

**Auditing Complex Financial Instruments—Issues and IAASB Task Force  
Proposals****I. Matters for IAASB Consideration****A. Background**

1. As noted when the project<sup>1</sup> to revise extant IAPS 1012<sup>2</sup> was commenced, the project's objective in terms of the public interest is to help promote consistency in practice and share good practices in auditing, drawing attention to important features relevant to high-quality implementation of the clarified ISAs in the context of complex financial instruments.
2. Respondents to the IAASB's October 2009 Consultation Paper (CP) supported the IAASB's plans to use the work that had been undertaken by the UK Auditing Practices Board (APB) to update its Practice Note<sup>3</sup> (PN) as a starting point for the revision of IAPS 1012. However, in issuing the CP, the IAASB sought feedback on whether the APB's PN adequately addressed what the IAASB believed were challenges facing the profession dealing with complex financial instruments, many of which had come to light during the financial crisis, including:
  - (i) How the audit risk standards can be applied in auditing complex financial instruments;
  - (ii) Obtaining sufficient appropriate audit evidence, in particular challenges relating to the relevance and reliability of fair value information; and
  - (iii) Disclosure and reporting considerations.
3. In addition, the IAASB noted the need to ensure that any guidance it produced would be applicable to audits of entities of all sizes, recognizing that the challenges of auditing complex financial instruments vary depending, in part, on the size of the entity and the complexity of the instruments themselves.
4. As discussed at the March 2010 meeting,<sup>4</sup> comments received from respondents reflect the challenge between providing guidance that highlights key issues relevant to auditors working with financial instruments of varying complexities, as compared to having a detailed "master class" for those who are actively engaged in the audit of such instruments or having the IAPS be more comprehensive for audits of larger financial institutions. In response to questions in the CP, suggestions were also made for areas of improvement to the PN and for additional guidance to address considerations not highlighted in the PN. Finally, as anticipated in the CP, changes were made to the PN to align it with the clarified

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<sup>1</sup> The project proposal can be downloaded at <http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=4807>.

<sup>2</sup> International Auditing Practice Statement (IAPS) 1012, *Auditing Derivative Financial Instruments*

<sup>3</sup> UK APB Practice Note 23 (Revised), *Auditing Complex Financial Instruments*, was issued as interim guidance in October 2009.

<sup>4</sup> The March 2010 agenda material can be accessed at: <http://www.ifac.org/IAASB/Meeting-FileDL.php?FID=5303>.

ISAs, in particular ISA 540,<sup>5</sup> and incorporate relevant material from the October 2008 Staff Audit Practice Alert.<sup>6</sup>

5. By being responsive to the comments received on consultation, the Task Force has included a fair amount of additional material to the proposed revised IAPS, and has had difficulty in determining the best way in which to present the material. In general, the Task Force is concerned about the length and complexity of the IAPS, in particular having regard to the status and authority attaching it. In the Task Force's view, it is essential that auditors who need to determine whether an IAPS is relevant to the circumstances of their audits be able to clearly do so, but including excessive material to explain the scope of the IAPS is also not desirable. Accordingly, the IAASB's views on the extent of the material in light of the comments received on consultation would be most helpful.
6. One Task Force member has fundamental concerns with the proposed revised IAPS and believes it is unbalanced in a number of ways in relation to auditing practice, noted throughout this paper. Other Task Force members have supported his view that, in light of the changes made to date, it may not be clear for whom the paper is written. Differing views among the Task Force exist as to whether the IAPS should serve as a practical guide to auditing complex financial instruments, a means of highlighting issues that have arisen in practice in light of the financial crisis to improve audit practice, or a combination of both.
7. Based on its discussion and the divergence of views as to the appropriateness of the form and content, the Task Force has agreed there is merit in taking more time to engage additional financial instruments experts to assist with detailed redrafting, in order to ensure the material is useful to auditors and is appropriately focused on the key issues encountered when auditing complex financial instruments. The Task Force therefore intends to revise the draft to incorporate the IAASB's comments from this meeting, and discuss that draft in face-to-face meetings with experts during July. However, in order for the planned meetings with experts to be effective, it is necessary that the Task Force has a clear direction from the IAASB during its June meeting about the manner in which the IAPS should be structured and the key issues it should cover, with particular emphasis on the matters highlighted below.

## **B. Overall Presentation of Material within the IAPS**

### ***B.1 Focus of the IAPS<sup>7</sup>***

8. At the March 2010 meeting, the IAASB supported the manner in which proposed IAPS 1012 mirrored the ISAs relative to identifying risks associated with financial instruments and how the auditor would address those risks, but believed it was important for the beginning of the IAPS to articulate what material in it would be most relevant to auditors using the IAPS. The IAASB also agreed that the primary focus of proposed IAPS 1012 should be on auditing complex financial instruments measured and disclosed at fair value,

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<sup>5</sup> ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

<sup>6</sup> The alert can be accessed at: <http://web.ifac.org/media/publications/3/challenges-in-auditing-fair/challenges-in-auditing-fair.pdf>.

<sup>7</sup> See **Agenda Item 2** for the Working Group's proposals relating to the status and authority of the IAPSs.

but suggested that guidance on completeness and accuracy was valuable and should be retained.

9. Accordingly, the following changes were made to the IAPS to respond to the IAASB's comments:
  - (i) The title of the IAPS was changed to *Auditing Complex Financial Instruments*, and additional guidance was included in paragraph 3<sup>8</sup> to more fully explain that the guidance primarily relates to financial instruments measured or disclosed at fair value. References to “complex financial instruments” have been included throughout the IAPS.
  - (ii) The Introduction section was renamed the Scope section, and the purpose of the IAPS was clarified in paragraph 2. In addition, the Task Force agreed that material related to the nature of the financial instruments addressed by the IAPSs, types of entities to which the IAPS applies, and the purpose and risks of using financial instruments, should be considered part of the Scope of the IAPS (see paragraphs 5-17).
  - (iii) Considerations that are particularly relevant in audits of complex financial instruments, which provide a map to the IAPS, are included in paragraph 19. Detailed material that had previously been included in the “Key Considerations” section has been moved or, where duplicative, deleted.
  - (iv) The focus of the IAPS on the assertions of completeness and accuracy of recording, valuation, and presentation and disclosure is highlighted, while explaining that other assertions may be relevant but are not covered in detail in the IAPS (see paragraph 18).
  - (v) Further structural changes were made to the guidance on substantive procedures to raise the profile of audit procedures in these three areas. The Table of Contents also now includes a third level to more prominently illustrate what topics are covered by the IAPS.
10. Nonetheless, there is still discussion among Task Force members if the focus of the IAPS is sufficiently clear. In particular, one Task Force member thinks that the target audience of the IAPS should be clarified, having regard to how firms can best implement the IAPS into their audit guidance or methodologies along with the original demand. Further, this Task Force member questioned if the IAPS may become more readable if it is written using other structures (e.g., the Q&A format), though there may be some constraint for using such drafting convention within an IAASB pronouncement.
11. One Task Force member (the practitioner dealing with bank audits) believes that the IAPS places considerable emphasis on valuation, but does very little to address the problems that auditors encountered during the recent crisis. He notes the IAPS does not contain enough guidance on how entities capture all their complex financial instrument exposures which, in his view, represents a considerable weakness given that many significant frauds have resulted from manipulation in this area. Finally, he believes the IAPS contains unnecessary material that is not directly related to financial instruments that adds to its length and makes

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<sup>8</sup> All references to specific paragraphs within this Agenda Item are to **Agenda Item 3-B**, unless otherwise noted.

it difficult to follow. Another Task Force member was of the view that, given the proposed content, the IAPS deals with auditing fair value financial instruments and the relevance of the IAPS could be made clearer by focusing on financial instruments measured or disclosed at fair value rather than complex financial instruments.

12. To further engage financial instruments experts, in addition to discussing a revised draft of the IAPS with the APB's Working Party, Staff and the Task Force Chair consulted with the International Valuation Standards Council (IVSC) Financial Instruments Expert Group, and other financial instrument experts in the accounting firms. Some financial instrument experts supported the view that the document could be reorganized, but had differing views on how to do so. One expert suggested the IAPS could go into more depth about the spectrum of entities that use complex financial instruments (i.e., true hedgers and passive investors vs. market makers and leveraged speculators) and provide more detailed descriptions of derivatives and structured products and how they work.
13. However, other experts were very supportive of the material and believed the document is useful because it provides a comprehensive perspective and context for the audit considerations relevant to the most important aspects of auditing complex financial instruments. These experts acknowledged auditing financial instruments has been a challenging practice area and noted that, while the larger firms may have developed guidance in this area, auditors without access to these resources would find the IAPS helpful.

#### Task Force Recommendations

14. Given the IAASB's support for the general structure presented at the March 2010 meeting, after considering a number of different options for positioning of the material, the majority of the Task Force members agreed with the structure set forth in **Agenda Item 3-B**, although the Task Force believes that further work can be done to address concerns about its length and general balance, giving further consideration to its audience.
15. One Task Force member has a preference for an IAPS dealing with key issues as compared to educational material. This member believes that addressing key issues will resolve the Task Force's concerns over the length of the document and the target audience. While the IAASB's discussions in developing the October 2009 CP and using the UK APB's PN as a basis for developing proposed IAPS 1012 acknowledged the need for proposed IAPS 1012 to include background material necessary to highlight the challenges faced in auditing complex financial instruments, and a number of IAASB members favored the IAPS giving a complete picture to auditors dealing with complex financial instruments, further streamlining of the IAPS is necessary based on the views of the Task Force and experts.
16. In addition, the CP specifically acknowledged that there have been issues noted in practice relating to valuation of financial instruments. Respondents to the CP supported the material included in PN 23 but asked for additional guidance on broker quotes, pricing services, and the use of a management's expert, and suggested the IAPS could do more to highlight difficulties with obtaining sufficient appropriate audit evidence. At its March 2010 meeting, the IAASB also agreed that a closer linkage to ISA 540 was needed to provide guidance on how the auditor considers the entity's method for valuation and the assumptions and inputs used in this material, including the use of a management's expert.

17. While no material relating to completeness and accuracy has been deleted from PN 23, the addition of this new material, at the request of respondents to the CP and in line with the IAASB's prior discussions, does place more emphasis on the valuation assertion. In light of the challenges that were faced in this area in recent audits, all but one of the Task Force members is of the view that this is appropriate.
18. In reflecting on the mandate of this project (i.e., to highlight a number of practical considerations in audits of complex financial instruments and provide helpful and up-to-date guidance for auditors when applying ISAs in the context of complex financial instruments), the majority of the Task Force believes the balance of background material and guidance on specific areas is appropriate. However, the Task Force acknowledges that further discussion of the scope of the IAPS with experts and the IAASB will assist the Task Force in streamlining the material.
19. Given the divergence of views, the Task Force also recommends that when issuing the exposure draft (ED), the Explanatory Memorandum (EM) explicitly ask respondents for views on:
  - Whether the IAPS adequately addresses practice areas that are proving challenging to auditors and how these challenges could be dealt with, in particular in the context of the auditor's responses to assessed risks, to ensure that the final IAPS achieves the goal of promoting good practice;
  - How the material in the IAPS would be viewed in light of the proposed status and authority attaching to it (e.g., is the material useful and applicable in audits of a wide variety of entities and industries?); and
  - Whether specific considerations exist that warrant additional guidance relating to the completeness and accuracy assertion.

To facilitate this, the Request for Comment in the EM could draw specific attention to the IAASB's interest in response from technical groups (e.g., similar to what was done for investors in the ED to ISAE 3420).<sup>9</sup>

### **Matters for IAASB Consideration**

1. What are the IAASB's general views in relation to concerns over the scope of the proposed IAPS and the target audience, in light of the proposed status and authority to attach to it?
2. Does the IAASB agree with the establishment of the Scope section and the positioning of the material therein? Is it evident from the draft IAPS who should find the material relevant, and is the material in fact relevant to the target audience?
3. Does the IAASB support the Task Force's majority view that the extent of the material on completeness and accuracy of recording (included in paragraphs 76-86) is sufficient? If not, what additional guidance should be added specific to complex financial instruments?
4. Does the IAASB support the Task Force's majority view that the emphasis on the valuation assertion is appropriate? The IAASB will have the opportunity to provide feedback on

<sup>9</sup> International Standard on Assurance Engagements (ISAE) 3420, *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*

individual paragraphs during the discussion.
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*B.2 Consideration of Whether the IAPS Implies Additional Requirements*

20. At the March 2010 meeting, the IAASB asked the Task Force to revisit the proposed IAPS to ensure that no new requirements were established by the material, whether intended or implied. The Task Force has subsequently reviewed the IAPS to ensure that the guidance included is appropriate. It has also extensively revised the IAPS to differentiate between what controls and processes may be put in place by an entity's management, and what the auditor's procedures may be in the circumstances.
21. Within the IAPS, the following changes were made to address the concerns:
  - (i) Illustrative material that describes how a control environment may be structured and controls that may exist at a particular entity has been relocated to Appendix 2. Previously this material had been presented in a manner that implied that the auditor may need to consider whether such controls were in place. The introduction to Appendix 2 notes that the guidance is not meant to be exhaustive and entities may establish different control environments and processes depending on their size, the industry in which they operate, and the extent of their financial instrument transactions.
  - (ii) The sections entitled "Understanding an Entity and Its Environment, Including Its Internal Control" and "Identifying and Assessing the Risks of Material Misstatement" were merged to provide a more comprehensive illustration of the auditor's risk assessment.
  - (iii) The section on the auditor's understanding of internal control was restructured to explain in a more general way the auditor's responsibilities under the ISAs and to highlight how the auditor determines whether a controls-based or substantive approach, or a combination of both, is appropriate.
22. With respect to the last bullet above, the Task Force considered whether to seek to contrast controls that might be in place at a large financial institution with a smaller entity environment. However, due to the variability, and sliding scale nature of the control environment, the Task Force concluded that it was preferable to illustrate the contrast within the Appendix rather than carve out two unique approaches. Material has been included to explain that the nature and extent of internal control that exists at an entity will influence the auditor's determination of the balance between tests of controls and substantive procedures (see paragraphs 53 and 66-68).

Task Force Recommendations

23. When issued, the EM to the ED of proposed IAPS 1012 will describe the proposed status and authority of the IAPS, and clearly indicate that IAPSs are not intended to establish new requirements. The Task Force proposes that the EM explicitly ask respondents for views on whether any material in proposed IAPS 1012 could be interpreted to establish a new requirement and, if so, whether respondents believed additional requirements should be developed relating to the audit of complex financial instruments (bearing in mind that any new requirements, if believed necessary, would require the IAASB to re-open one or more

ISAs).

24. To illustrate, one Task Force member is of the view that ISA 540 may need to be revised to incorporate material proposed to be covered in IAPS 1012. For example, in his view, in light of the financial crisis, regulators expect auditors to be taking a more active role in challenging management's assertions in relation to valuation rather than looking for evidence of these assertions. In addition, he was of the view that regulators may wish for the IAASB to strengthen requirements for auditors in relation to disclosures.

**Matters for IAASB Consideration**

5. In reviewing proposed IAPS 1012, has the IAASB identified any material that it would consider to be requirements, in particular, in light of the concern that ISA 540 may need to be revised?
6. Does the IAASB agree with the Task Force's proposal to ask for views on exposure about whether the IAPS may inadvertently establish new requirements?

*B.3 Factors that Determine the Complexity of Financial Instruments*

25. The Task Force had previously concluded that including descriptors of complex financial instruments, rather than a specific definition, was a useful way to highlight what may influence the auditor's approach to identifying and assessing the risks of material misstatement associated with complex financial instruments and to designing and implementing responses to address these risks in accordance with the ISAs. Leveraging a proposal from the Basel Committee on Banking Supervision, the Task Force included wording in paragraph 7 to link the complexity of a financial instrument to its characteristics, measurement, and the variability of its future cash flows.
26. Feedback from financial instrument experts has suggested that it is inappropriate for the IAPS to correlate complexity with measurement of a particular financial instrument. These experts were of the view that difficulty of measurement does not reflect underlying complexity or risk. For example, CDO squared instruments were noted to be some of the most complicated instruments ever constructed, however they were often actively traded and therefore simpler to value until the markets became inactive. Equally unlisted equity investments are simple in nature but often very difficult to value.
27. The Task Force has revised paragraph 7 to remove the suggested correlation between complexity and measurement. The IAPS now explains that the availability of information to support measurement of a financial instrument, whether due to the unobservability of inputs or the effects of inactive markets, may have implications for the auditor's procedures.

**Matters for IAASB Consideration**

7. Does the IAASB support the clarification and the Task Force's decision to retain a reference to the factors that influence the complexity of a financial instrument as a means of explaining how the IAPS may be relevant?

## C. Other Matters

### C.1 *Elimination of Superfluous Material in the IAPS*

28. Comments received from an IAASB member out-of-session and the Task Force's further consideration of the draft resulted in the elimination of material deemed not specifically unique to the audit of complex financial instruments. In particular, material was deleted relating to management's responsibilities in accordance with ISAs, background information on the applicable financial reporting framework, hedging, documentation, materiality, and application material from ISA 315<sup>10</sup> relating to risk assessment. IAASB members are invited to raise any concerns over the deleted material during the detailed review of the proposed IAPS, or suggest material that could be streamlined in light of the Task Force's concerns about the length of the IAPS.
29. The Task Force also determined that it was unnecessary to include the description of the status and authority within IAPS 1012, and has deleted this material. However, depending on the IAASB's discussions on **Agenda Item 2**, it may be necessary for the Task Force to revisit this decision in order to make it clear within the standalone IAPS 1012 what the auditor's obligations are in relation to the material.

### C.2 *Other Changes Made to the IAPS*

30. Other changes made to the IAPS based on comments received out-of-session and the Task Force's further discussions include:
- (i) Additional guidance on professional skepticism (see paragraph 30);
  - (ii) Revision of material dealing with consideration of the internal audit function, to align more closely with proposed revised ISA 610<sup>11</sup> (see paragraphs 61-63);
  - (iii) Additional guidance on financial liabilities, in response to comments received on the CP and from the CAG (see paragraphs 110-112);
  - (iv) Deletion of references to hedging, as this material was seen to be too broad to be useful, and the addition of new material would unbalance the IAPSs.

### C.3 *Models and Reserving for Uncertainties*

31. One Task Force member believes that the IAPS does not provide enough guidance on how an auditor in practice would approach models when looking at valuation or guidance on reserving for uncertainty. Another expert consulted supported this view, noting it was unclear if the IAPS intended to address valuation uncertainty as a type of adjustment made to model outputs.
32. In line with ISA 540, models are listed as a type of method that management may use in valuing financial instruments. The CP noted that certain financial reporting frameworks may not permit reserving for residual uncertainties. A number of respondents to the CP agreed that guidance on reserving for residual uncertainties is likely not appropriate in an

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<sup>10</sup> ISA 315, *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

<sup>11</sup> Proposed revised ISA 610, *Using the Work of Internal Auditors* (for discussion as **Agenda Item 4**)

international context, so changes have been made within the IAPS to temper this language while aligning with material from the International Accounting Standards Board's (IASB) Expert Advisory Panel publication.

33. The IAPS makes the following references to models and valuation adjustments (i.e., reserving for uncertainties):
- (i) The auditor's consideration of the appropriateness of the model and management's controls over models (see paragraphs 90-91, 96, 100-102, 117-120, 149);
  - (ii) The significance of valuation adjustment made to model outputs, and difficulties in changing to mark-to-model in inactive markets, which may lead to the auditor's determination that a significant risk exists (see paragraph 45); and
  - (iii) Whether an entity has processes in place to determine whether valuation adjustments are necessary (see paragraphs 57 and 105) and what valuation adjustments may be made for (see paragraphs 107 and 151-152).
34. Guidance included about the need for the auditor to evaluate whether the assumptions used by management are reasonable also applies to the consideration of inputs to models used by the entity, though it is possible that this could be more clearly explained in the IAPS. The majority of the Task Force continues to believe that it is not practicable to attempt to develop guidance explaining commonly used models, given the rapidly changing environment and the judgment involved by management in selecting a model, or to specify procedures that auditors would undertake for specific models. This conclusion is in line with the approved project proposal, which states: "This project does not envision providing guidance on specific financial instruments that may be used in particular industries, nor specific models."

#### Task Force Recommendation

35. Recognizing the debates to date, the Task Force intends to discuss the matter further with experts to ensure the guidance included in the IAPS is responsive to the concerns expressed. In particular, the Task Force is of the view that this further expertise will assist in revising the draft to better explain the relationship of estimation uncertainty as defined in ISA 540 and valuation uncertainty, as referenced in the IASB's standards.

#### **Matters for IAASB Consideration**

8. What are the IAASB's views as to how the proposed revised IAPS addresses models and reserving for uncertainties? What, if any, additional material should be included?

#### *C.4 Other Matters Discussed by the Task Force*

##### Application to Smaller Entities

36. One Task Force member noted concerns that the IAPS does not adequately deal with the range of possible entities using complex financial instruments. This is related to overall concerns about the target audience of the material and how auditors dealing with various circumstances would use the material. The IFAC Small and Medium Practices (SMP) Committee had expressed general support for the draft discussed at the March 2010

meeting, and will be asked to specifically comment on this matter during their Rapid Response review. The IAASB's attention is directed towards paragraphs 10-13, which are consistent with PN 23. Changes have been made to the IAPS in light of IAASB and SMP Committee comments that it was not appropriate to imply that management of SMEs may lack the expertise needed to value complex financial instruments and would usually engage a management's expert for this purpose.

37. The majority of the Task Force is of the view that, due to the variability of controls that may be associated with the size of an entity and the volume of its transactions (as acknowledged in Appendix 2), it is difficult to provide additional guidance relevant to SMEs beyond what is already said in paragraphs 66-68 about the balance of controls and substantive testing. However, in revisiting the scope and target audience, the Task Force intends to further consider whether the balance in the IAPS is appropriate, in particular whether it may overemphasize complex trading environments.

#### Guidance on Disclosures Included in the IAPS

38. One Task Force member was of the view that the guidance that had been included relating to disclosures should focus on the need for the entity to disclose all the risks necessary to gain a full understanding of the transactions and should provide guidance for the auditor on how to ensure this has been done, as this issue is commonly noted in practice. In particular, more could be done in the IAPS to address the key difficulties an auditor faces when the auditor believes that risks are not adequately disclosed by the entity, when such disclosures are not explicitly required by the applicable financial reporting framework, and how the recommendations issued by regulators and others should be considered. As noted above, another Task Force member is of the view that new requirements in the ISAs relating to the auditor's responsibilities regarding disclosures may be more appropriate than providing guidance in an IAPS.

#### **Matters for IAASB Consideration**

9. What are the IAASB's views as to how the auditor's responsibilities with respect to disclosures are described in the IAPS?

#### **D. Provisional Effective Date**

39. In evaluating how auditors should consider material in IAPS 1012, the IAPS Status and Authority Working Group proposed that effective dates for IAPSs be established to allow for time for adoption and translation of any new IAPSs. The IAPSs that have been issued to date became effective upon issuance. This was presumably because IAPSs do not impose new requirements on auditors and therefore should be capable of being applied immediately upon issuance. However, the amended Public Interest Activity Committee (PIAC)'s Due Process and Working Procedures note that "in setting the date for the application of an international pronouncement, the IAASB considers the reasonable expected minimum period for effective implementation, including the need for translation into national languages."
40. In the case of IAPS 1012, based on the revised timetable:
- An exposure draft is planned for September 2010.

- The IAASB will consider comments received on exposure in June 2011.
  - The IAASB anticipates finalizing the IAPS in September 2011.
41. Rather than presuming the IAPS would become immediately effective, setting an effective date to allow for a specified period for translation and dissemination of the guidance by national standard setters would be appropriate. In contrast with a new ISA establishing new requirements, the material in an IAPS provides practical guidance to existing requirements and so, in principle, it is unnecessary to provide for a lengthy period for implementation. Early adoption would be permitted. The Task Force considered whether six months was an appropriate length of time, however, one Task Force member is of the view that this is optimistic when considering that NSSs will need to finalize their own due process and arrange for translation.
42. Subject to the IAASB's views, the Task Force recommends that comments be sought specifically on the proposal to establish effective dates for IAPSs and the IAASB's preliminary views about the appropriate length of time to allow for after final approval on exposure.

#### **Matters for IAASB Consideration**

10. What are the IAASB's views about setting effective dates for IAPSs? What does the IAASB believe is an appropriate length of time to allow for translation and dissemination of an IAPS?

#### **E. Consideration by IAASB of Significant Matters Identified by Task Force**

43. In the Task Force's view, the significant matters the Task Force has identified as a result of its deliberations since the beginning of this project, and the Task Force's considerations thereon, have all been reflected in the issues papers presented at the IAASB meetings in December 2009, March 2010, and this meeting. In the Task Force's view, there are no significant matters discussed within the Task Force on this project that have not been brought to the IAASB's attention.

#### **F. Consideration of Whether to Hold a Public Forum or Roundtable, and Appropriateness of Field Testing**

44. The Task Force is of the view that the October 2009 CP provided an adequate means of soliciting views on matters under consideration in developing proposed revised IAPS 1012, and therefore concluded it is unnecessary prior to exposure to conduct further consultation (e.g., to hold a public forum or roundtable, or conduct a field test of the application of the proposals in the pronouncement) to inform the Board's deliberative process on matters under consideration.