

ISA 560 responses in detail by paragraph

#	Org	Org Number	Org Type	Other Paragraphs	Comments
3	GT	20	FIRM	3	Paragraph 3 – We recommend broadening this paragraph by simply explaining the two types of subsequent events. International Accounting Standard 10, Events After the Balance Sheet Date, should be used as an example of a financial reporting framework that identifies such events; however, it should be noted that other frameworks might also address such matters.
4	FSR	1	MB	4	We disagree with part of paragraph 4c, see our comments to paragraph 45 to ED ISA 700: we suggest the sentence beginning with "The auditor may not yet have fulfilled all responsibilities" deleted as we do not agree to the content. In our opinion it is inconceivable that the audit could be considered completed before the auditor has informed those responsible with governance about relevant audit findings for the financial statements and has considered the response by those responsible with governance. Furthermore, it would not be good practice if those responsible with governance approved the financial statements before they were informed about audit findings that might influence their decisions and approval. This is also in line with paragraph 46 stating that the earliest date of auditor's report is the date of the approval of the financial statements.
	FAR	5	MB		Paragraph 4: The description of date of the auditor's report in (c) is not in line with paragraph 45 of ISA 700 (Revised): accordingly, "considered to be" at the beginning of the second sentence should be deleted.
	FEE	7	EMB	4(c)	We are of the opinion that the description of the date of the auditor's report in paragraph 4 (c) is not in line with paragraph 45 of proposed revised ISA 700. Accordingly, we recommend to delete "considered to be" at the beginning of the second sentence.
	IRE	12	MB	4(c)	In the conforming changes within ISA-560, paragraph 4, C mentions "This is considered to be the date (...)". This wording is inconsistent with that of paragraph 45 of ISA-700 which states that "This is the date (...)";
	GT	20	FIRM	4(b)	Paragraph 4 (b) – We commend the IAASB for providing additional guidance relating to the date of approval of the financial statements. We suggest enhancing this guidance to clarify how such date may be determined when the legal or regulatory requirements do not specify an approval process. Further, we recommend clarifying whether the auditor should document the date of approval. For example, the auditor could obtain the applicable minutes of meetings or a written representation from management.
	GT	20	FIRM	4(c)	Paragraph 4 (c) – This paragraph describes the date of the auditor's report. We suggest simply stating that the date of the auditor's report "... is the date on which the auditor has obtained sufficient appropriate audit evidence to support the auditor's opinion, as described in paragraphs 44 and 45 of ISA 700. As stated in paragraph 46 of ISA 700, the date of the auditor's report cannot be earlier than the date of approval of the financial statements." To eliminate repetitive guidance and potential misinterpretation (e.g., this paragraph does not reiterate the fact that the report cannot be dated prior to the date of approval of the financial statements), we suggest referring to the definition in ISA 700, rather than summarizing the definition provided by ISA 700 herein. Refer to our comments above regarding paragraphs 44 through 47 of Proposed Revised ISA 700 for additional recommendations. And DELETE the footnote based on our recommendation to 4(c).
					Footnote 1 – Based on our recommendation relating to paragraph 4 (c) above, we suggest deleting this footnote.

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	CICA	18	MB	4	<p>Paragraph 4</p> <p>The definition of the date of approval of the financial statements is unclear. The first sentence refers to approval of the financial statements by management or those charged with governance; the third sentence only refers to management; and the fifth sentence refers to management and those charged with governance. In addition, the last sentence of the definition of the date of the auditor's report refers only to management. The lack of clarity may result in inconsistent auditor performance depending on how auditors interpret the definition. The lack of clarity will be particularly problematic in jurisdictions such as Canada, as discussed further below.</p> <p>The AASB supports the position that the financial statements are the responsibility of management and the auditor cannot complete the audit of the financial statements until management completes their preparation. In Canada, most entities do not have a formal process for management approval of the financial statements. This is particularly true with respect to smaller owner-managed entities. However, management signs its letter of representation to the auditor upon substantial completion of the audit. In that letter, management acknowledges that it is responsible for the fair presentation of the financial statements and that it has completed and approved the financial statements. Ordinarily, the date of management's representation letter and the date of the auditor's report are the same.</p> <p>We believe that this is an appropriate process to follow in determining the date of the auditor's report. In Canada, formal approval (as opposed to completion) of the financial statements is often performed by the audit committee or board of directors, sometimes at a date that is much later than the date when the auditor has substantially completed the audit. We believe that to require the auditor's report be dated as at the date of audit committee approval, with the need to perform subsequent events procedures over a potentially much longer period, would not be appropriate.</p> <p>We therefore, recommend that the definition of the date of approval of the financial statements be revised, recognizing the process for determining the date of the auditor's report may vary in particular circumstances. One approach might be to use wording along the following lines:</p> <p>"Date of approval of the financial statements" is the date that the entity determines that a complete set of financial statements, including notes, has been prepared. Ordinarily, it is the date that management is prepared to acknowledge in the management representation letter its responsibility for the fair presentation of the financial statements in accordance with the relevant financial reporting framework and that it has approved the statements. In some circumstances, the entity may observe additional governance processes after the financial statements have been approved by management that may need to occur before the financial statements are considered "final". Additionally, in some jurisdictions, the date of approval may be determined by legal or regulatory requirements. For example.....</p> <p>In addition, the last sentence of the definition would be amended to refer only to management.</p>
	LSCA	15	RMB	4	<p>The guidance in the paragraph 4(c), "Date of the auditors report" suggests that despite the fact <i>"the auditor may not yet have fulfilled all responsibilities related to the audit, for example, the auditor may not yet have had an opportunity to communicate</i></p>

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					<i>the audit matters of governance interest that arose from the audit to those charged with governance.</i> ” The auditor has still “ <i>completed the work necessary to support the auditor’s opinion on the financial statements.</i> ” We believe it would be presumptuous of the auditor to suggest that “sufficient appropriate audit evidence” had been obtained prior to management’s (or those charged with governance’) approval. Accordingly this definition should be amended so that it is consistent with Paragraph 45 of the proposed revised ISA 700.
	PwC	21	FIRM	4	The guidance in Paragraph 4(c), “Date of the auditors report” suggests that despite the fact “ <i>the auditor may not yet have fulfilled all responsibilities related to the audit, for example, the auditor may not yet have had an opportunity to communicate the audit matters of governance interest that arose from the audit to those charged with governance.</i> ” the auditor has still “ <i>completed the work necessary to support the auditor’s opinion on the financial statements.</i> ” We believe it would be presumptuous of the auditor to suggest that sufficient appropriate audit evidence had been obtained prior to management’s (or those charged with governance) approval of the financial statements. The guidance does attempt to illustrate that the auditor’s date of approval could be the same as management’s “date of approval of the financial statements”, or even later, but the guidance is still open to misinterpretation. We suggest the definition is amended so that it is consistent with Paragraph 45 of the proposed revised ISA 700.
	HKSA	30	MB	4(b)	Date of approval of the financial statements – Paragraph 47 and ISA 560 paragraph 4(b) As referred to in paragraph 47 of the proposed revised ISA 700 and defined in paragraph 4(b) of the proposed revised ISA 560, the “date of approval of the financial statements” is the date that the entity’s management or those charged with governance determines that a set of financial statements, including the related notes, has been prepared and approves such statements”. In this regard, we suggest that the definition of the “date of approval of the financial statements” should be aligned with and cross-referenced to paragraph 16 of IAS 10 “Events after the Balance Sheet Date” that deals with the date when financial statements are authorized for issue. To avoid confusion amongst readers, it may be appropriate for the IAASB to use the same terminology as IAS 10 given that IAS 10 requires the disclosure of the date when the financial statements were authorized for issue. If this suggestion is taken up, the phrase “Date of approval of the financial statements” would be replaced by “Date of authorization for issue”.
	IDW	31	MB	4(d)	In our view, in relation to point 4d), the date the financial statements are issued ought to be changed to “the date the audited financial statements are issued”, since that is the relevant date (e.g., sometimes unaudited financial statements are issued prior to the audited statements being issued). Furthermore, we believe that the date audited financial statements are issued by management to third parties in most cases would be to those charged with governance, which would be prior to their being filed with regulatory authorities. Furthermore, this date must be subsequent to the date of the auditor’s report. Hence, we suggest that the definition be changed to “... is the date that the signed auditor’s report and the audited financial statements approved by management are made available to third parties, which may be those charged with governance. In some circumstances, the signed auditor’s report and audited financial statements may subsequently be filed with regulatory authorities before being made available to further third parties.”

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13	GT	20	FIRM	13	Paragraph 13 – This paragraph refers to “... persons ultimately responsible for the overall direction of the entity.” We recommend replacing this phrase with “those charged with governance.”
14	DCCA	38	R	14-16	<p>In ISA 560 concerning Subsequent Events the proposed section 15 deals with the situation that the auditor becomes aware of facts that influences the auditors report on former published the financial statements. Furthermore, it is in the proposed section 16 mentioned that it would be possible to issue a new report on the revised financial statements. The revised financial statements would hereafter be published in stead of the former published financial statements.</p> <p>In section 17 it is mentioned that the new auditor's report would be dated not earlier than the date of approval of the revised financial statements.</p> <p>All financial statements from all Danish companies (approx. 130.000 financial statements in 2003) are published at www.publi-com.dk by the DCCA, according to the Danish Financial Statements Act paragraph 154. According to the Danish Financial Statements Act paragraph 138, section 6, it is not possible to reverse published financial statements, unless the DCCA in special circumstances allow the financial statements to be reversed. The DCCA can only allow financial statements to be reversed, if reversal is in the interest of users of the financial statements, as the purpose of preparation and publication of the financial statements is to meet the information needs of the users of financial statements. The reason is that the users of financial statements must have confidence in published financial statements that the users base their economic decisions on these published financial statements, and must be able to trust, the published financial statements will not be reversed, unless the published financial statements involves obvious misstatements or illegal matters. Minor alterations of financial statements which are not by the DCCA considered as material for the users of the financial statements will therefore not result in reversal of published financial statements.</p> <p>Therefore, in order for an auditor to meet the requirements of ISA 560 section 14-18 the financial statements published must include material misstatements or illegal matters, in order to be reversed with other financial statements.</p> <p>The DCCA will therefore suggest that section 14-18 in ISA 560 specifies that these sections only applies where national law does not require other actions or when the prescribed actions is possible and not in conflict with national law.</p>