



International Federation of Accountants

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Agenda Item

8

Committee: IAASB

Meeting Location: Rome

Meeting Date: June 13-17, 2005

Management Representations

Objectives of Agenda Item

To review and discuss Task Force proposals developed from the Issues Paper discussed at the March 2005 IAASB meeting.

Background

The IAASB approved a project to revise ISA 580, "Management Representations," at its meeting in April 2004. The IAASB Management Representations Task Force is chaired by Mr John Fogarty, IAASB member. Other members of the Task Force are:

- Mr Josef Ferlings, IAASB member
- Mr Mowafak Al Yafi, IAASB member
- Ms Sylvia Smith, IAASB Technical Advisor
- Ms Vijaya Moorthy, INTOSAI representative
- Mr Wolfgang Boehm, IAASB Technical Advisor

Activities Since Last IAASB Discussions

The Task Force held a meeting on April 14 and 15 to discuss comments received from the IAASB at the March meeting. The IAASB asked the Task Force to further explain the proposals submitted in the Issues Paper. The Task Force agreed to prepare a paper explaining and summarizing its proposals and to submit the paper in Rome. To finalize the paper, a conference call was held on May 9, 2005.

Main Proposal

SEPARATION OF GENERAL AND SPECIFIC MANAGEMENT REPRESENTATIONS

The paper prepared by the Task Force illustrates how standards and guidance might be developed should the IAASB accept the main proposal to differentiate general and specific management representations. The Task Force proposes to define general management representations as those relating to management's responsibility and accountability for the financial statements as a whole, and as such valid for every audit engagement (e.g. responsibility for the preparation and presentation of the financial statements). The nature of these representations makes them a condition of auditability.

Specific management representations, or, written responses to inquiries, relate to individual assertions embodied in the financial statements (e.g. management intent to hold a long term investment to maturity) and as such differ from one audit engagement to another.

Because the Task Force proposes a significant departure from the definition of management representations, the IAASB's agreement on this proposal is necessary before the Task Force undertakes further work on the project.

Material Presented

Agenda Item 8-A IAASB Task Force Proposals – Management Representations
(Pages 1005 – 1014)

Action Requested

The IAASB is asked to consider the Task Force's main proposal and related proposals and provide the Task Force with feedback and guidance.