



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

535 Fifth Avenue, 26th Floor  
New York, New York 10017  
Internet: <http://www.ifac.org>

Tel: +1 (212) 286-9344  
Fax: +1 (212) 856-9420

## **Agenda Item**

# **3**

**Committee:** IAASB  
**Meeting Location:** Melbourne  
**Meeting Date:** March 17-21, 2003

### **Review of Interim Financial Information**

#### **Objectives of Agenda Item**

To review the draft ISA and approve it for release as an exposure draft.

#### **Background**

At its December 2002 meeting, IAASB discussed a draft ISA dealing with the auditor's responsibilities when the auditor undertakes an engagement to review the interim financial information of an audit client.

IAASB made the following decisions:

- The proposed ISA should also cover interim financial information that is allowed to be issued by legislation or regulation or equivalent authority.
- The previous annual financial statements of the entity should have been audited (or are in the process of being audited) and should be publicly available.
- An engagement letter should be required for the engagement.
- The proposed ISA should cover materiality in relation to interim financial information.
- The auditor should be required to append a summary of uncorrected misstatements to the management representation letter.
- Oral reporting should not be allowed.
- Guidance should be provided with regard to the presentation of pro forma financial information.
- Appendix 1 should be incorporated into the text of the draft ISA.

#### **Activities Since Last IAASB Discussions**

The Task Force held a conference call on January 24, 2003 to discuss changes to the draft ISA to address IAASB's decisions.

#### **STRUCTURE OF THE DOCUMENT**

In addition to the changes made to the draft ISA to reflect the decisions made and comments received at the last IAASB meeting, the Task Force has re-ordered the paragraphs of the draft ISA and added new headings and sub-headings in order to improve the flow of the document. A marked-up copy of the changes to the document has not been provided since it would prove

difficult to read in attempting to differentiate the changes made from the paragraphs that have been re-ordered in the document. However, a clean version with the major additions underlined has been provided to assist IAASB members in their review.

#### STANDARDS IN OTHER JURISDICTIONS

As mentioned at the last IAASB meeting, in developing this draft ISA, the Task Force considered existing standards in other jurisdictions. This comparison is presented in Agenda Item 3-C for the information of IAASB members. While the comparison has not been updated to reflect the changes between the US exposure draft and final standard, the Task Force has reviewed the final US standard for changes and taken these into account in the development of the final draft ISA.

#### Material Presented

Agenda Paper 3-A (Pages 81 – 100)	Draft ISA, “Review of Interim Financial Information”
Agenda Paper 3-B (Pages 101 – 120)	Draft ISA, “Review of Interim Financial Information” with underlined additions from previous draft
Agenda Paper 3-C (Pages 121 – 132)	Comparison of Existing Standards Applicable to Review of Interim Financial Information

#### Action Requested

IAASB is asked to review the draft ISA and approve it for release as an exposure draft.