PROPOSED CONFORMING AMENDMENTS TO ISA 700 (REVISED)

[Marked from ED]

Note: The ISA 800\(^1\) and ISA 805\(^2\) exposure draft (ED) included proposed conforming amendments to ISA 700 (Revised) as a result of the proposals to revise ISA 800 and ISA 805, specifically in relation to the naming of the engagement partner. These amendments will become effective at the same time as proposed ISA 800 (Revised) and proposed ISA 805 (Revised), as well as the new and revised Auditor Reporting standards.

The changes below reflect editorial suggestions received from the respondents to the ED.

ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements,

Requirements

Name of the Engagement Partner

45. The name of the engagement partner shall be included in the auditor’s report on financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor’s report, the auditor shall discuss this intention with those charged with governance to inform the auditor’s assessment of the likelihood and severity of a significant personal security threat. (Ref: Para. A56–A58)

Application and Other Explanatory Material

Name of the Engagement Partner (Ref: Para. 45)

A56. ISQC 1\(^3\) requires that the firm establish policies and procedures to provide reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements. Notwithstanding these ISQC 1 requirements, naming the engagement partner in the auditor’s report is intended to provide further transparency to the users of the auditor’s report on financial statements of a listed entity.

A57. Law, regulation or national auditing standards may require that the auditor’s report include the name of the engagement partner responsible for audits other than those of financial statements of listed entities. The auditor may also be required by law, regulation or national auditing standards, or may decide to include additional information beyond the engagement partner’s name in the auditor’s report to further identify the engagement partner, for example, the engagement partner’s professional license number that is relevant to the jurisdiction where the auditor practices.

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\(^1\) ISA 800, Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks

\(^2\) ISA 805, Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

\(^3\) ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, paragraph 32

Prepared by: Diane Jules (May 2015)