

**Meeting:** IAASB

**Meeting Location:** New York, USA

**Meeting Date:** September 21–25, 2015

## Agenda Item 10

### Due Process

#### Objective of Agenda Item

1. To advise the IAASB of the status of due process for proposed ISA 800 (Revised), *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* and proposed ISA 805 (Revised), *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

#### 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 September 2015 IAASB meeting for the above proposed consequential amendments to ISA 800 and ISA 805. Before approval of proposed ISA 800 (Revised) and proposed ISA 805 (Revised), the IAASB Technical Director will advise on whether due process has been followed during the course of the September 2015 meeting.

#### Due Process Up to the Date of the September 2015 IAASB Meeting

4. The Technical Director confirms to the IAASB that, up to the September 2015 IAASB meeting, proposed ISA 800 (Revised) and proposed ISA 805 (Revised) have been developed in accordance with the IAASB's due process.
5. The principle reporting requirements in proposed ISA 800 (Revised) and proposed ISA 805 (Revised) are derived from ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*. In finalizing these the IAASB's broader Auditor Reporting initiative – i.e., the [new and revised auditor reporting standards](#), including the revisions to ISA 700, the IAASB agreed that it would be in the public interest to also consider how such changes should affect ISA 800 and ISA 805. are therefore consequential in nature, and
6. However, the IAASB agreed that any amendments to ISA 800 or ISA 805 would be limited to the reporting in such engagements and are not intended to substantively change the underlying premise of audits of financial statements prepared in accordance with a special purpose framework (i.e., engagements to which ISA 800 applies), or audits of single financial statements and audits of a specific element, account or item of a financial statement (i.e., engagements to which ISA 805 applies) in accordance with the extant ISAs. A separate project proposal was therefore not considered

necessary,<sup>1</sup> however, the rationale of the need for changes to these standards and the planned approach was discussed with the IAASB Consultative Advisory Group (CAG) at its September 2014 meeting.

7. In summary, for proposed ISA 800 (Revised) and proposed ISA 805 (Revised), the IAASB:

- Consulted with the IAASB CAG on significant issues during the development of proposed ISA 800 (Revised) and proposed ISA 805 (Revised).

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the Drafting Team 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. Input relevant to the consequential amendments to ISA 800 and ISA 805 was received from the [IAASB's global auditor reporting roundtables](#), as well as the [field tests of the application of ISA 701](#), *Communicating Key Audit Matters in the Independent Auditor's Report*. Accordingly, no separate public forums or field testing were deemed necessary for ISA 800 (Revised) and ISA 805 (Revised).<sup>2</sup>

*Exposure Draft*

- Approved and issued an [exposure draft](#) of proposed ISA 800 (Revised) and ISA 805 (Revised) for public comment, together with an explanatory memorandum highlighting, amongst 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 Drafting Team, that they considered should be discussed; and
  - Amended proposed ISA 800 (Revised) and proposed ISA 805 (Revised) 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

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<sup>1</sup> The [project proposal](#) for the IAASB's Auditor Reporting project is available on its website.

<sup>2</sup> To inform the IAASB's Auditor Reporting project, the IAASB (i) issued a Consultation Paper, *Enhancing the Value of Auditor Reporting: Exploring Options for Change* in May 2011; (ii) issued an Invitation to Comment, *Improving the Auditor's Report* in June 2012; and (iii) hosted three global roundtables in New York, USA – September 10, 2012; Brussels, Belgium – September 14, 2012; Kuala Lumpur, Malaysia – October 8, 2012. Also, the Drafting Teams have also held teleconferences with interested stakeholders over the course of the Auditor Reporting project. Due to the nature of the changes and this input from stakeholders as part of the broader Auditor Reporting project, the Drafting Team 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 17).

September 2015 meeting, and the Drafting Team will report back to the IAASB CAG the results of the IAASB's deliberations at the CAG's March 2016 meeting.<sup>3</sup>

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<sup>3</sup> Feedback to the exposure draft will be discussed with the CAG at its September 2015 meeting. Accordingly, this feedback will be raised to the IAASB during the discussions on Agenda Item 2 of the September 2015 IAASB meeting. A final report back on the discussions of the September 2015 CAG meeting will form part of the March 2016 CAG meeting agenda materials.