

Agenda Item 5-B

Proposed Disposition of the Present Tense and Other Statements in the Draft Revised ISA 720

I. Those That Have Been Elevated to a Requirement

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
9	In order than an auditor can consider other information included in the annual report, timely access to such information will be required.	7	See paragraph 9(a) of covering note.
9	The auditor therefore needs to make appropriate arrangements with the entity to obtain such information prior to the date of the auditor's report.	7	See paragraph 9(a) of covering note.
9	In certain circumstances all the other information may not be available prior to such date.	7	See paragraph 9(a) of covering note.
19	When all the other information is not available to the auditor prior to the date of the auditor's report, the auditor would read the other information at the earliest possible opportunity thereafter to identify material inconsistencies	7	See paragraph 9(a) of covering note.
21	When revision of the audited financial statements is appropriate, the guidance in ISA 560, "Subsequent Events" would be followed.	15	See paragraph 9(b) of covering note.
22	When revision of the other information is necessary and the entity agrees to make the revision, the auditor would carry out the audit procedures necessary under the circumstances.	16	See paragraph 9(c) of covering note.

II. Those That Have Been Treated as Application Material and Redrafted

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
1	The purpose of this International Standard on Auditing (ISA) is to establish standards and provide guidance on the auditor's consideration of other information, on which the auditor has no obligation to report, in documents containing audited financial statements.	1	The IAASB agreed at its October 2006 meeting to focus the clarified ISA 720 on the auditor's responsibility to "read" rather than to "consider" other information. The phrase "on which the auditor has no obligation to report" is discussed in paragraphs 15 and 16 of the covering note.
7	If such other information is omitted or contains deficiencies, the auditor may be required to refer to	A5	Inserted the words "[required] by law or regulation" to make clear that the

§ in Extant ISA	Statements	§ in Redrafted ISA	Rationale or Comments
	the matter in the auditor's report.		requirement is not made by ISA 720.
8	When such responsibilities involve the review of other information, the auditor will need to follow the guidance on review engagements in the appropriate ISAs.	-	This has been deleted as it is considered inappropriate to refer to review engagements within ISAs.
9	In these circumstances the auditor would follow the guidance in paragraph 20-23.	-	This has been deleted as it is no longer required under the new structure.
13	The actions taken, such as not issuing the auditor's report or withdrawing from the engagement will depend upon the particular circumstances and the nature and significance of the inconsistency. The auditor would also consider obtaining legal advice as to further action.	A9	Redrafted so as not to be couched in terms of a pseudo requirement and in particular not to use the words "The actions taken" as this implies that there must be an action to take.
16	When discussing the matter with the entity's management, the auditor may not be able to evaluate the validity of the other information and management's responses to the auditor's inquiries, and would need to consider whether valid differences of judgment or opinion exist.	A11	Redrafted so as not to be a requirement and in particular not using the words "would need to consider".
18	The actions taken could include such steps as notifying those charged with governance in writing of the auditor's concern regarding the other information and obtaining legal advice.	A12	-
23	The actions taken could include such steps as notifying those charged with governance in writing of the auditor's concern regarding the other information and obtaining legal advice (This sentence is identical to that in paragraph 18.)	A14	-