

**Draft Minutes of the 65th Meeting of the
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD**

Held on October 28, 2014 by teleconference

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Voting Members

Present: Arnold Schilder (Chairman)
Dan Montgomery (Deputy Chair)
Jean Blascos
Valdir Coscodai
Karin French
Cédric Gélard
Marek Grabowski
Jonas Hällström
Merran Kelsall
Charles Landes
Brendan Murtagh
Marc Pickeur
Tomokazu Sekiguchi
Jianhua Tang (part)
John Wiersema
Bruce Winter
Megan Zietsman

Technical Advisors

Sue Almond (Mr. Murtagh)
Wolf Böhm (Ms. Köhler)
Jennifer Burns (Ms. Zietsman)
Alejandro Gonzalez (Mr. Coscodai)
Hiram Hasty (Mr. Landes)
Josephine Jackson (Mr. Grabowski)
Susan Jones (Mr. Blascos)
Len Jui (Mr. Tang)
Sachiko Kai (Mr. Sekiguchi)
Maria Manasses (Ms. French)
Richard Mifsud (Ms. Kelsall)
Alexandra Popovic (Mr. Hällström)
Jon Rowden (Mr. Winter)
Greg Shields (Mr. Wiersema)
Isabelle Tracq-Sengeissen (Mr. Gélard)
Jacques Vandernoot (Mr. Pickeur)
Denise Weber (Mr. Montgomery)

Apology: Annette Köhler

Non-Voting Observers

Present: Norio Igarashi (Japanese Financial Services Authority)
Apology: Linda de Beer (IAASB Consultative Advisory Group (CAG) Chairman), Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observer

Present: Karel Van Hulle

IAASB Technical Staff

Present: James Gunn (Managing Director, Professional Standards), Kathleen Healy (Technical Director), Sara Ashton, Beverley Bahlmann, Brett James, Diane Jules, Michael Nugent; Nancy Kamp-Roelands, Jasper van den Hout

International Auditing and Assurance Standards Board (IAASB) agenda materials referred to in these minutes can be accessed at www.iaasb.org/meetings/iaasb-conference-call-october-28-2014-0. These minutes are a summary of the decisions made at the October 2014 IAASB meeting, in light of the issues and recommendations in the agenda material put forth by the Task Forces, Working Groups, and Staff supporting the individual projects. These recommendations are made taking into account feedback from respondents to the IAASB's public consultations, in particular Exposure Drafts of the IAASB's proposals, consideration of previous discussions of the Board and its Consultative Advisory Group (CAG), and feedback from stakeholders through outreach activities.

1. Welcome and Approval of Previous Minutes

Prof. Schilder welcomed all participants to the meeting.

2. Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

Work Effort Requirements

In addition to editorial comments on the Task Force's proposals, the Board requested that the Task Force consider whether paragraph 14(a) could be simplified, noting that there were too many different verbs being used. It was noted by some members that the procedures could be focused on a comparison, on a selective basis, of amounts or other items in the other information with such amounts or other items in the financial statements. Though the Board broadly supported the concept of the mandatory procedure only being applicable to some of the amounts or other items in the other information, some members believed that the term "on a selective basis" was insufficiently clear. Concern was also expressed by one member that the use in paragraph 14 (a) of the term "evaluate" as defined in the IAASB Glossary of Terms would lead to the lack of an appropriate distinction between the initial work effort to identify potential material inconsistencies as opposed to the response work effort in paragraph 16, in which a determination is made as to whether a material inconsistencies actually exists and what the source of that inconsistency is (the financial statements or the other information, or both).

There were diverse views regarding the proposed additions to the requirement to consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit. Some members expressed the view that the reference to the auditor's recollection would be better placed in the application material, as it would be difficult to operationalize as a requirement. Others questioned whether the term "recollection" was meaningful, and preferred a term like "understanding" that is used elsewhere in the IAASB's literature.

Two members indicated that they did not support the requirement in paragraph 16 to determine whether there is a material misstatement of the other information. One of these members preferred that the term "apparent" be used to modify the "material misstatement of the other information" and the other preferred the use of material inconsistency and material misstatement of fact, as used in extant.

Implications of Other Information Obtained after the Date of the Auditor's Report

Members were split on the Task Force's options regarding the identification of other information obtained after the date of the auditor's report. Some members supported requiring the auditor of a listed entity to identify the other information to be obtained after the auditor's report date, in addition to the identification of other information obtained prior to the auditor's report date for all entities. Other members preferred the

approach adopted in the Exposure Draft of proposed ISA 720 (Revised)¹ (ED-720), where only other information obtained before the date of the auditor's report was identified in the auditor's report, regardless of whether the entity is listed or unlisted, although some also indicated that they could support requiring the auditor of a listed entity to identify the other information to be obtained after the auditor's report date. Two members believed that the auditors of all entities should identify all other information, whether obtained prior to the date of the auditor's report or not. Two members believed that the auditor should not have any responsibility for other information received after the date of the auditor's report other than the responsibility under ISA 560.

Way Forward

Proposed ISA 720 (Revised) will be presented for approval at the December 2014 IAASB meeting.

3. PIOB Observer's Remarks

Prof. Van Hulle noted that his earlier suggestion to avoid the use of the term "remain alert" in paragraph 15A was not accepted, noting that he believed that "remain alert" is too passive and that "pay particular attention" would strengthen the requirement. He also noted that the clarity of this paragraph could be improved as the paragraph ends with the phrase "the auditor's knowledge obtained in the audit appears to be materially misstated" which could be misinterpreted.

In relation to the suggestion to have differential reporting responsibilities for audits of listed and non-listed entities, he did not believe that the public interest should be used to have lower reporting requirements for non-listed entities, as this might give a negative statement about audits of those entities. He also commented that it was in the public interest to have a global standard that is as practical and as applicable throughout the world as possible rather than relying on national auditing standard setters to tailor the ISA for national circumstances.

4. Next Meeting

The next meeting of the IAASB is scheduled for December 1–5, 2014 in New York, USA.

5. Closing

Prof. Schilder thanked the IAASB members, technical advisors, observers, and Staff for their contributions to the meeting. He then closed the meeting.

¹ Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*