

**Draft Minutes of the 16<sup>th</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD**

**Held on September 12-15, 2005 in New York, USA**

**Voting Members***Present:*

John Kellas (Chairman)  
Denise Esdon (Deputy Chair)  
Philip Ashton  
Craig Crawford  
Sukanta Dutt  
Josef Ferlings  
John Fogarty  
Rogério Gollo (September 13-15)  
Jan Bo Hansen  
Gen Ikegami  
Ian McPhee  
Will Rainey  
Bodo Richardt  
Roger Simnett  
Roberto Tizzano  
Gérard Trémolière

*Absent:*

Inga-Britt Ahlenius  
Mowafak Al Yafi

**Technical Advisors**

Kelly Ånerud (Ms Ahlenius)  
Wolfgang Böhm (Mr Ferlings)  
Cédric Gélard (Mr Trémolière)  
Jon Grant (Mr Rainey)  
Diana Hillier (Mr Ashton)  
Chuck Landes (Mr Fogarty)  
Tan Shook Kheng (Mr Dutt)  
Richard Mifsud (Mr McPhee)  
Tania Sergott (Mr Hansen)  
Makoto Shinohara (Mr Ikegami)  
Sylvia Smith (Mr Crawford)  
George Tucker (Ms Esdon)

**Non-Voting Observers***Present:*

Douglas Carmichael (September 13/14)/Thomas Ray (September 12 & 15)  
Hisashi Yamaura  
David Damant

**Public Interest Oversight Board (PIOB) Members and Staff Observers***Present:*

David Brown, Member, PIOB (September 12)

**IFAC Technical Staff***Present:*

Jim Sylph (Technical Director), James Gunn, Michael Nugent, Alta Prinsloo, Ken Siong,  
Jan Tyl (September 15)

## **1. Opening Remarks and Minutes**

### **WELCOME AND INTRODUCTIONS**

Mr. Kellas welcomed Mr Rainey, who was attending his first meeting as member of the IAASB. He also welcomed Mr Brown, a member of the Public Interest Oversight Board (PIOB), and Mr Carmichael, Chief Auditor, US Public Company Accounting Oversight Board, who were observing the IAASB meeting.

Mr Kellas noted that Mr Palma had taken a position in commerce and industry and that he will no longer act as technical advisor of Mr Tizzano. Mr Kellas asked Mr Tizzano to thank Mr Palma on behalf of the IAASB for his contribution to the work of the IAASB.

No apologies had been received for the meeting.

### **MINUTES OF PREVIOUS MEETING**

The minutes of the public session of the previous IAASB meeting were approved as presented with one amendment.

### **NEXT IAASB CAG MEETING**

Mr Kellas noted that the next meeting of the IAASB Consultative Advisory Group (CAG) has been scheduled for November 30-December 1, 2005 in London. Chairs of IAASB Task Forces responsible for projects to be discussed at the CAG meeting have been invited to attend the meeting. All other IAASB members are welcome to attend the meeting.

## **2. Audit Documentation**

Mr Kellas noted that some board members and technical advisors had submitted comments on the draft revised ISA 230, "Audit Documentation," to the task force in advance of the IAASB meeting, and he proposed to address these during the review of the document. He then led a review of the changes from the previous draft of the revised ISA.

### **DOCUMENTATION OF DEPARTURES FROM BASIC PRINCIPLES OR ESSENTIAL PROCEDURES**

It was noted that the proposed guidance explaining that meeting the overall objective of the audit would require that each relevant basic principle or essential procedure be followed by the auditor, was inconsistent with the possibility of departure allowed for in the Preface. The IAASB agreed to amend the guidance to indicate that the requirements in ISAs are designed to assist the auditor in meeting the overall objective of the audit, and, therefore, other than in exceptional circumstances, the auditor complies with each requirement that is relevant in the circumstances of the audit. In addition, the IAASB agreed to add further explanatory guidance to paragraph 14 of the revised ISA 200 to explain that the auditor is not precluded from representing compliance with ISAs if there is a departure from a relevant requirement, provided the departure meets the conditions of the Preface and is appropriately documented as required by the revised ISA 230.

### **OTHER DECISIONS**

In addition to editorial changes, the IAASB also agreed the following:

- That emphasis should be placed on the need to document significant matters, by amending the reviewability principle to include a requirement that the audit documentation should enable an

experienced auditor to understand significant matters arising during the audit and the conclusions reached thereon.

- That a greater emphasis should be given to the requirement not to delete or discard audit documentation after the final audit file has been assembled.

#### APPROVAL

The IAASB reviewed and discussed a revised draft of the document reflecting the changes agreed during the earlier discussions. The IAASB unanimously approved the issue of ISA 230 (Revised) as a final standard, effective for audits of financial information for periods beginning on or after June 15, 2006.

### 3. Related Parties

Mr Trémolière led a review of the proposed revised ISA 550, “Related Parties.”

#### NATURE AND EXTENT OF MANDATORY IDENTIFICATION PROCEDURES

The IAASB expressed broad agreement that the nature and extent of the proposed mandatory procedures to identify related party relationships and transactions not identified or disclosed by management should be considered part of the auditor’s risk assessment procedures. It was, however, noted that the set of procedures as a whole appeared to be quite onerous. Many, however, had been brought forward from the existing ISA, and the IAASB concluded that it would be inappropriate to remove them. It was agreed that the issue of ‘impact assessments’ should be discussed at a future meeting in the context of the IAASB’s pronouncements as a whole.

The IAASB asked the task force to consider the need to list specific types of documents (minutes of meetings, shareholder records, income tax returns and investment records) within the proposed requirement to review entity documentation, instead of as guidance, having regard to the fact that the extant ISA has a number of requirements to review specific types of documents. The IAASB noted that the proposed requirements to identify significant and unusual transactions, and special-purpose entities, were more in the nature of objectives, and asked the task force to clarify the nature of the procedures necessary to achieve such objectives.

#### OTHER DECISIONS

In addition to editorial changes, the IAASB also agreed the following:

- In relation to financial reporting frameworks that do not require related party disclosures, the ISA should further explain the underlying rationale for the proposed requirement for the auditor to perform risk assessment procedures. The ISA should also clarify the nature and extent of such procedures.
- The task force should reconsider the apparent contradiction between the guidance discussing (a) the inherent uncertainty associated with the complete identification of related party relationships and transactions, and (b) the need for the auditor to obtain reasonable assurance of identifying material misstatements resulting from related parties.
- The auditor should, as part of the discussion among the engagement team, be required to communicate the identities of the related parties to the engagement team.

- The task force should consider providing further guidance on the types of procedures that the auditor may perform to obtain the necessary understanding of the entity's related party relationships.
- In relation to the guidance explaining the difficulty of understanding control relationships in some circumstances, the task force should consider providing guidance explaining how the auditor would overcome such difficulty.
- The guidance on understanding the relationships between the entity's principal owners and third parties related to them should focus firstly on identifying these third parties, and then understanding transactions they may have entered into with the entity. In addition, the task force should consider how this guidance relates to client acceptance and continuance procedures.
- With regard to understanding the entity's related party controls, there should be more emphasis on the tone at the top within the entity.
- Specific guidance should be provided to illustrate the types of procedures that may be performed in addressing significant risks of fraud linked with related parties.
- The task force should consider adding guidance to deal with the evaluation of the business rationale of a related party transaction from both sides of the transaction.
- The proposed procedures to be performed in the event that previously unidentified or undisclosed related party relationships or transactions are identified should be repositioned in terms of a response to findings. In addition, the task force should consider clarifying whether the non-identification or non-disclosure is intentional.
- With respect to communication with those charged with governance, the task force should reconsider the scope of the required discussions of related party transactions, and whether there is a need to explain the meaning of significant related party transactions in this context. In addition, guidance should indicate that discussions of significant related party transactions with those charged with governance occur after the auditor has discussed them with management.
- The guidance relating to arm's length disclosures should emphasize that such disclosures are difficult to substantiate, and that the circumstances in which they are made are rare.

The IAASB also considered and agreed the task force's proposals, based on the draft, for present tense guidance that would, under the proposed Clarity drafting conventions, be redrafted as 'shall' statements.

The IAASB asked the task force to consider its comments and to present a revised draft of the proposed revised ISA, redrafted using the proposed Clarity drafting conventions, for approval for exposure at the December 2005 meeting.

#### **4. Clarity of IAASB Standards**

##### **CLARITY FORUM**

Mr Kellas reported on the forum held in Brussels on July 11, 2005 at which invited representatives from regulators, oversight authorities, national auditing standard setters, accounting firms (including small-and-medium practices), professional accountancy organizations, IFAC committees, and others, were asked for their views on the IAASB's clarity proposal and whether it is appropriate and of

sufficient benefit to be taken forward. He noted that the forum was moderated by an external consultant, and that the feedback from participants on the proposal, and on the forum, was generally positive. He expressed his gratitude to all of those who attended the forum and those who assisted in making the necessary arrangements.

Among other matters, Mr Kellas noted that, after a review of the elements of the proposal, forum participants were asked whether they were in support or against the proposal taken as a whole. Of the approximately 45 attendees, there was a significant minority that did not support, or that withheld support for, the proposal. The following reasons were provided:

- Support (or not) would depend ultimately on how the proposals are implemented, particularly in relation to the clarification of sentences in the present tense. Mr Kellas noted that there were strongly held polarized positions on this issue: one participant suggested that the general presumption should be that a present tense should be turned into a requirement; another participant was of the view that quite the opposite presumption should prevail.
- The ISAs would contain no truly mandatory instructions under the proposal, despite the fact that there are some things that an auditor simply must do in all audits (such as plan the audit).
- The extent to which the notion of ‘think small first’ is to be implemented in the redrafting of the ISAs.

## ISSUES

Mr Kellas introduced the Discussion Paper that set out the outcome of, and matters arising from, the forum, and asked the IAASB for its views on the recommendations of the task force in response to those matters.

### *Objectives*

The IAASB agreed that the auditor should have an obligation to achieve the objective stated in an ISA, and to do so by complying with the requirements of the ISA and by performing procedures that, in the auditor’s professional judgment, are necessary in the circumstances. However, it should be clear that this is a mandatory obligation and that there is no basis for departure where the ISA is relevant in the circumstances of the audit.

It was noted that the objectives of the proposed redrafted ISAs are inconsistent and in some cases, overlap. The IAASB deliberated whether it is necessary to consider the objectives of all of the ISAs to determine how they interrelate, and to ascertain their consistency and completeness. The IAASB agreed that it is not necessary to complete an analysis of the objectives of all the ISAs before the exposure of the first five redrafted ISAs. However, the task force will need to consider whether the content (in particular, the objectives and requirements) of the set of redrafted ISAs, when taken together, is consistent, complete and clear of overlap before those ISAs are finalized. This should be explained in the explanatory memorandum accompanying the exposure drafts.

### *Requirements*

Mr Kellas explained that there was general acceptance by forum participants that the decision to specify a requirement should ultimately be based on the judgment of the IAASB, through due process. However, in the task force’s view, there may be merit in the IAASB communicating its intended general approach, or guidelines that it will use, for determining requirements.

Mr Kellas explained the reference to ‘proportionate’ in the proposed guidelines and how it might be applied, noting that it is incumbent on the IAASB not to overburden the ISAs with requirements dealing with relatively less important aspects of the audit to the detriment of the auditor’s focus on other, more important considerations. The view was expressed that ‘proportionate’ should also be understood to mean that the IAASB will not include a greater number of requirements in a relatively important ISA where a particular matter is adequately addressed by the requirements of other ISAs. It was noted also that the determination of requirements needs to take account of the fact that some ISAs address matters pertinent to all aspects of an audit (‘overarching ISAs’), while others are intended to amplify the requirements of those ISAs, and that the requirements of the latter should not duplicate the former.

The IAASB agreed that:

- The explanatory memorandum accompanying the exposure drafts should include the proposed guidelines for the determination of requirements, subject to task force consideration of the wording suggestions made by the Board.
- Views should be sought on whether the IAASB has applied the guidelines appropriately, rather than on the guidelines themselves.

The IAASB deliberated the concern that the ISAs would, under the proposal, contain no truly mandatory instructions. The IAASB agreed with the observation of the task force that this concern is misplaced, and that it is necessary to consider the way in which the ISAs are drafted (including the objectives), the requirements defined, and departures therefrom permitted. Accordingly, the IAASB concluded that there is little benefit in establishing a separate category of requirements for purposes of declaring certain requirements as specifically mandatory. It was noted that if, exceptionally, a case arose where the IAASB considered that a requirement might be capable of being overridden by an auditor when it was inappropriate to do so on any occasion, this could be dealt with by appropriate amendment of the stated objective to be achieved.

The IAASB deliberated whether it is appropriate to permit departure from a requirement only where, in the auditor’s judgment, it is *necessary* to depart. It was noted that ‘necessity’ may be difficult to demonstrate and that it may preclude the auditor from choosing a more effective or efficient procedure. After further deliberation, the IAASB agreed that this condition is appropriate, and that it will be incumbent on the IAASB to establish requirements that are relevant in virtually all circumstances and that can stand the test of time. The IAASB asked the task force to consider additional wording explaining that the need for the auditor to depart from a requirement is expected to arise only where, in the specific circumstances of the engagement, the required procedure would be ineffective.

In addition to the above, the IAASB agreed the following:

- To delete the phrase “more effectively” in connection with the proposed departure condition, which is logically incorrect when taken together with the auditor’s determination of the need to depart.
- To permit departure from a requirement only when it is considered necessary to do so in order to achieve the purpose of the requirement. The IAASB asked the task force not to use the phrase ‘the objective of the requirement’ when describing this matter, to avoid confusing it with the overall objective to be achieved by the auditor.

- To use the word 'shall' to indicate a requirement in the redrafted ISAs, and in future new or revised ISAs.
- To replace the word 'should' with 'shall' in existing ISAs as a conforming change when the set of redrafted ISAs comes into effect, subject to review of the existing ISAs by the task force of any possible unintended consequences arising from such a change.

### *Restructuring*

Mr Fogarty noted that a subcommittee of the US Auditing Standards Board has considered the Clarity agenda papers, and has expressed concern about the proposed restructuring of the ISAs. He explained that although restructuring does help to clarify the requirements, the subcommittee views the overall effect as making the ISAs more difficult to read and use. Consequently, there is a risk that auditors may only read the requirements and disregard the application material that contains important guidance on the proper application of the requirements; the ISAs therefore may not be as effective as they would be if the requirements and related application material were read and taken together. Mr Fogarty suggested that these concerns could be alleviated if the requirements were repeated at relevant points within the application material. This approach would acknowledge the need in some quarters to separate the requirements from the application material, while also allowing for readers of the ISAs to consider the requirements and related guidance together in context.

The IAASB deliberated the issue of the relationship between the requirements and the application material and whether sufficient context is being provided to promote consistent application, and the the benefits and disadvantages of the style of presentation suggested by Mr Fogarty. One third of the members present believed that there would be an advantage in repeating the requirements at relevant points within the application material, for reasons of context and reference. Two thirds of the members present, however, believed that the presentation in the redrafted ISAs is the most appropriate way of distinguishing requirements from the application material, thereby maintaining clarity between what is required and what is guidance; it was also recognized as a contribution to the issues of length and complexity that was welcomed by those who had those concerns. Accordingly, the IAASB agreed that the exposure drafts should be presented without such repetition, but that views on this point should be specifically sought in the explanatory memorandum accompanying the exposure drafts.

Mr Kellas asked the Board members who would likely vote against the restructured ISAs as presently drafted. Mrs Esdon indicated that she would not vote in favor of the proposed redrafted ISAs as presented due to the loss of context when reading the requirements and application material and the potential effect this may have on the consistency in which the ISAs are applied. She suggested that the IAASB should consider a one time vote on the structure of the redrafted ISAs, to allow members who have concerns about the restructuring to have their views on record; any subsequent votes on future exposue drafts and final standards could then be carried out setting aside the issue of structure, which would allow members to vote on their content. Mr Fogarty indicated that he has not yet decided whether or not he would vote in favor of the proposed redrafted ISAs as presented.

In addition to the above, the IAASB agreed the following:

- Application material pertaining to smaller entities considerations should be presented at relevant points within the application material, consistent with the recommendation of the IFAC Small and Medium Sized Practices Permanent Task Force.
- The treatment of appendices, whether they are to be subsumed within the body of application material or retained as currently presented, should be determined on a case-by-case basis.

#### IMPLEMENTATION AND TIMETABLE

Mr Kellas explained the proposed work plan for the project. He reported that some forum participants were concerned about the proposed timetable, principally in relation to the delay to 2011 to implement important improvements, which is largely attributable to the revision of the older ISAs. He reported also that he has been informed that some European Union (EU) Members States see the need for the IAASB to revise the ISAs addressing going concern, laws and regulations, and external confirmations on an accelerated basis, and that prompt attention to the revision of those ISAs may assist with timely and smooth adoption of ISAs in the EU.

Mr Kellas explained the recommendation of the task force for the IAASB to establish a task force to consider, and recommend to the IAASB, the likely revisions required to the older ISAs and the priority of such revision.

The IAASB discussed whether it would be appropriate, in the public interest, to defer the application of the new drafting convention to those ISAs presently under exposure, in order to avoid a delay in finalizing them. Differing views were expressed as to the most effective approach in the circumstances. After further deliberation, the IAASB concluded that the most satisfactory approach is that proposed by the task force, and to apply the new conventions to those ISAs currently under development.

For purposes of the exposure of the first set of five redrafted ISAs, the IAASB agreed that the exposure period should be no shorter than 120 days. The decision to set a shorter exposure period for subsequent redrafted ISAs should be considered on a case-by-case basis.

With respect to steps to expedite the completion of the project, Mr Kellas noted the following:

- Consideration will be given to asking national standard setters or other resources to perform a detailed review of draft redrafted ISAs to assist in identifying any unintended changes in meaning as a result of redrafting, to help expedite the IAASB's review.
- For proposed ISAs presently under exposure, the IAASB will be asked to ensure that all substantive issues are raised and addressed before the new drafting conventions are to be applied.
- For continuing projects, some members that will be rotating from the Board at the end of the year may be invited to continue as members of their respective task forces, as appropriate.

#### REVIEW OF PROPOSED REDRAFTED ISAS

For each redrafted ISA, the task force summarized the main drafting changes to the extant ISA, and reviewed with the IAASB the proposed treatment of each action described in the present tense. The task force then led the IAASB through a paragraph review of each ISA.

*Redrafted ISA 315*



In addition to editorial suggestions, the IAASB agreed the following:

- The proposed objective should be made consistent with the overarching requirement stated in the extant ISA.
- The proposed requirement for the auditor to trace transactions through the entity's information system relevant to financial reporting should be established as part of the requirement for the auditor to obtain an understanding of the entity's information system, rather than as an element of the auditor's general risk assessment procedures.
- The auditor's considerations pertaining to risks of material misstatement that the entity's risk assessment process failed identify should be specified as a requirement.
- Material pertaining to the following should be repositioned from application material to the requirements section, to enhance the context of the related requirements:
  - The auditor's performance of risk assessment procedures in relation to each aspect of the required understanding of the entity.
  - Matters the auditor considers in determining the relevance of control activities to the audit
  - The use by the auditor of the understanding of other components of internal control in determining whether it is necessary to devote additional attention to understanding control activities.
  - The relevance of the highly automated nature of routine transactions to the auditor's consideration of risks for which substantive procedures alone do not provide sufficient appropriate audit evidence.
- The presentation of the material pertaining to the components of internal control should be made consistent with their description in the definition of internal control. In addition, the definition of internal control should be made consistent with the Glossary.
- Appendix 2 of the extant ISA should be reinstated, rather than being incorporated in the body of the application material. The guidance pertaining to smaller entity considerations, however, should be retained in the body of the application guidance. Edits necessary to reduce the degree of duplication between the body of the application material and the appendix should be made.

#### *Redrafted ISA 240*

In addition to editorial suggestions, the IAASB agreed the following:

- The proposed objective should be linked more closely with the stated scope of the ISA and with the requirements within the ISA, particularly those pertaining to: (i) the identification, assessment and responses to risks of material misstatements due to fraud; and (ii) required procedures in response to risks of management override of controls.
- The auditor's presumption of risks of material misstatements due to fraud in revenue recognition should be specified as a requirement, as proposed by the task force, subject to edits to improve the flow of the requirements.
- The auditor's consideration of fraud risk factors should be placed within the section of the ISA addressing risk assessment procedures, rather than within the section dealing with the auditor's identification and assessment of risks of material misstatement due to fraud.
- The proposed requirement pertaining to the discussion by the engagement team about the susceptibility of the entity's financial statements to material misstatement due to fraud should emphasize the engagement team's consideration of how and where the financial statements may be susceptible, and how fraud might occur. In addition, the requirement should be elevated within

the redrafted ISA, as opposed to being presented within the section “Risk Assessment Procedures and Related Activities.”

- In connection with the requirement for the auditor to review accounting estimates for bias, the following should be specified as requirements: (i) the auditor’s consideration of whether differences between estimates best supported by audit evidence and the estimates included in the financial statements indicate a possible bias on the part of the entity’s management; and (ii) the performance of a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year.
- Material pertaining to the following should be repositioned from application material to the requirements section, to enhance the context of the related requirements:
  - Main elements of the guidance on the characteristics of fraud; the respective responsibilities of management and those charged with governance with respect to fraud prevention and detection; the auditor’s responsibilities for detecting material misstatements due to fraud; and the inherent limitations of an audit in the context of fraud.
  - ISAs rarely involved the authentication of documents, and the auditor may accept, unless there is reason to believe the contrary, records and documents as genuine. This material, however, should also be retained in redrafted ISA 500.
  - The need for the discussion among the engagement team to occur setting aside any beliefs that the engagement team members may have that management and those charged with governance are honest and have integrity.
  - In maintaining an attitude of professional skepticism, the auditor cannot be expected to fully disregard past experience of the honesty and integrity of the entity’s management and those charged with governance.
  - The interrelation between the auditor’s professional duty to maintain the confidentiality of client information and the auditor’s legal responsibilities in some jurisdictions, when dealing with communications to regulatory and enforcement authorities.

### *Redrafted ISA 330*

In addition to editorial suggestions, the IAASB agreed the following:

- The task force should further consider the objective to evaluate whether sufficient appropriate audit evidence has been obtained to reduce audit risk to an acceptably low level, which appears very similar to the objective of redrafted ISA 500, and the consequences of overlapping objectives.
- The task force should consider whether the auditor should be required to take account of other matters mentioned in the application guidance when determining the extent of tests of controls.
- The content of the public sector perspective should be retained as application guidance.

### *Redrafted ISA 500*

In addition to editorial suggestions, the IAASB agreed the following:

- The task force should consider the relationship between the objective of this ISA and ISA 330 in relation to the evaluation of audit evidence. In addition, the task force should consider whether in the objective of this ISA needs to relate the sufficiency and appropriateness of audit evidence with audit risk.

- The auditor's use of assertions should be better distinguished from the implicit use of assertions by management in the preparation of the financial statements.
- The redrafted ISA should require the assertions used by the auditor to cover all the aspects of assertions described in the application guidance, but should not mandate the use of specific assertions.
- The task force should reconsider the flow of the requirements, in particular whether the requirement to perform procedures should precede the requirement to use assertions. It was suggested that the requirement to perform procedures include a reference to each of the procedures mentioned in the application guidance, and that the requirements section include a statement linking the relevance of audit evidence with the assertions used by the auditor.

### *Redrafted ISA 300*

In addition to editorial suggestions, the IAASB agreed the following:

- The requirement that the engagement partner and other key members of the engagement team be involved in planning the audit should also include planning and participating in the discussion among the engagement team.
- The explanation setting out the rationale for performing preliminary engagement activities should indicate that these are done primarily to enhance the auditor's ability to plan and perform the audit to reduce audit risk to an acceptably low level, as opposed to enhancing the efficiency of the audit.
- Additional context should be provided to the requirement to establish the overall audit strategy in terms of setting the scope, timing and direction of the audit. In addition, in relation to the establishment of the overall audit strategy, there should be a further requirement for the auditor to consider the important factors that will determine the focus of the engagement team's efforts.
- In relation to the requirement to develop an audit plan, the reference to planning for the audit procedures over the course of the audit as the audit plan develops should be positioned as application guidance.
- The guidance in the extant ISA 300 regarding the auditor's consideration of client continuance and ethical requirements, including independence, which was deleted, should be reinstated.
- The lists of examples of matters the auditor may consider in establishing the overall audit strategy should be placed in an appendix.
- In relation to determining the nature, timing and extent of engagement resources, the link between the overall audit strategy and the completion of the auditor's risk assessment procedures should be reinstated.
- The content of the public sector perspective relating to preliminary engagement activities should be retained as application guidance.

The IAASB asked the task force to consider its comments and to present the five revised redrafted ISAs for approval for issue as exposure drafts at its October meeting.

### *Preliminary Mark-up of ISA 200*

The IAASB agreed with the recommendation of the task force to incorporate some of the material within ISA 240 and ISA 500 that is relevant to the topics discussed in ISA 200 into ISA 200, when it is revised, even though this may result in some repetition between the ISAs. The IAASB noted a number of other preliminary suggestions for the task force to consider.

OTHER MATTERS

Mr Kellas noted the following additional matters:

- Updated mapping documents will be made available on the IAASB website as a reference source for respondents to the exposure drafts. Those documents will be appropriately labeled as being prepared by IAASB Staff and not forming part of the approved exposure drafts.
- The issue of the future role of Practice Statements, and the interrelationship between the guidance therein and the application material of the Standards, does not form part of the proposed consultation. This topic is planned for discussion at another IAASB meeting in the near future.

**5. Next Meeting**

The next meeting of the IAASB is scheduled for October 19-21, 2005 in New York, USA.

**6. Closing Remarks**

Mr Kellas thanked the American Institute of Certified Public Accountants for making their meeting facilities available to the IAASB and for the assistance of its staff.

Mr. Kellas closed the meeting.