



## IAASB Meeting Highlights and Decisions

September 2009

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This summary of decisions of the International Auditing and Assurance Standards Board (IAASB) has been prepared for information purposes only. Except for approval of documents for public exposure and issue of final Standards or Statements, decisions reported are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IAASB.

For more detailed information about IAASB projects, please refer to the project summaries under [Current Projects](#).

### Service Organizations

The IAASB approved for issue, subject to confirmation by the Public Interest Oversight Board that due process has been followed, new International Standard on Assurance Engagements (ISAE) 3402, *Assurance Reports on Controls at a Service Organization*.

ISAE 3402 is effective for service auditor's assurance reports covering periods ending on or after June 15, 2011. In accordance with its strategic plan, the IAASB intends to seek feedback on application of this new standard within a reasonable period following its effective date.

### Complex Financial Instruments

The IAASB approved for issue a consultation paper seeking views on the development of new auditing guidance relating to complex financial instruments. The IAASB intends to use the feedback from the consultation in the revision of its International Auditing Practice Statement 1012, *Auditing Derivative Financial Instruments*. The consultation paper incorporates recent work by the UK Auditing Practices Board on the same topic, and asks specific questions about how that guidance might be adapted or supplemented for application in the international context.

Comments on matters addressed in the consultation paper are requested by January 15, 2010.

### Assurance on a Greenhouse Gas Statement

The IAASB discussed issues relating to the development of proposed ISAE 3410, *Assurance on a Greenhouse Gas Statement*. Topics addressed included: the extent of requirements that should be adapted from the ISAs; competency, quality assurance, and ethical requirements in performing an engagement under the ISAE; and reporting.

The IAASB determined that further public consultation on key issues is needed before considering an exposure draft. Accordingly, it approved the issue of a consultation paper for release by the end of October 2009. The comment period for the consultation paper will be 120 days.

### Pro Forma Financial Information Included in Prospectuses

The IAASB considered a first draft of proposed ISAE 3420, *Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses*. Topics addressed included: whether profit forecasts should be included within the scope of the ISAE; meaning of the term “properly compiled”; reporting on whether underlying financial information has been audited; work effort regarding unadjusted financial information; and modified opinions.

The IAASB will consider a revised proposed ISAE for approval as an exposure draft at its December 2009 meeting

### Review and Compilation Engagements

The IAASB discussed issues relating to the revision of International Standard on Review Engagements 2400, *Engagements to Review Financial Statements*. Topics addressed included: the objective of a review of financial statements; work effort in obtaining an understanding of the entity and its environment; the role of risk assessment in a review engagement; the meaning of “limited assurance”; the role of independence in a review engagement; and reporting.

The IAASB will consider issues relating to the revision of International Standard on Related Services 4410, *Engagements to Compile Financial Statements*, at its December 2009 meeting.

### Using the Work of Internal Auditors

The IAASB discussed issues relating to the revision of International Standard on Auditing (ISA) 610, *Using the Work of Internal Auditors*. Topics addressed included: definition of internal audit function; determining the extent of use of internal audit work; and provision of direct assistance by internal auditors to the external auditor on the external audit.

The IAASB will consider a first draft of the proposed revised ISA 610 at its March 2010 meeting.

### XBRL

The IAASB considered issues relating to auditor association when data prepared using eXtensible Business Reporting Language (XBRL) is filed with audited financial statements, and whether such data falls within the scope of “other information” as described in extant ISA 720, *Other Information in Documents Containing Audited Financial Statements*.

The IAASB determined that a staff communication on the matter should be developed on a priority basis for issue by the end of the year.

## IASB Liaison

The IAASB discussed developments in its initiative to strengthen liaison with the International Accounting Standards Board regarding potential auditability issues arising from proposed new or revised financial reporting standards. The IAASB will further discuss this initiative at its December 2009 meeting.

## Next Meeting

The next IAASB meeting will be held in San Francisco, USA, on December 7-10, 2009.