accounting estimates that are reasonable in the circumstances" are integral parts of the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework. They should therefore not be stated separately, as in the description in proposed ISA 700 (Redrafted).
 - (c) Some national auditing standard setters have not adopted extant ISA 700 because of the description of management's responsibility for the financial statements.
9. In response to points (a) and (b) in paragraph 8, the IAASB agreed that proposed ISA 700 (Redrafted) should be revised to require that the auditor's report explain that management is responsible for the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. (See the proposed conforming amendments to proposed ISA 700 (Redrafted) in the exposure draft

⁵ For purposes of this Basis for Conclusions, references to "management" should be read as "management and, where appropriate, those charged with governance."

⁶ Proposed ISA 700 (Redrafted), "The Independent Auditor's Report on General Purpose Financial Statements."

⁷ Extant ISA 700, "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements."

of proposed ISA 210 (Redrafted).⁸) This description of management’s responsibility for the financial statements would be used consistently in the proposed ISAs.

10. The concerns about the description of management’s responsibility for the completeness of information made available to the auditor were mainly about the impression given that management had a responsibility to provide all information unasked, and that the auditor’s role was passive, i.e., simply to receive what was provided. This was not the intention, and so the relevant responsibility has been redrafted in more detail to include the expectation that some information will be provided in response to audit requests.
11. As a result, the exposure draft of proposed ISA 210 (Redrafted) and related conforming amendments to proposed ISA 200 (Revised and Redrafted) and proposed ISA 700 (Redrafted) consistently describe managements’ responsibilities as follows: “Management has responsibility:
 - (a) For the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
 - (b) To provide the auditor with:
 - (i) All information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements;
 - (ii) Any additional information that the auditor may request from management and, where appropriate, those charged with governance; and
 - (iii) Unrestricted access to those within the entity from whom the auditor determines it necessary to obtain audit evidence.”
12. In response to the comments that law or regulation may prescribe management’s responsibilities, the IAASB revised proposed ISA 210 (Redrafted) to provide for the auditor to use the wording of the law or regulation to describe those responsibilities that the auditor has determined are equivalent in effect to those set out in proposed ISA 210 (Redrafted). This ought to make it easier for the auditor to reach agreement with management about the latter’s responsibilities. However, there will be circumstances where law or regulation does not prescribe management’s responsibilities in appropriate terms. In such cases, it is equally – if not more – important for this aspect of the basis on which the audit in accordance with ISAs will be conducted to be agreed. Accordingly, for management’s responsibilities that are not equivalent in effect, or that are not prescribed by law or regulation, the auditor is required to use the description in the proposed ISA. (See paragraph 11 of proposed ISA 210 (Redrafted).) In addition, ISA 580 (Revised and

⁸ The exposure draft of proposed ISA 210 (Redrafted), “Agreeing the Terms of Audit Engagements” and related conforming amendments was published in January 2008 and can be accessed at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0105>.

Redrafted) and proposed ISA 700 (Redrafted) require that management’s responsibilities be described in the manner they are described in the terms of the audit engagement.

Term “Internal Control”

13. In deliberating the responses to ED-ISA 580, some IAASB members were concerned that the term “internal control” may have different meanings in different jurisdictions, which may affect management’s understanding as to the implication of representations about internal control. In the United Kingdom, for example, law or regulation refers to a responsibility to maintain “adequate accounting records,” while in the United States references to internal control are understood to include accounting records. The definition of the term in ISAs is consistent with usage in the United States.
14. The IAASB debated at length whether and, if so, how to deal with internal control in the context of the description of management’s responsibilities in the proposed ISAs. It noted that extant ISA 210 states that “the form and content of audit engagement letters may vary for each client, but they would generally include reference to ... management’s responsibility for establishing and maintaining effective internal control.”⁹ Extant ISA 240 requires the auditor to obtain a written representation from management that it acknowledges its responsibility for the design and implementation of internal control to prevent and detect fraud.¹⁰ Statements by management about internal control are thus not new to ISAs.
15. The IAASB moved the guidance on internal control in ED-ISA 580 to proposed ISA 210 (Redrafted). It also agreed that proposed ISA 210 (Redrafted) should:
 - (a) Contain the definition of the term “internal control” as per ISA 315 (Redrafted)¹¹ (see paragraph A14 of proposed ISA 210 (Redrafted));
 - (b) Explain that internal control is an important aspect of management’s responsibility for the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework. Accordingly, the auditor obtains management’s agreement that it acknowledges and understands that this responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error (see paragraph A15 of proposed ISA 210 (Redrafted)); and
 - (c) Explains that, in some jurisdictions, law or regulation may refer to the responsibility of management for the adequacy of accounting books and records, or accounting systems. As books, records and systems are an integral part of internal control as defined, the description of management’s responsibilities in proposed ISA 210

⁹ Extant ISA 210, “Terms of Audit Engagements,” paragraph 6.

¹⁰ Extant ISA 240, “The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements,” paragraph 90(a).

¹¹ ISA 315 (Redrafted), “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment,” paragraph 4(c).

(Redrafted) does not include a specific reference to them. However, when management's responsibilities are described using the wording of the law or regulation (as discussed in paragraph 12 above), the description may include a reference to books, records and systems in addition to a reference to internal control (see paragraph A16 of proposed ISA 210 (Redrafted)).

Written Representations about Management's Responsibilities

16. ED-ISA 580 required the auditor to request management to provide a written representation that it acknowledges and understands its responsibility for the preparation and presentation of the financial statements, and whether it believes that the financial statements are prepared in accordance with the applicable financial reporting framework. It required that this written representation include:
- (a) Whether the selection and application of accounting policies are appropriate;
 - (b) Whether all transactions have been recorded; and
 - (c) Whether the following matters, where relevant in view of the applicable financial reporting framework, have been recognized, measured or disclosed in accordance with that framework:
 - (i) Plans or intentions that may affect the carrying value or classification of assets and liabilities;
 - (ii) Liabilities, both actual and contingent;
 - (iii) Title to or control over assets, and the liens or encumbrances on assets, and assets pledged as collateral;
 - (iv) Aspects of contractual agreements that may affect the financial statements, including noncompliance; and
 - (v) Events subsequent to the period end.

Many respondents were concerned about the detailed elements (i.e., (a)-(c) above) of the written representation about the preparation and presentation of the financial statements.

17. ED-ISA 580 also required the auditor to request management to provide a written representation that it acknowledges and understands its responsibility for the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error, and whether it believes that the internal control it has maintained is adequate for that purpose. Many respondents were concerned about the written representation about internal control and, in particular, the request for management to confirm whether it believes that internal control is adequate to support the preparation and presentation of the financial statements. It was suggested by some respondents that the latter could be interpreted as an opinion on the effectiveness of internal control that required a separate and extensive exercise by management. This had never been the IAASB's intention, as was indicated in the explanatory memorandum that accompanied

ED-ISA 580. It is also possible that misunderstanding of the term “internal control” (see paragraphs 13-15 above) contributed to these concerns.

18. Furthermore, in deliberating the responses to ED-ISA 580, some IAASB members and IAASB CAG representatives were concerned that management may consider it unnecessary both to provide a written agreement that it acknowledges and agrees its responsibilities as part of agreeing the terms of the audit engagement (as is required by paragraph 4(b) of proposed ISA 210 (Redrafted)), and to provide a written representation in this regard at the conclusion of the audit (as was required by ED-ISA 580).
19. In response, the IAASB:
 - (a) Removed from the requirements of ISA 580 (Revised and Redrafted) the detailed elements in the written representation about the preparation and presentation of the financial statements because many of those providing such written representations would understand that these elements were implicit in properly prepared and presented financial statements. Further, the original construction of the requirement would have required the auditor to disclaim an opinion in the event that any of the detailed elements were omitted by management. It was the failure of management to accept responsibility for the preparation and presentation of the financial statements as a whole that was intended to be the basis for the required disclaimer of opinion;
 - (b) Removed the requirement for a written representation about the adequacy of internal control that had been misunderstood by respondents; and
 - (c) Agreed to delete the requirement for the auditor to request management to confirm again in the representation letter its *agreement* to those responsibilities for the preparation and presentation of the financial statements to which it had agreed as part of the terms of the audit engagement. Rather, the representation letter is required to include only management’s *confirmation that it has fulfilled* the agreed responsibilities. These responsibilities include the responsibility for internal control.
20. In addition, paragraph A13 of ISA 580 (Revised and Redrafted) explains that the auditor may consider it necessary to request management to provide a written representation that is has communicated to the auditor all deficiencies in internal control of which management is aware.

Other Written Representations

21. ED-ISA 580 distinguished between general written representations regarding management’s responsibilities and specific written representations regarding specific assertions in the financial statements. It also recognized that other ISAs contain requirements for written representations.
22. A few respondents were of the view that ED-ISA 580 was unclear about whether the requirements for written representations in other ISAs (such as those in ISA 240

¹² proposed ISA 250 (Redrafted)¹³ and proposed ISA 450 (Revised and Redrafted)¹⁴) are general or specific written representations.

23. In response to the comments, the IAASB deleted the distinction between general and specific written representations as it took the view that the distinction served no purpose that could not be more simply dealt with in another way. ISA 580 (Revised and Redrafted) defines the term “written representation” as a written statement by management provided to the auditor to confirm certain matters or to support other audit evidence (see paragraph 7 of the ISA). The ISA deals with written representations about management’s responsibilities and other written representations. Other written representations are those required by other ISAs and those that the auditor determines necessary to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements (see paragraph 13 of ISA 580 (Revised and Redrafted)).

Audit Evidence

24. Respondents held diverse views as to the status of written representations as audit evidence. A few respondents suggested that the approach in extant ISA 580 be re-introduced. Extant ISA 580 required the auditor to obtain written representations on matters material to the financial statements *when other sufficient appropriate audit evidence cannot reasonably be expected to exist*. ED-ISA 580 required the auditor to obtain written representations regarding specific assertions in the financial statements *when the auditor considers it necessary to corroborate other audit evidence*.
25. The IAASB did not agree with the suggestion to re-introduce the approach in extant ISA 580 as it may give rise to over reliance on written representations. It was of the view that circumstances in which other audit evidence cannot reasonably be expected to exist would be extremely rare. In such circumstances, the auditor should consider the effect of the inability to obtain sufficient appropriate audit evidence on the opinion in the auditor’s report in accordance with proposed ISA 705 (Revised and Redrafted).¹⁵
26. Proposed ISA 500 (Redrafted)¹⁶ describes audit evidence as all the information used by the auditor in arriving at the conclusions on which the audit opinion is based. The IAASB concluded that written representations are necessary information that the auditor requires in connection with the audit. Accordingly, similar to responses to inquiries, written representations are audit evidence. (See paragraph 3 of ISA 580 (Revised and Redrafted).)
27. Paragraph A1 of ISA 580 (Revised and Redrafted) explains that written representations are an important source of audit evidence. If management modifies or does not provide the

¹² ISA 240 (Redrafted), “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements.”

¹³ Proposed ISA 250 (Redrafted), “The Auditor’s Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements.”

¹⁴ Proposed ISA 450 (Revised and Redrafted), “Evaluation of Misstatement Identified during the Audit.”

¹⁵ Proposed ISA 705 (Revised and Redrafted), “Modifications to the Opinion in the Independent Auditor’s Report.”

¹⁶ Proposed ISA 500 (Redrafted), “Considering the Relevance and Reliability of Audit Evidence,” paragraph 3.

written representations, it may alert the auditor to the possibility that one or more significant issues may exist. Further, a request for written, rather than oral, representations in many cases may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.

28. Paragraph A9 of ISA 580 (Revised and Redrafted) explains that audit evidence obtained during the audit that management is fulfilling the responsibilities that it agreed to in the terms of the audit engagement is not sufficient without obtaining confirmation from management that it believes that it has fulfilled those responsibilities. This is because the auditor is not able to judge solely on other audit evidence whether management has prepared and presented the financial statements and provided information to the auditor on the basis of the agreed acknowledgement and understanding of its responsibilities. For example, the auditor could not conclude that management has provided the auditor with the information described in paragraph 11(b) above without asking it whether, and receiving confirmation that, such information has been provided.
29. Paragraph 4 of ISA 580 (Revised and Redrafted), however, explains that although written representations provide necessary audit evidence, they do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal. Furthermore, the fact that management has provided reliable written representations does not affect the nature or extent of other audit evidence that the auditor obtains about the fulfillment of management's responsibilities, or about specific assertions.

Unreliable Written Representations / Written Representations Not Provided

30. The majority of respondents did not support the proposed requirement for the auditor to disclaim an opinion on the financial statements when the auditor concludes that the written representations about management's responsibilities are unreliable, or when management does not provide them. They were concerned that the requirement does not allow the auditor to judge the seriousness of the matter, particularly as it would be triggered by a failure to provide as little as one of the detailed elements of the written representation about the preparation and presentation of the financial statements (see paragraph 16 above). They were also concerned that the auditor's conclusion that other written representations (i.e., specific written representations) are unreliable, or if management does not provide them, may give rise to an automatic disclaimer of opinion. A few respondents noted that the requirement may give rise to a proliferation of disclaimers of opinion.
31. Regarding the written representations about management's responsibilities, the IAASB confirmed its view that the auditor's conclusion that there is sufficient doubt about the integrity of management such that the written representations about its responsibilities are not reliable should give rise to a disclaimer of opinion. Furthermore, it was of the view that management's refusal to provide the written representations about its responsibilities is strong evidence for the auditor that there may be unresolved issues in relation to the financial statements, or in relation to the information provided to the auditor, even when the auditor may have formed the impression up to that point in the audit that the financial statements are appropriate and the information provided by management is complete.

32. Without obtaining reliable written representations about whether management considers that it has fulfilled its responsibilities, the auditor cannot obtain sufficient appropriate audit evidence about completeness because substantive procedures in the context of an audit of financial statements cannot adequately respond to completeness risks. A potential misstatement due to a lack of completeness cannot be confined to a defined monetary figure or particular disclosure. Pursuant to proposed ISA 705 (Revised and Redrafted), nonconfinable potential misstatements due to a lack of sufficient appropriate audit evidence are pervasive to the financial statements and therefore lead to a disclaimer of opinion.
33. The IAASB considered the possibility of a rebuttable presumption as recommended by a few respondents, but could not identify circumstances that would satisfactorily rebut such a presumption.
34. The IAASB believed that lack of a stringent requirement may lead to different auditors arriving at inconsistent responses in similar circumstances. It was also of the view that the following amendments address many of the concerns raised by respondents in the context of the requirement to disclaim an opinion in the specified circumstances:
 - (a) The revision and alignment of the description of management's responsibilities in the proposed ISAs (see paragraphs 11-12 above).
 - (b) The removal of the requirement to include the detailed elements in the written representation about the preparation and presentation of the financial statements (see paragraph 19(a) above).
 - (c) The deletion of the written representation about the adequacy of internal control (see paragraph 19(b) above).
 - (d) The split between obtaining the agreement of management that it acknowledges and understands its responsibilities in proposed ISA 210 (Redrafted) and requesting management to confirm that it has fulfilled those responsibilities in ISA 580 (Revised and Redrafted) (see paragraphs 19(c) above).
35. In addition, the IAASB revised the requirement to clearly link it to the written representations about management's responsibilities. Paragraph 20 of the ISA requires the auditor to disclaim an opinion on the financial statements in accordance with proposed ISA 705 (Revised and Redrafted) if:
 - (a) The auditor concludes that there is sufficient doubt about the integrity of management such that the written representations about management's responsibilities (i.e., those required by paragraphs 10 and 11 of the ISA) are not reliable; or
 - (b) Management does not provide the written representations about management's responsibilities (i.e., those required by paragraphs 10 and 11 of the ISA).
36. The IAASB also restructured and redrafted the text of the ISA so that it is clear that the requirements that deal with doubt as to the reliability of written representations (paragraphs 16-18 of the ISA) and written representations not provided by management (paragraph 19 of the ISA) apply to all written representations. Accordingly, if the auditor concludes that other written representations are not reliable, or if management does not provide them, the

Form of Written Representations

37. Some IAASB members were of the view that the matter discussed in paragraphs 30-36 above was exacerbated by the requirement to present the written representations in a representation letter addressed to the auditor. To address this, the IAASB revised ISA 580 (Revised and Redrafted) to provide for the auditor to accept a formal written statement by management, other than a representation letter, if the auditor determines that it provides the necessary written representations (see paragraph 15 of the ISA). Paragraph A21 of the ISA explains that, in some jurisdictions, management may be required by law or regulation to make a written public statement about its responsibilities. Although such statement is a representation to the users of the financial statements, or to relevant authorities, the auditor may determine that it is an appropriate form of written representation in respect of some or all of the representations about management's responsibilities. Consequently, the relevant matters covered by such statement need not be included in the representation letter. Factors that may affect the auditor's determination include:
- Whether the statement includes confirmation of the fulfillment of responsibilities that are equivalent to some or all of those set out in the terms of the audit engagement.
 - Whether the statement has been given or approved by those from whom the auditor requests the relevant written representations.
 - Whether a copy of the statement is provided to the auditor as near as practicable to, but not after, the date of the auditor's report on the financial statements.

Who Should Provide the Written Representations?

38. ED-ISA 580 required the auditor to determine relevant parties from whom written representations should be requested. The term "relevant parties" was defined as parties responsible for preparing and presenting the financial statements and assertions therein. For specific assertions, relevant parties may also include individuals who have specialized knowledge about those specific assertions and are part of the process followed in preparing and presenting the financial statements and assertions therein. Relevant parties were to be requested to provide the written representations based on their knowledge and belief, having made appropriate inquiries to be able to provide such representations.
39. Various comments were received on the proposal to use the term "relevant parties." Respondents asked about the relationship between relevant parties and management, and management and those charged with governance. Some were concerned about requesting individuals other than management, or those charged with governance, to provide written representations. Some asked that the phrase "having made appropriate inquiries for them to be able to provide such representations" be clarified.
40. The IAASB debated the various comments and concluded that written representations should be obtained from those responsible for the preparation and presentation of the

financial statements. ISA 260 (Revised and Redrafted)¹⁷ defines “management” as the person(s) with executive responsibility for the conduct of the entity’s operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager. Management is responsible for the preparation of the financial statements, overseen by those charged with governance, and in some cases management is also responsible for approving¹⁸ the entity’s financial statements (in other cases those charged with governance have this responsibility). In line with the above and the term used in proposed ISA 210 (Redrafted), the IAASB replaced references to “relevant parties” with “management and, where appropriate, those charged with governance.”

41. Paragraph 9 of ISA 580 (Revised and Redrafted) requires the auditor to request written representations from management with appropriate responsibility for the financial statements and knowledge of the matters concerned. Paragraph A5 explains that, due to its responsibility for the preparation and presentation of the financial statements, and its responsibilities for the conduct of the entity’s business, management would be expected to have sufficient knowledge of the process followed by the entity in preparing and presenting the financial statements and assertions therein on which to base the written representations.
42. However, paragraph A6 of the ISA notes that, in some cases, management may decide to make inquiries of others who participate in preparing and presenting the financial statements and assertions therein, including individuals who have specialized knowledge relating to the matters about which written representations are requested. The auditor may request that management include in the written representations confirmation that it has made such inquiries as it considered appropriate to place it in the position to be able to make the written representations (see paragraph A8 of the ISA). However, it is not expected that such inquiries would usually require a formal internal process beyond those already established by the entity.

Date of the Written Representations

43. ED-ISA 580 required the general written representations to be as of the same date as the auditor’s report on the financial statements. Many respondents agreed with this proposal. Some respondents, however, were of the view that ED-ISA 580 is too prescriptive in this regard, and does not adequately reflect how audits are generally completed or recognize the different governance arrangements in different jurisdictions. Some respondents suggested that the requirement be aligned with extant ISA 560.¹⁹
44. The IAASB was of the view that the auditor cannot obtain sufficient appropriate audit evidence without having obtained the written representations. This means that the auditor’s opinion cannot be expressed, and the auditor’s report cannot be dated, before the date of

¹⁷ ISA 260 (Revised and Redrafted), “Communication with Those Charged with Governance,” paragraph 6(b).

¹⁸ As described at paragraph A43 of proposed ISA 700 (Redrafted), having responsibility for approving in this context means having the authority to conclude that all the statements that comprise the financial statements, including the related notes, have been prepared.

¹⁹ Extant ISA 560, “Subsequent Events.”

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the written representations. Furthermore, because the auditor is concerned with events occurring up to the date of the auditor's report that may require adjustment to or disclosure in the financial statements, the written representations should be dated as near as practicable to, but not after, the date of the auditor's report on the financial statements. Paragraph 14 of ISA 580 (Revised and Redrafted) therefore requires that written representations be dated as near as practicable to, but not after, the date of the auditor's report on the financial statements. This is in line with the text of extant ISA 560. Furthermore, the written representations should be for all financial statements and period(s) referred to in the auditor's report.



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