

Meeting: IAASB
Meeting Location: New York
Meeting Dates: December 1–5, 2014

Agenda Item 3

Auditor Reporting—Consequential Amendments to ISA 800¹ and ISA 805²

Objective of Agenda Item

1. To discuss issues relating to the voluntary communication of key audit matters (KAM) in the auditor's report of a single financial statement or an element of a financial statement (i.e., in an ISA 805 engagement).
2. To approve an exposure draft (ED) of consequential amendments to ISA 800 and ISA 805 resulting from the new and revised auditor reporting standards.³

Activities since Last IAASB Discussion

3. DT-700 has held two teleconferences to develop its recommendations and proposed revisions to the consequential amendments to ISA 800 and ISA 805 for the IAASB's consideration.

Drafting Team

4. The consequential amendments to ISA 800 and ISA 805 were considered by DT-700, which comprises:
 - Bruce Winter, IAASB Member and Chair of DT-700
 - Annette Köhler, IAASB Member
 - Brendan Murtagh, IAASB Member

¹ ISA 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*

² ISA 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*

³ The IAASB approved at its September 2014 meeting the following ISAs and related conforming amendments addressing reporting on audited financial statements:

- ISA 260 (Revised), *Communication with Those Charged with Governance*
- ISA 570 (Revised), *Going Concern*
- ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*
- ISA 701, *Communicating Key Matters in the Independent Auditor's Report*
- ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*
- ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

- Susan Jones, IAASB Technical Advisor
- Denise Weber, IAASB Technical Advisor

Consideration of Changes to ISA 800 and ISA 805 for Exposure

5. At its September 2014 meeting, the IAASB deliberated and provided input to DT-700 on issues related to progressing the necessary changes to ISA 800 and ISA 805. DT-700 agreed to consider further revisions to the proposed ISAs in light of the IAASB's and Consultative Advisory Group's input from its September 2014 meetings, and to align with the final Auditor Reporting standards.
6. Options for a way forward with respect to ISA 810⁴ are discussed separately in **Agenda Item 9**.

Exposure Period and Need for Additional Consultation or Field Testing

7. The consequential amendments to ISA 800 and ISA 805 have arisen as part of the broader Auditor Reporting project and are consistent with the proposals therein. The concepts addressed by these amendments have benefitted from extensive consultation and debate since the project proposal was approved in December 2011. Accordingly:
 - An exposure period of 90 days is recommended, in order to enable the IAASB to finalize the proposed standards in a timely manner and in alignment with the effective date of the ISA 700 series (see paragraph 8 below).
 - DT-700 does not consider it necessary to hold a public forum or roundtable, or issue a consultation paper, to solicit additional views on the proposals set out in the ED. In addition, field testing is not considered necessary in light of the nature of the changes.

Effective Date

8. The IAASB agreed to set the effective date of the new and revised Auditor Reporting standards to be for audits of financial statements for periods ending on or after December 15, 2016. Provided the IAASB finalizes its deliberations in 2015, the same effective date would be proposed for ISA 800 (Revised) and ISA 805 (Revised).

Matters for IAASB Consideration

1. The IAASB is asked to share views on the *Matters for IAASB Consideration* included in **Agenda Item 3-A**.
2. The IAASB is asked to approve proposed ISA 800 (Revised) and proposed ISA 805 (Revised) for exposure.

Material Presented

Agenda Item 3-A Consequential Amendments to ISA 800 and ISA 805—Issues and Drafting Team Recommendations

⁴ ISA 810, *Engagements to Report on Summary Financial Statements*

Agenda Item 3-B	Proposed ISA 800 (Revised) (Marked from September 2014 Meeting)
Agenda Item 3-C	Proposed ISA 805 (Revised) (Marked from September 2014 Meeting)
Agenda Item 3-D	Proposed ISA 800 (Revised) (Marked from Extant)
Agenda Item 3-E	Proposed ISA 805 (Revised) (Marked from Extant)
Agenda Item 3-F	Conforming Amendments to Other ISAs