



# Board Meeting Summary Paper

AUASB  
AGENDA  
ITEM NO.  
**10(b)(i)8**

Meeting Date:  
**13 September  
2010**

**Subject:** IAASB September 2010 meeting  
– Project update: ISA 720 *The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*

**Date:** 30 August 2010

Action Required

For Information Purposes Only

## Agenda Item Objectives

To inform the AUASB Board on the IAASB’s project to revise *Clarity* ISA 720 *The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

## Background

The IAASB has announced a project to revised ISA 720 to take account of the current financial reporting environment. The *Clarity* project redrafted the ISA 720 in Clarity form, pending a later revision. The IAASB taskforce appointed has released an issues paper (see Agenda Item 10(b)(i)8.1). The stated objective is “ensure the ISA continues to be capable of enhancing the credibility of financial statements through specifying appropriate responsibilities of the auditor relating to the range of other information in documents containing audited financial information and taking account of how such information is disseminated.”

A summary of significant issues for the IAASB’s deliberation at the September board meeting is below:

1. The scope and objective of the Standard need to be reconsidered to take in documents other than the annual report, which include the audited financial statements. Such documents may be audited/unaudited.
  - Scope – Key features of such documents are noted as being their purpose; timing at which the document is made available, and the intended recipients of the document.
  - Objectives – auditor to use their audit knowledge to consider the other information as it relates to the audited financial statements and respond appropriately (determine if there is credibility problems between the other information and the audited financial statements and avoid being associated with misleading information).

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2. The requirements covering the extent of the auditors responsibilities (including group auditors) for the other information needs to be revised to specify the nature of, extent of work required, and documentation requirements related to the other information, as well as its dissemination. This includes its electronic dissemination. [Note: The standard is not proposed to be amended to take account of the electronic dissemination, reproduction and translation of other information – given these issues are much broader than simply other information reported with audited financial statements (the scope/focus of ISA 720).]
3. The importance of the Standard being consistent with; and include principles and procedures from; the underlying Clarity ISA's (e.g. ISA 560, ISA 200 and ISRE 2410).

### **Implications for the AUASB**

The AUASB considers that the issues currently raised with the development of revised ISA 720 are appropriate.

The AUASB will continue to monitor the development of the revised ISA 720 and participate in the Exposure Draft comment process.

### **Material Presented**

Agenda Item 10(b)(i)8      Board Meeting Summary Paper

Agenda Item 10(b)(i)8.1      IAASB Issues paper – ISA 720

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