

Meeting: IAASB
Meeting Location: New York
Meeting Dates: December 9–13, 2013

Agenda Item 5

Auditing Disclosures

Objective of the Agenda Item

1. To obtain the IAASB's views on proposed changes to the ISAs to drive auditor behavior with regard to auditing disclosures, and to determine whether to propose these changes in an Exposure Draft.

Task Force

2. The Task Force comprises:
 - Arch Archambault, Chair, IAASB Member (retiring at the end of 2013)
 - Cédric Gélard, IAASB Member
 - Tomokazu Sekiguchi, IAASB Member
 - Bruce Winter, IAASB Member
 - Marek Grabowski, Technical Advisor (2014 IAASB Member and successor Task Force Chair)

Background

3. The following provides a brief summary of the IAASB's activities to date in relation to the topic of auditing financial statement disclosures:
 - (a) January 2011—Release of the IAASB Discussion Paper (DP), [*The Evolving Nature of Financial Reporting: Disclosures and its Audit Implications*](#).
 - (b) January 2012— Release of the IAASB [Feedback Statement](#) summarizing what was heard in the responses to the DP from stakeholders.
 - (c) September 2012—IAASB approval of a project proposal on the [Audit Implications of Disclosures Required by an Applicable Financial Reporting Framework](#).¹
 - (d) December 2012—IAASB deliberation on the Task Force's analysis of potential gaps in the ISAs relative to the issues identified in the responses to the DP as a basis for further Task Force exploration.

¹ The project proposal stated the following project objectives: (i) To determine whether revisions (in the form of new or revised requirements, or additional application material) to the International Standards on Auditing (ISAs) with respect to auditing disclosures are required and, if so, develop such revisions. (ii) To consider how such revisions should be presented, for example within the relevant ISAs or in a separate ISA. (iii) To determine whether other types of non-authoritative guidance, such as an International Auditing Practice Note (IAPN) or Staff Questions and Answers (Staff Q&A) publication should be developed and, if so, develop the content of such a publication. The above objectives are not mutually exclusive, and deliberations on each are intended to inform the overall project.

- (e) April 2013—IAASB views on possible changes to the ISAs relating to disclosures when planning the audit (ISA 300,² and, in so far as the material therein pertains to audit planning, ISA 315 (Revised),³ ISA 320⁴ and ISA 260).⁵
- (f) September 2013—IAASB views on possible changes to the ISAs relating to disclosures, including amendments for IAASB comments from April 2013 on the ISAs discussed at that meeting. The ISAs amended and discussed in September 2013 included: ISA 210,⁶ ISA 240,⁷ ISA 260, ISA 300, ISA 315 (Revised), ISA 320, ISA 330,⁸ ISA 450⁹ and ISA 700.¹⁰

Activities since Last IAASB Discussion

- 4. Since discussing possible changes to the ISAs with the IAASB in September 2013, the Task Force has held one physical meeting and two teleconferences to discuss the comments from both the IAASB and the IAASB Consultative Advisory Group (CAG).
- 5. Staff of the International Accounting Standards Board (IASB) provided an update to the Task Force at its October 2013 meeting on the IASB's Disclosures Initiative. Further details on the IASB's activities in this area are included in **Agenda Item 5-A**.

Materials Presented

Agenda Item 5-A	Auditing Disclosures – Issues and Task Force Views
Agenda Item 5-B.1	Proposed Changes to ISA 200, ISA 210, ISA 240, ISA 260 and ISA 580
Agenda Item 5-B.2	Proposed Changes to ISA 300, <i>Planning an Audit of Financial Statements</i>
Agenda Item 5-B.3	Proposed changes to ISA 315 (Revised), <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>
Agenda Item 5-B.4	Proposed Changes to ISA 320, <i>Materiality in Planning and Performing an Audit</i>
Agenda Item 5-B.5	Proposed Changes to ISA 330, <i>The Auditor's Responses to Assessed Risks</i>
Agenda Item 5-B.6	Proposed Changes to ISA 450, <i>Evaluation of Misstatements Identified during the Audit</i>
Agenda Item 5-B.7	Proposed Changes to ISA 700, <i>Forming an Opinion and Reporting on Financial Statements</i>

² ISA 300, *Planning an Audit of Financial Statements*

³ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

⁴ ISA 320, *Materiality in Planning and Performing an Audit*

⁵ ISA 260, *Communication with Those Charged with Governance*

⁶ ISA 210, *Agreeing the Terms of Audit Engagements*

⁷ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

⁸ ISA 330, *The Auditor's Responses to Assessed Risks*

⁹ ISA 450, *Evaluation of Misstatements Identified during the Audit*

¹⁰ ISA 700, *Forming an Opinion and Reporting on Financial Statements*

Action Requested

6. The IAASB is asked to:
 - (a) Provide comments on the changes proposed to the ISAs to address auditing disclosures, including whether these changes address, as a package, the issues and concerns that have been raised in response to the Discussion Paper; and
 - (b) Provide views on whether the package of changes should be presented to the IAASB for approval as an Exposure Draft in March 2014.