

ISA 720—Other Information—Issues and IAASB Task Force Recommendations

Summary of the IAASB’s Discussions at Its September 2014 Meeting¹

The Board considered recommendations from the ISA 720 Task Force in response to the comment letters received on the Exposure Draft of Proposed ISA 720 (Revised) (ED-720 (2014)).²

Ms. de Beer noted that the CAG were supportive of the project and had not identified any major issues.

Work Effort Requirements

Ms. de Beer noted the most significant comments raised at the CAG meeting were:

- The International Organization of Securities Commissions was concerned that using the phrase “shall consider” in the key work effort paragraphs was not precise, but that the addition of limited procedures as the basis for the consideration of material inconsistencies between the other information with the financial statements was welcome. Accordingly, it was noted that the addition of similar requirements to the other steps in identifying whether a material inconsistency appears to exist (or other information appears to be materially misstated) would be warranted.
- That the final sentence in paragraph 14(a) referring to the use of professional judgment in selecting amounts or other items on which to perform the procedures was seen to be application material, and risked undermining the requirement to perform procedures if professional judgment was used to determine that there was no amounts or other items on which procedures should be performed.

The Board supported the Task Force’s recommendations for the work effort requirements as set out in Agenda Item 7-A.³ Other decisions made included:

- That the Task Force should consider providing application material to explain how the different elements of the work effort requirements operate together to provide clarity on the appropriate work effort over different aspects of the other information.
- That the Task Force should explore whether further clarification of the work effort is possible by considering whether:
 - The addition of a term like “compare, on a test basis” would provide a clearer statement of the required work effort when comparing the other information with the financial statements; and
 - The requirement in the second sentence of paragraph 14(b) could be more

¹ The minutes of the September 2014 IAASB meeting will be approved at the December 2014 IAASB meeting.

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

³ www.ifac.org/sites/default/files/meetings/files/20140915-IAASB-Agenda_Item_7A-ISA_720_Issues-Final.pdf

precisely expressed to avoid it being interpreted wider than intended. It was noted that this could be achieved by including, in the requirement, reference to when the auditor's recollection alone is sufficient to make the consideration of whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit.

- That the Task Force to consider how the requirement to “remain alert” that, in general, received support from the Board, could better be distinguished from what may be seen as the normal application of professional skepticism.
- That the Task Force should consider whether there were calls for changes to the requirement to determine if a material misstatement of the other information exists, particularly with reference to omissions from the other information.

Mr. van Hulle noted that the requirement to “remain alert” was important from a public interest perspective, but that it may be challenging for regulators to enforce and therefore that the IAASB should consider finding a description that indicates a more active work effort.

The Definition of a Misstatement of the Other Information

Ms. de Beer noted that the most significant comment raised at the CAG meeting was that the phrase “omits...information necessary for a proper understanding of a matter” could be clarified to make clearer that the omissions relate to a topic addressed in the other information (that is, if the explanation of in the other information omits a material item, this may make the other information's explanation misleading).

The majority of the Board supported the Task Force's recommendations for the definition of a misstatement of the other information as set out in Agenda Item 7-A. The IAASB asked the Task Force to consider clarifying the application material to better describe materiality in relation to misstatements of the other information.

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

Ms. de Beer noted the most significant comments raised at the CAG meeting included that:

- Some representatives were unconvinced that, when other information obtained after the date of the auditor's report was materially misstated and management and those charged with governance refused to correct it, withdrawing from the audit was a useful response. She noted that Mr. Gélard had clarified that that the material referred to withdrawing from future audits as the auditor on continuing engagements, and that the Task Force believed that this may be an appropriate response to these circumstances.
- It was also noted that reissuing audit reports should be rare as users need to be able to have confidence in the auditor's report.
- There was also support for identifying other information expected to be obtained after the date of the auditor's report, in the auditor's report.

The IAASB did not conclude on a way forward, and asked the Task Force to consider whether a practical solution could be found that balances the need for transparency regarding such other information with the risk of undermining the credibility of the auditor's opinion (because users may believe that the audit of financial statements has not been completed) and the

need for flexibility at the national level to cater for differing legal and regulatory environments. Accordingly, the IAASB asked the Task Force to consider whether:

- Differential requirements for listed entities and non-listed entities may provide a way forward;
- The ISA could include material on whether management’s rationale for not issuing other information prior to the date of the auditor’s report is reasonable; and

The auditor’s report could provide a more generic description of such other information rather than listing each by name.

Objective of the IAASB Discussion

The objective of the IAASB discussion at its October 2014 meeting is to consider and discuss issues, and the Task Force’s recommendations thereon, regarding the proposed work effort requirements and the implications of other information obtained after the date of the auditor’s report.

Significant Issues and Task Force Recommendations

A. Work Effort Requirements

1. After the September 2014 IAASB and CAG meetings, the Task Force noted that some further refinement of the key work effort requirements was needed to achieve a more appropriate balance between setting a principles-based requirement and providing sufficient specification of the work effort, particularly as it relates to the nature and extent of the work effort or procedures performed. This refinement also was considered necessary to avoid the risk of the ISA 720 work effort being perceived as an assurance engagement. The Task Force acknowledges that the circumstances when the auditor is required to refer to audit documentation, or make inquiries of engagement team members or component auditors, when considering the consistency between other information and the auditor’s knowledge should be explicitly stated as only being required when the auditor determines that recollection alone is not sufficient. The Task Force also believes it should be clear that there is no requirement to look at audit documentation or make inquiries of all team members and component auditors with respect to all items in the other information so as to avoid the perception that a search or “scavenger hunt” is required.
2. In discussing these matters, the Task Force also noted calls from some CAG members, particularly regulators, for the use of terms that conveyed an active work effort to avoid the perception that the auditor can choose whether or not to perform procedures without a reasonable rationale.
3. Accordingly, the Task Force recommends the following changes (shown with marked changes from the September 2014 IAASB meeting) in response to comments made at the September 2014 IAASB and CAG meetings:

Extract from draft ISA 720 (Revised) (Marked changes from September 2014 IAASB meeting)

Reading and Considering the Other Information

14. The auditor shall read the other information and, in doing so shall: (Ref: Para. A20–A21)
- (a) Consider whether there is a material inconsistency between the other information and the financial statements. As the basis for this consideration, the auditor shall ~~perform procedures to~~ evaluate the consistency between the amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements. This evaluation involves performing procedures to compare, on a selective basis, such amounts or other items with the financial statements~~The determination of which amounts or other items to select in performing these procedures is a matter of professional judgment~~; and (Ref: Para. A22–A26)
 - (b) Consider whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit. For this purpose, and only when the auditor determines that the auditor's recollection alone is not sufficient as the basis for this consideration~~If necessary as the basis for this consideration~~, the auditor shall refer to relevant audit documentation or make inquiries of relevant members of the engagement team or ~~a relevant~~ component auditor~~s~~. (Ref: Para. A27–A32)
- 15A. While reading the other information for material inconsistencies, the auditor shall remain alert for other indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated. (Ref: Para. A33)

Responding When a Material Inconsistency Appears to Exist or Other Information Appears to be Materially Misstated

16. If the auditor identifies that a material inconsistency appears to exist (or becomes aware that the other information appears to be materially misstated), the auditor shall discuss the matter with management and, if necessary, perform other procedures to determine whether: (Ref: Para. A34–A38)
- (a) A material misstatement of the other information exists;
 - (b) A material misstatement in the financial statements exists; or
 - (c) The auditor's understanding of the entity and its environment needs to be updated.

...

Considering Whether There is a Material Inconsistency between the Other Information and the Financial Statements (Ref: Para. 14(a))

...

- A23. The following are examples of ~~limited~~ procedures that the auditor may choose to perform to evaluate the consistency between amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements. Determining the nature and extent of procedures is a matter of professional judgment.
- For information that is intended to be the same as information in the financial statements, agreeing comparing the information to the financial statements.
 - For information intended to convey the same meaning as disclosures in the financial statements, comparing the words used and considering the significance of differences in wording used and whether such differences imply different meanings.

- Obtaining a reconciliation between an item within the other information and the financial statements from management and:
 - ~~Agreeing-Comparing~~ items in the reconciliation to the financial statements; and
 - Determining whether the calculations within the reconciliation are arithmetically accurate.

A24. ~~In evaluating the consistency of the other information, the auditor is not required to perform procedures to compare all amounts or other items in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the amounts or other items in the financial statements, with such amounts or other items in the financial statements. Determining which amounts or other items to select. The determination of which amounts or other items in the other information to select and the determination of the extent of procedures necessary in the circumstances for the purpose of evaluating the consistency with the financial statements~~ is a matter of professional judgment and may be influenced by:

- The significance of the amount or other item in the context in which it is presented, which may affect the importance that users would attach to the amount or other item (for example, a key ratio or amount).
- If quantitative, the relative size of the amount compared with accounts or items in the financial statements or the other information to which they relate.
- The sensitivity of the ~~particular amount or other item in the~~ other information, for example, share based payments for senior management.

A25. Evaluating the consistency of amounts and other items in the other information includes, when relevant given the nature of the other information, the manner of its presentation compared to the financial statements.

~~A26. The auditor may find it useful to obtain a reconciliation from management between amounts in the other information and the financial statements.~~

...

Considering Whether There Is a Material Inconsistency between the Other Information and the Auditor's Knowledge Obtained ~~During the Course of~~ the Audit (Ref: Para. 14(b))

...

A30. When considering whether there is a material inconsistency between the other information and the auditor's knowledge obtained ~~during the course of~~ the audit, professional judgment is needed in ~~deciding-determining~~ whether ~~the auditor's recollection alone is sufficient as the basis for this consideration, and if not, and~~ the extent to which, the auditor ~~will makes~~ reference to ~~relevant~~ auditor documentation, directs inquiries to ~~relevant~~ members of the engagement team or ~~a-relevant~~ component auditors, ~~or decides to base the consideration on the auditor's recollection alone.~~

A31. For example, the auditor may be able to consider whether there is a material inconsistency ~~between the other information and the auditor's knowledge obtained in the audit~~ in light of, for example, the auditor's recollection of discussions held with management or those charged with governance or findings from procedures carried out during the audit, for example the reading of minutes, without the need to take further action.

A32. In other cases, the auditor may ~~decide to refer-determine that referring to relevant~~ audit documentation ~~is necessary, for example, the documentation of the key elements of the auditor's understanding obtained regarding aspects of the entity and its environment in accordance with ISA 315 (Revised), as a basis for~~ order to facilitate the auditor's consideration of whether a material inconsistency exists. ~~For example, the auditor may decide to make reference to the~~ audit documentation regarding the impairment of assets when the

other information describes the planned cessation of a product line and auditor's reading of this description indicates an inconsistency with the auditor's recollection of the details in the related audit documentation. However, when considering whether there is a material inconsistency between the other information and the auditor's knowledge obtained in the audit, it is neither necessary nor practicable for the auditor to ~~make reference every matter in the other information to relevant~~ audit documentation, ~~or to make inquiries of relevant members of the engagement team or relevant component auditors about all matters included in the other information.~~

Remaining Alert for Other Indications that the Other Information Appears to Be Materially Misstated
(Ref: Para. ~~14(e)~~15A)

A33. Other information may include discussion of matters that ~~are not related to the financial statements and therefore~~ extends beyond the auditor's knowledge obtained ~~during the course of in~~ the audit. For example, the other information may include statements about the entity's greenhouse gas emissions ~~when that information is unrelated to the financial statements or to the auditor's knowledge obtained during the course of the audit.~~

~~A33A. Remaining alert for other indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements to not knowingly be associated with other information which the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or that omits or obscures information required to be included where such omission or obscurity would be misleading.⁴ Remaining alert for other indications that the other information appears to be materially misstated could potentially result in the auditor identifying such matters as:~~

- ~~• A material inconsistency between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the individual reading the other information; or~~
- ~~• An internal inconsistency in the other information (e.g., between amounts, items or elements within the other information) that is material.~~

4. The following explains the Task Force's rationale for the proposed changes above:

Paragraph 14(a)

- The Task Force noted that the term "compare" could be used in paragraph 14(a) of draft ISA 720 (Revised) as a way of providing context for, and a more explicit description of, the required procedures to evaluate the consistency between the other information and the financial statements. Acknowledging the concerns expressed by some CAG members that the way the requirement referred to professional judgement risked undermining the requirement to perform procedures if professional judgment was used to determine that there was no amounts or other items on which procedures should be performed, the Task Force has instead indicated that the procedures to compare the other information with the financial statements are done on a selective basis. The Task Force notes that performing procedures to compare amounts or items, on a selective basis, clarifies what the Board intended by the use of the term "limited procedures" in ED-720 (2014).⁵ The

⁴ IESBA Code of Ethics for Professional Accountants, paragraph 110.2

⁵ Proposed ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

- use of the term “selective basis” acknowledges that the selection of which amounts to test will depend on the auditor’s judgment and contrasts with “test basis,” which may be seen as implying randomized testing that would be difficult to apply and would be unlikely to be effective when considering other information.
- The Task Force has also amended the related application material to clearly state that (a) the auditor is not required to compare all the amounts or items in the other information with the financial statements; and (b) the selection of which amounts or items to compare is a matter of professional judgment which, in turn, is influenced by the significance, relative size, and sensitivity of the amounts or items. The Task Force believes that this approach responds to the concerns expressed about the references to professional judgment in the requirement in the previous version and clarifies the limitations of the intended work effort.

Paragraph 14(b)

- In relation to paragraph 14(b) of draft ISA 720 (Revised), the Task Force agreed with comments that the previous version of this paragraph could be interpreted in different ways, leading to concerns about the nature and extent of the work effort implied by the requirement. Accordingly, the Task Force has amended the requirement to refer to relevant audit documentation, or make inquiries of relevant engagement team members, or relevant component auditors to make it clear that this requirement applies only when the auditor determines that the auditor’s recollection alone is not sufficient as the basis for this consideration – as was already explained in the application material (paragraphs A31–A32 of ED-720 (2014)). The Task Force has also drafted a new example in paragraph A32 to help illustrate the kind of matter that may lead to the auditor determining to refer to relevant audit documentation.
- During the Task Force’s discussions on the second sentence in paragraph 14(b) above, concerns were expressed by some Task Force members about the difficulty in operationalizing the requirement. These concerns centered on how the auditor’s decision as to whether or not to refer to relevant audit documentation, or make inquiries of relevant engagement team members or component auditors, could be described in the audit documentation (and possibly subsequently explained in the context of an inspection process) because only the auditor will know what he or she recalled at the time the other information was read. However, the Task Force noted calls from a Monitoring Group member⁶ and a NSS⁷ for more specificity as to the procedures necessary to comply with paragraph 14(b), including use of more functional or active terms than “consider.” The Task Force believes that the revised requirement represents a best efforts attempt at achieving the balance between responding to the comments made on exposure and addressing the concerns about the practicality of the requirement. However, some members of the Task Force remain concerned about the operability of the requirement.

⁶ IOSCO

⁷ FRC

Paragraph 15A

- The Task Force noted that a better explanation of the purpose of paragraph 15A would assist auditors in understanding how the work effort requirements operate together to appropriately address the different types of other information. Accordingly, the Task Force has added additional application material (see new paragraph A33A above) which links the requirement to “remain alert” to the auditor’s ethical obligations and illustrates the rationale for the requirement to “remain alert.” Importantly, the application material reemphasizes that ISA 720 does not require the auditor to obtain additional knowledge or audit evidence to meet the requirement to “remain alert.”⁸
 - The Task Force reaffirmed its view that a more active work effort would not be appropriate for 15A, whether via required procedures or via an alternative term to “remain alert.” This is because ISA 720 is written in the context of an audit of financial statements, and is not intended to provide assurance over the other information itself. Accordingly, requiring a more active work effort would not be in line with the purpose of ISA 720 (Revised). The Task Force also notes that the term “remain alert” is used in a similar fashion in other ISAs.⁹
5. The Task Force did not believe that changes to paragraph 16 were warranted as adding the term “apparent” or “appears to be” to paragraph 16(a) may lead to the auditor being required to report on a material misstatement of the other information that may not actually exist, which may inappropriately create uncertainty or result in the auditor communicating information that is not useful, and therefore detract from the credibility of the auditor’s report.

Matter for IAASB Consideration

1. The IAASB is asked to share its views on the Task Force’s recommendations in relation to paragraphs 14(a) and (b), together with the associated application mater.

B. Implications of Other Information Obtained after the Date of the Auditor’s Report

6. At the September 2014 IAASB meeting, the Task Force proposed the following to address the implications of such other information:
- Requiring the auditor to request management to provide a written representation regarding the provision of such other information, including if the audit engagement

⁸ The definition of audit evidence (including proposed amendments from ED-720 (2014)) is “Information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other types of information.” Remaining alert for other indications that the other information appears to be materially misstated is not “information used by the auditor in arriving at the conclusions on which the auditor’s opinion is based” and therefore is not audit evidence as defined.

⁹ See, for example, ISA 220, *Quality Control For an Audit of Financial Statements*, paragraph 9, and ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*, paragraph 15.

- is terminated, so that management is aware of the need to provide the auditor with such other information.
- Requiring the auditor's report to identify the other information that the auditor has determined, through discussion with management, comprise the annual report but that will not be available to the auditor until after the date of the auditor's report.
 - Clarifying and strengthening the requirement to take appropriate action if a material misstatement exists in such other information.
7. As noted in the *Summary of the IAASB's Discussions at its September 2014 Meeting* above, while the Task Force's proposals to strengthen and clarify the requirement to take appropriate action if a material misstatement exists in such other information, as well as proposals regarding written representations, did not receive many comments, there were many perspectives in considering the reporting on such other information. In particular, views were divided about whether and how the auditor's report should (a) list the other information expected to be obtained after the date of the auditor's report and (b) describe the auditor's future actions with respect to this other information.
8. It is clear to the Task Force that there are two broad perspectives around the Board in relation to identifying such other information in the auditor's report. Some want the auditor to clearly identify all such other information in the auditor's report (including information that has not yet been obtained), and believe that requiring the auditor to do so will neither impose an unreasonable burden on the auditor nor will be impractical to apply in different legal and regulatory environments. Others believe that, as law and regulation or practice do not specify the other information for all entities (particularly non-listed entities), listing in the auditor's report other information that has not yet been obtained would risk creating an expectations gap, given that management may never prepare the other information even though the auditor may have obtained a representation letter on other information to be provided to the auditor after the auditor's report date (as law or regulation do not mandate the preparation of other information in all cases). Accordingly, some believe that it will be difficult to apply a requirement to identify other information that has not been obtained at the date of the auditor's report due to the wide variety of law and regulation governing other information (or, in some cases, a lack of law or regulation) and that the auditor's report should be historically focused and not address future matters. It is also clear that no single answer will likely satisfy all stakeholders.
9. In seeking a way forward, the Task Force has developed two possible options to address the identification of other information that is expected to be obtained after the date of the auditor's report, and notes that a clear direction from the Board is needed to determine the option that strikes the most appropriate balance between transparency of auditor reporting and the practical implications or difficulties based on differences in regimes in various jurisdictions. The two options are:
- Option 1: Differential treatment of listed and non-listed entities in the required identification of other information in the auditor's report; and
 - Option 2: Mandatory identification of all other information for audits of all entities.

Option 1: Differential Treatment of Listed and Non-Listed Entities

10. Under this option, the reporting requirement would include an additional requirement for 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. Auditor's reports for non-listed entities would only be required to identify other information obtained prior to the auditor's report date. However, National Auditing Standard Setters (NSS) or regulators could expand the requirement to identify other information to be obtained after the auditor's report date to include other types of entities (for example, non-listed banks or insurance entities).

Extract from draft ISA 720 (Revised) (Marked changes from ED-720 (2014))

21. When the auditor has ~~obtained, or expects to obtain~~, ~~obtained the final version of all or part of the~~ other information (~~see paragraph 13(a)~~) ~~prior to the date of the auditor's report~~, ~~the~~ auditor shall include a separate section under the heading "Other Information", or another title if appropriate, in the auditor's report comprising the following matters: (Ref: Para. A47)
- (a) Identification of:
- (i) ~~the other~~ Other information obtained by the auditor prior to the date of the auditor's report; ~~and~~
- (ii) In the case of listed entities, other information expected to be obtained after the date of the auditor's report;
- (b) A statement that the auditor has not audited (~~or will not audit~~) the other information and accordingly does not express (~~or will not express~~) an audit opinion or any form of assurance conclusion thereon.
- (c) A description of the auditor's responsibilities with respect to the other information;
- (d) When other information has been obtained prior to the date of the auditor's report, either a statement:
- (i) ~~A statement that the auditor has nothing to report if the auditor has not determined that there is an uncorrected material misstatement of the other information, that the auditor has nothing to report;~~ or (Ref: Para. A48)
- (ii) A statement that describes any uncorrected material misstatements of the other information, if the auditor has determined that there is an uncorrected material misstatement of the other information that describes the material misstatement. (Ref: Para. A49)
- If no other information has been obtained prior to the date of the auditor's report, no statement is required under (i) or (ii) above.

11. The Task Force views the advantages and disadvantages of this approach as follows:

Advantages	Disadvantages
<ul style="list-style-type: none"> Recognizes the added transparency in informing users of listed entity auditor's reports of all the other information that the auditor expects to read and consider; Easier to implement for listed entities as such entities are likely to be subject to law or regulation prescribing the timing 	<ul style="list-style-type: none"> Risks expanding the expectations gap if the expected other information is never obtained by the auditor, although this risk is expected to be minimized due to the likelihood that law or regulation will prescribe the nature and timing of the other information and the auditor will require management to provide a written

<p>(and to some degree, content) of other information;</p> <ul style="list-style-type: none"> • More flexible than Option 2, in that National Auditing Standard Setters (NSS) or regulators can expand the types of entities covered by (a) to include, for example, non-listed deposit-taking institutions 	<p>representation about the other information that is expected to be issued;</p> <ul style="list-style-type: none"> • Identification of other information to be obtained by the auditor after the auditor's report date is not available to the users of non-listed entities' auditor's reports.
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Option 2: Mandatory identification of all other information for audits of all entities

12. Under this option, auditor's reports for all entities would be required to list all the other information, including that expected to be obtained after the date of the auditor's report. The Task Force notes that, while identifying all other information expected to be obtained may create practical difficulties in some circumstances (that is, when law or regulation do not mandate the timing of the preparation of other information), this is an issue the auditor will have to address in complying with the requirement to determine which documents comprise the other information.

Extract from draft ISA 720 (Revised) (Marked changes from ED-720 (2014))

21. When the auditor has obtained, or expects to obtain, other information (see paragraph 13(a))~~has obtained the final version of all or part of the other information prior to the date of the auditor's report,~~ the auditor shall include a separate section under the heading "Other Information", or another title if appropriate, in the auditor's report comprising the following matters: (Ref: Para. A47)
- (a) Identification of the other information obtained by the auditor prior to the date of the auditor's report and the other information expected to be obtained after the date of the auditor's report;
 - (b) A statement that the auditor has not audited (or will not audit) the other information and accordingly does not express (or will not express) an audit opinion or any form of assurance conclusion thereon.
 - (c) A description of the auditor's responsibilities with respect to the other information;
 - (d) When other information has been obtained prior to the date of the auditor's report~~A statement:~~
 - (i) A statement that the auditor has nothing to report~~If the auditor has not determined that there is an uncorrected material misstatement of the other information, that the auditor has nothing to report;~~ or (Ref: Para. A48)
 - (ii) A statement that describes any material misstatement of the other information ~~if the auditor has determined that there is an uncorrected material misstatement of the other information—that describes the material misstatement.~~

If no other information has been obtained prior to the date of the auditor's report, no statement is required under (i) or (ii) above.

13. The Task Force views the advantages and disadvantages of this approach as follows:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Transparency of reporting, for all entities about all the other information that the auditor expects to read and consider • Consistent auditor’s reports for all entities, recognizing that identifying the other information yet to be obtained may assist in reducing the expectations gap. 	<ul style="list-style-type: none"> • In practical terms, may be difficult to implement when law or regulation does not specify the exact nature and timing of the other information, although the auditor will already have dealt with this in determining which documents comprise the other information and obtaining written representations from management as to the documents to be provided to the auditor after the date of the auditor’s report. • NSS will not be able to adapt this for local law or regulation without going below the threshold set by ISA 720 (Revised). • Risks expanding the expectations gap if the expected other information is never obtained by the auditors.

Task Force Recommendation

14. A majority of the Task Force believes that Option 1 is preferable, as it balances the added transparency of enhanced reporting on such other information for listed entities, with a recognition of the practical difficulties that would arise from extending this reporting requirement to non-listed entities. Members of the Task Force recognize that there is merit in Option 2, but believe that the practical implications of different legal and regulatory regimes around the world mean that consistent reporting would be difficult to achieve.

Matter for IAASB Consideration

2. The IAASB is asked to share its views on the advantages and disadvantages of both Option 1 and Option 2, and express a preference for either one option or the other.

List of Respondents to the Exposure Draft on ISA 720 (2014)

Note: Members of the Monitoring Group are shown in bold below

#	Abbrev.	Respondent (72)	Region
Regulators and Oversight Authorities (9)			
1.	BCBS	Basel Committee on Banking Supervision	GLOBAL
2.	CSA	Canadian Securities Administrators	NA
3.	21 AR	Group of 21 European Audit Regulators ¹⁰	EU
4.	IAIS	International Association of Insurance Supervisors	GLOBAL
5.	ICAC	Ministerio de Economía y Competitividad (Instituto de Contabilidad y Auditoría de Cuentas) [Ministry of Economics and Competitiveness (Institute of Accounting and Audit)]	EU
6.	IFIAR	International Forum of Independent Audit Regulators	GLOBAL
7.	IOSCO	International Organization of Securities Commissions	GLOBAL
8.	IRBA	Independent Regulatory Board for Auditors (South Africa)	MEA
9.	MAOB	Securities Commission of Malaysia - Audit Oversight Board	AP
Those Charged with Governance (1)			
10.	AICD	Australian Institute of Company Directors	AP
National Auditing Standard Setters (10)			
11.	AICPA	American Institute of CPAs - Auditing Standards Board	NA
12.	AUASB	Australian Auditing and Assurance Standards Board	AP
13.	CAASB	Canadian Auditing and Assurance Standards Board	NA
14.	CNCC/ CSOEC	Compagnie Nationale des Commissaires aux Comptes & Conseil Supérieur de l'Ordre des Experts-Comptables	EU
15.	FRC	Financial Reporting Council (UK)	EU
16.	HKICPA	Hong Kong Institute of Certified Public Accountants	AP
17.	IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.	EU
18.	JICPA	Japanese Institute of Certified Public Accountants	AP
19.	NBA	Nederlandse Beroepsorganisatie van Accountants	EU
20.	NZAUASB	New Zealand Auditing and Assurance Standards Board	AP

¹⁰ The 21 countries represented in this group are: Austria, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Liechtenstein, Lithuania, Luxembourg, The Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

Accounting Firms (11)¹¹			
21.	BDO*	BDO International Limited	GLOBAL
22.	CH*	Crowe Horwath	NA
23.	DTT*	Deloitte Touche Tohmatsu Limited	GLOBAL
24.	EYG*	Ernst & Young Global Limited	GLOBAL
25.	GTI*	Grant Thornton International Ltd	GLOBAL
26.	KPMG*	KPMG IFRG Limited (Network)	GLOBAL
27.	MNP	MNP LLP	NA
28.	PKF*	PKF International	GLOBAL
29.	PWC*	PricewaterhouseCoopers International Limited	GLOBAL
30.	RSM*	RSM International	GLOBAL
31.	UAB	UAB Raimda Auditas	EU
Public Sector Organizations (9)			
32.	AGC	Auditor General Canada	NA
33.	AGNZ	Auditor General New Zealand	AP
34.	AGSA	Auditor General South Africa	MEA
35.	CIPFA	Chartered Institute of Public Finance & Accountancy	GLOBAL
36.	GAO	United States Government Accountability Office	NA
37.	INTOSAI	Financial Audit Subcommittee of INTOSAI	GLOBAL
38.	UKNAO	National Audit Office (UK)	EU
39.	PAS	Provincial Auditor Saskatchewan	NA
40.	SNAO	Swedish National Audit Office	EU
Preparers of Financial Statements (2)			
41.	CCMC	Center for Capital Markets Competitiveness	NA
42.	HQ	Hydro Quebec	NA
Member Bodies and Other Professional Organizations (28)			
43.	ACCA	Association of Chartered Certified Accountants	GLOBAL
44.	AIC	Asociacion Interamericana de Contabilidad	SA
45.	ANAN	Association of National Accountants of Nigeria	MEA
46.	ASSIREVI	Associazione Italiana Revisori Contabili (Association of the Italian Auditors)	EU

¹¹ Forum of Firms members are indicated with a *. The Forum of Firms is an association of international networks of accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, and use the ISAs as the basis for their audit methodologies.

47.	CACR	Chamber of Auditors Czech Republic	EU
48.	CALCPA	California Society of CPAs	NA
49.	CAQ	Center for Audit Quality	NA
50.	CPAA	CPA Australia	AP
51.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
52.	FAR	FAR (Institute for the Accountancy Profession in Sweden)	EU
53.	FEE	Fédération des Experts comptables Européens - Federation of European Accountants	EU
54.	FSR	Foreningen af Statsautoriserede Revisorer (Danish Institute of Accountants)	EU
55.	IBRACON	Instituto dos Auditores Independentes do Brasil	SA
56.	IBR-IRE	Institut des Experts-comptables et des Conseils Fiscaux (Instituut Van de Accountants en de Belastingconsulenten) & Instituut van de Bedrijfsrevisoren (Institut des Réviseurs d'Entreprises)	EU
57.	ICAG	Institute of Chartered Accountants – Ghana	MEA
58.	ICAS	Institute of Chartered Accountants of Scotland	EU
59.	ICAK	Institute of Chartered Accountants of Kenya	MEA
60.	INCP	Instituto Nacional de Contadores Públicos	SA
61.	IPA	Institute of Public Accountants (Australia)	AP
62.	IPAP	Institute of Public Accountants of Pakistan	AP
63.	ISCA	Institute of Singapore Chartered Accountants	AP
64.	KICPA	Korean Institute of CPAs	AP
65.	MIA	Malaysian Institute of Accountants	AP
66.	MICPA	Malaysian Institute of CPAs	AP
67.	NYSSCPA	New York State Society of CPAs	NA
68.	SAICA	South African Institute of Chartered Accountants	MEA
69.	WPK	Wirtschaftsprüferkammer (German Public Accountants)	EU
70.	ZICA	Zambia Institute of Chartered Accountants	MEA
Individuals and Others (2)			
71.	CBarnard	Chris Barnard	EU
72.	DJuvenal	Denise Juvenal	SA