

Meeting: IAASB

Meeting Location: Brussels

Meeting Date: March 16–20, 2015

Agenda Item

14

Due Process

Objective of Agenda Item

1. To advise the IAASB of the status of due process for the proposed changes to the ISAs for *Addressing Disclosures in the Audit of Financial Statements* (proposed revisions to the ISAs). Proposed changes include amendments to the following ISAs:
 - ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*;
 - ISA 210, *Agreeing the Terms of Audit Engagements*;
 - ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;
 - ISA 260 (Revised), *Communication with Those Charged with Governance*;
 - ISA 300, *Planning an Audit of Financial Statements*;
 - ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatements through Understanding the Entity and Its Environment*;
 - ISA 320, *Materiality in Planning and Performing an Audit*;
 - ISA 330, *The Auditor's Responses to Assessed Risks*;
 - ISA 450, *Evaluation of Misstatements Identified during the Audit*;
 - ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; and
 - Conforming amendments to other ISAs.

Background

2. The IAASB Technical Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed Standard, or changes to standards, are approved.
3. The following outlines the Technical Director's conclusion and basis thereof with respect to actions up to the March 2015 IAASB meeting for the above proposed revisions to the ISAs. Before approval of the proposed revisions to the ISAs, the IAASB Technical Director, or delegate, will advise on whether due process has been followed during the course of the March 2015 meeting.

Due Process Up to the Date of the March 2015 IAASB Meeting

4. The Technical Director confirms to the IAASB that, up to the March 2015 IAASB meeting, the above proposed revisions to the ISAs have been developed in accordance with the IAASB's due process.
5. For the proposed revisions to the ISAs, in summary, the IAASB:
 - Approved the project proposal for commencement of work to determine whether revisions to the ISAs were needed and, if so, develop such revisions, and consider the development of other non-authoritative guidance as necessary. The IAASB Consultative Advisory Group (CAG) was consulted on the proposal.
 - Consulted with the IAASB CAG on significant issues during the development of the proposed revisions to the ISAs.

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the Project Task Force has reported back to the IAASB CAG the results of the IAASB's deliberations.
 - Considered whether it is necessary to hold a public forum or roundtables, or to issue a consultation paper or conduct field testing, in order to solicit views on a matter under consideration and concluded that a public forum, roundtable, consultation paper or field testing was not necessary.¹

Exposure Draft

- Approved and issued an exposure draft of the proposed revisions to the ISAs for public comment, together with an explanatory memorandum highlighting, among other matters, the significant proposals of the IAASB.
- Considered analysis of the significant issues raised by respondents on the exposure draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Project Task Force, that they considered should be discussed; and
 - Amended the proposals for the changes to the ISAs accordingly.
- Consulted with the IAASB CAG on significant issues raised in comment letters on the exposure draft of the proposed ISA and the IAASB's related responses. Significant comments received through the consultation with the IAASB CAG will be brought to the IAASB's attention at the

¹ To inform the project proposal, the IAASB issued a Discussion Paper, [The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications](#). The IAASB shared the broad range of comments and input from the responses in a [Feedback Statement](#). The Task Force has also held teleconferences with interested stakeholders over the course of the project. Due to the nature of the changes and this input from stakeholders, the Task Force does not believe it is necessary to obtain further input through field testing, roundtables or the issuance of a consultation paper. The IAASB is asked to consider this as part of its discussions on Agenda Item 2-A (see paragraph 52).

March 2015 meeting, and the Project Task Force will report back to the IAASB CAG the results of the IAASB's deliberations at the CAG's September 2015 meeting.²

² Feedback to the ED was discussed with the CAG at the March CAG 2015 meeting. Accordingly, this feedback will be raised to the IAASB during the discussions on Agenda Item 2 of the March 2015 IAASB meeting. A final report back on the discussions of the March 2015 CAG meeting will be held at the September 2015 CAG meeting.