

Auditor Reporting Post-Implementation Review (PIR)—Other Information

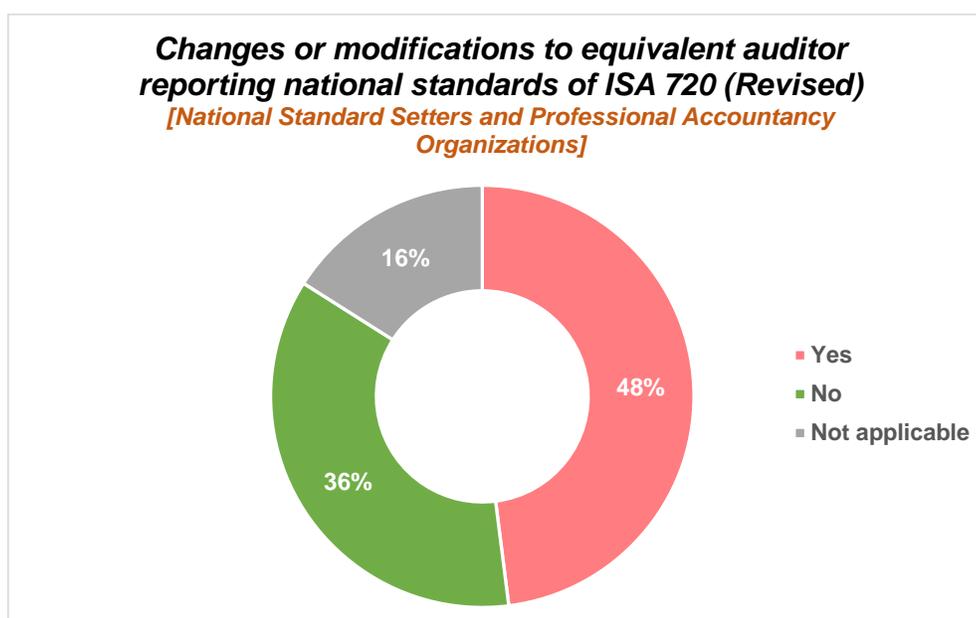
This supplement to Agenda Item 5 (see **Section VI**) provides further analysis of the responses to the PIR Stakeholder Survey (the stakeholder survey) related to the following aspects of ISA 720 (Revised):¹

- Changes or Modifications to the Equivalent National Standard of ISA 720 (Revised).
- Additional Practice Guidance or Support Materials Related to Other Information.
- Types of Information Generally Considered Other Information.

Appendix 1 provides a summary of previous concerns raised by stakeholders about certain implementation challenges with ISA 720 (Revised) that were discussed by National Standard Setters (NSS) at their meeting in May 2018.

I. Changes or Modifications to the Equivalent National Standard of ISA 720 (Revised)

1. Nearly half of the NSS and Professional Accountancy Organizations (PAOs) indicated that there have been changes or modifications to the equivalent national standard of ISA 720 (Revised) (see chart below).
2. The majority of respondents who indicated that changes or modifications were made came from the Europe (42%) and Asia Pacific (42%) regions.
3. The table below includes further details about the changes or modifications to the equivalent national standard of ISA 720 (Revised), when information was made available:



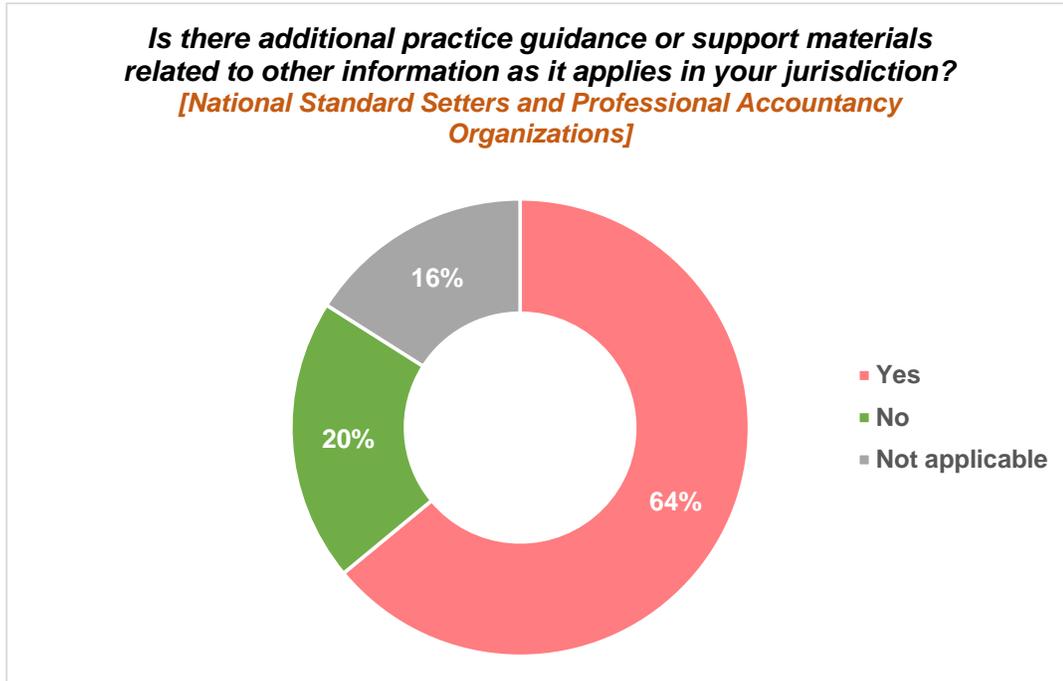
¹ ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*

Changes and Modifications to ISA 720 (Revised)	
<i>Jurisdiction</i>	<i>Description</i>
Australia	<p>No modification to the requirements, but new application and other explanatory material added:</p> <ul style="list-style-type: none"> • New Appendix included with a Decision Tree Diagram that provides further guidance to support auditor decision making when at the date of the auditor's report, the auditor has obtained some, or all of the final version of the other information. • Illustrations of Independent Auditor's Reports relating to other information.
Canada	<p>Additional paragraph to provide examples of documents that are normally considered to be other information.</p>
Germany	<p>A number of changes and modifications, including:</p> <ul style="list-style-type: none"> • When the management report is audited as part of the audit of the financial statements, then the auditor is also required to read and consider the other information to determine whether there are material inconsistencies between the other information and the management report. • Additional requirements and guidance on whether certain kinds of information in Germany meet the definition of other information. • Auditors are not able to include the statement on whether they have anything to report unless the auditor has obtained a waiver from their confidentiality requirements.
Japan	<ul style="list-style-type: none"> • The national equivalent standard of ISA 720 (Revised) requires the auditor's report to always include an Other Information section unless the auditor disclaims an opinion on the financial statements. • The national equivalent standard of ISA 720 (Revised) requires the auditor's report to include, in the Other Information section, the description of the responsibilities of those charged with governance in regard to the other information.
New Zealand	<ul style="list-style-type: none"> • The requirements of ISA 720 (Revised) for an audit of a listed entity apply to entities considered to have a higher level of public accountability in New Zealand (a broader category than listed entity). • New Appendix included with a Decision Tree Diagram that provides further guidance to support auditor decision making when at the date of the auditor's report, the auditor has obtained some or all of the final version of the other information.

Changes and Modifications to ISA 720 (Revised)	
<i>Jurisdiction</i>	<i>Description</i>
Spain	Adaptations include clarifying notes (application material) to help to understand the application of the standard in Spain based on other legal requirements in relation to other information, specifically in relation to the management report.

II. Additional Practice Guidance or Support Materials Related to Other Information

- A majority of NSS and PAOs indicated that there has been additional practice guidance or support materials developed in their jurisdictions related to other information (see chart below).
- The table below provides examples of topics covered by the guidance or support materials from those jurisdictions that provided additional details:



Practical Guidance and Support Materials	
<i>Jurisdiction</i>	<i>Description</i>
Australia	<ul style="list-style-type: none"> Comprehensive overview of the various types of reports forming part of the annual report, such as the director’s report, corporate governance statement, etc.

Practical Guidance and Support Materials	
<i>Jurisdiction</i>	<i>Description</i>
	<ul style="list-style-type: none"> Information on when the annual report is prepared and when the financial report is published and other guidance.
Canada	<ul style="list-style-type: none"> Practical considerations to help auditors determine when the standard applies and highlights the changes in the standard. Examples of common documents in Canada that would qualify as other information, and examples of documents that are outside of the scope of the standard. Guidance on obtaining the other information, responding to a material inconsistency, reporting (including illustrations), reissuing or amending a previously issued auditor's report and implications when reporting in other jurisdictions.
Hong Kong	<ul style="list-style-type: none"> Guidance on applying the requirements to annual reports that are presented in more than one language.
Pakistan	<ul style="list-style-type: none"> Examples and guidance on what constitutes, and what does not constitute other information.
South Africa	<ul style="list-style-type: none"> Guidance to support auditors to determine what constitutes other information in the context of ISA 720 (Revised). Examples of auditor's reports, documents and information that could be determined to be other information.

III. Types of Information Generally Considered Other Information

6. The stakeholder survey asked respondents (other than investors) to provide information on what types of information is generally considered other information in their jurisdictions.
7. From the responses received, IAASB staff summarized the responses in the following overarching comments:
 - Overall, the majority of respondents had an understanding of what constituted other information in their jurisdiction. In their responses, they often referred to the annual report or the equivalent title used in their jurisdiction; however, there was a variety of documents that were noted in the responses.
 - Often the annual report constituted multiple documents and respondents were able to identify the various reports that comprise the other information in their jurisdiction. These were either prescribed by law, regulation or custom in a particular jurisdiction. Some respondents also referred to additional guidance that was available in their jurisdiction that clarified what information is included in the annual report or that included examples of reports, documents and information that may be determined to be other information in a particular jurisdictional context.

- From the responses provided, there was an indication of a potential knowledge gap as to what is considered other information by preparers and those charged with governance (TCWG). These respondents commented that the concept is not well understood outside of the audit profession and provided examples in their responses that do not in all instances appear to align with the scope of other information as defined in ISA 720 (Revised). For example, these respondents commented that other information includes anything that is not in the financial statements or required by IFRS,² statistics on safety, presentation and disclosure of any item not required by law that the company made, regulatory statements, reports on corporate social responsibility activities, internal human resource activities, press releases, etc.
- NSS and PAOs indicated in their responses that feedback from auditors is that it is not always clear whether certain standalone information that is issued separately (e.g., a sustainability report) but is referenced in the annual report forms part of the scope of other information or not. Also, it was not clear if the scope of the other information included links to a document/information on a website that are commonly referenced from the annual report.

² International Financial Reporting Standards

Summary of Challenges Identified with Respect to ISA 720 (Revised)

This appendix summarizes previous concerns raised by stakeholders about certain implementation challenges with ISA 720 (Revised), that were discussed by National Standard Setters at their meeting in May 2018. The information in this appendix was presented to the Board at its meeting in June 2019 when the PIR was discussed (see [Agenda Item 5](#)) and informed the questions on other information in the stakeholder survey (see Section VII of [Agenda Item 3](#) of the February 2021 IAASB mid-quarter meeting).

1. The determination of which documents constitute other information, particularly when the individual components of the other information are not prepared and available at the same time, when additional voluntary information is included in the document, or when the document is not called an annual report.
2. The basis for selection of 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) for comparison with the corresponding amounts or other items in the financial statements.
3. How the other information is described in the auditor's report, for example, whether the auditor refers to the annual report or more specifically to the components that make up the annual report.
4. How to address circumstances when the entity is not certain of what information will be included in the annual report.
5. How the auditor is expected to know that the other information has been finalized, since it may only be released after the financial statements and auditor's report.
6. How to apply the requirements of ISA 720 (Revised) to audits of financial statements prepared in accordance with a special purpose framework, and which often do not have other information that accompanies such financial statements.
7. Communication between the auditor, preparers and those charged with governance regarding responsibility for preparing the other information and the timing of providing the information to the auditor.