

PIOB MONITORING OF COMMENT LETTERS TO THE EXPOSURE DRAFT OF THE DISCLOSURES PROJECT as of July 2015

#	Respondent	Group (MG member, Regulator, etc.)	Issue	Main Issues/Recommendations - Description	Final Disposition by the IAASB
DISCLOSURES					
1	BCBS	MG member	Role of external auditors with disclosures	There has been an increased focus on the quality of disclosures by banks since the financial crisis. The external auditor plays an important role in evaluating whether the bank's disclosures are consistent and meaningful and, taken with the financial statements as a whole, present the bank's financial condition and performance in an informative and understandable way. Disclosures should be audited with the same rigor as that which applies to auditing the primary financial statements. Basel is encouraged by the IAASB proposed changes, which place more emphasis in the ISAs on auditing disclosures. However, Basel believes that certain parts could be further developed and enhanced.	The Task Force reported to the Board the support for the changes. The IAASB agreed that its Disclosures project would serve to enhance the credibility of financial reporting and help support global financial stability. In response to comments made to the ED, the Board further enhanced some of the requirements and added new application material to the ISAs. The IAASB noted that its current project on special audit considerations for financial institutions would provide an opportunity to address disclosure issues specific for Banks.
			Elevation of application certain material to requirements	Some of the changes proposed to the application material, and some of the application material, should be elevated to ISA requirements as they reflect audit procedures that would be carried out in all audits of disclosures. Including them in application material implies that this would not be the case. E.g.: the application material related to the auditor's evaluating the adequacy of presentation and disclosure; and that on evaluating misstatements in non-quantitative disclosures. Basel encourage the IAASB to elevate the relevant application material text to ISA requirements to enhance the quality of audits of disclosures.	The Board agreed that requirements should be enhanced regarding the auditor's consideration of certain matters when evaluating the financial statements. Application material related to the adequacy of presentation and disclosure in ISA 330 was elevated to a requirement, as it involves procedures that an auditor would be expected to undertake in all instances. Similarly in ISA 700, with respect to the evaluation the auditor has to make on whether the information presented in the financial statements is relevant, reliable, comparable, and understandable. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity.
			Consistent use of terms	Encourage the IAASB to ensure the consistent use of the terms throughout the ISAs to enhance consistent application of the standards. E.g.: in some instances the term "disclosures" is used, but in others, "notes to financial statements" or "the related notes". Similarly, in some instances reference is made to "financial statements" only, while in others, to "financial statements, including disclosures".	The IAASB debated the use of these terms and agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures. It also agreed to change the references from "notes" to "disclosures" throughout the ISAs.
			Engagement Quality Control Reviewer	Given the importance of disclosures, the audit of disclosures should be an area of focus for the engagement quality control reviewer. The reviewer should confirm that the financial statements comply with the applicable financial reporting framework and any statutory disclosure requirement. The auditor's working papers should adequately document the work performed on disclosures.	The IAASB believed that this would be addressed in the current project to revise ISQC 1, which has the area of engagement quality control reviews included in its remit.
			Materiality	Basel supports further deliberations and considerations by the IAASB (and other relevant bodies) on how to apply the concept of "materiality" to note disclosures in an audit. ISA 320, "Materiality in Planning and Performing an Audit", should include a specific requirement for the auditor to undertake an initial determination of what is material for note disclosures. For instance, regulatory ratios used by banks, such as the liquidity and capital adequacy ratios (reported in the financial statements or derived from the financial statements) could be considered by auditors as an input for the determination of materiality thresholds for the audit.	The IAASB added application material in ISA 315 to support a preliminary determination of a material misstatement for non-quantitative disclosures. Also, new application material was added to ISA 320 to provide examples of factors that the auditor may consider in relation to qualitative disclosures to determine whether misstatements in this type of disclosures are material. The Board agreed not to revise the requirements in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality.
			Internal control over disclosures	The discussion of an entity's internal controls in ISA 315 could be enhanced to include specific considerations of the controls around the production of financial statement disclosures as these are likely to be different from the controls that relate to other assertions about classes of transactions and events and account balances. It is important for an auditor to understand how an entity determines the appropriateness and adequacy of its disclosures, especially when disclosures derived from systems/processes that are not part of the entity's general ledger and models. This should enable the auditor to assess whether and to what extent further audit procedures will be needed.	The IAASB agreed to emphasize in ISA 315 that the information in the financial statements may be from within or outside the general and subsidiary ledgers, and the auditor would need to consider this when performing the procedures required to obtain an understanding of the entity's information system. The Board added to the application material examples of information from outside the general and subsidiary ledgers.
			ISA 700	Part of the application material supporting the requirement for the auditor to evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable (ISA 700), should be elevated to a requirement. Basel believes that it is important for the auditor to rigorously challenge whether the financial statement disclosures are adequate and useful. More guidance should be provided regarding the procedures that should be performed to meet this requirement; covering for instance the auditor's approach to whether there are additional disclosures that should be included in the financial statements.	The IAASB agreed to elevate application material proposed in the ED to the requirements in ISA 700, regarding the auditor's consideration of the evaluation of the financial statements in relation to the relevance, reliability, comparability and understandability of the financial statements. Further guidance was introduced in this ISA, for instance, examples for the auditor when evaluating the understandability of the financial statements. The Board also agreed changes to a requirement in ISA 330 relating to the auditor's consideration of the adequacy of presentation and disclosures.
			Sufficient appropriate audit evidence for disclosures	Basel believe it is important for the IAASB to incorporate more robust requirements for auditors in this area, to enhance the consistency and quality of audits of disclosures, particularly in relation to the disclosures such as: management judgments and assumptions; information derived through processes other than accounting processes; and risk management disclosures.	The IAASB agreed not to introduce new requirements or application material in relation to obtaining sufficient appropriate evidence for disclosures (e.g.: ISA 500-series), before changes are introduced into the financial reporting standards (e.g.: by the IASB), and agreed to continue work alongside the IASB as it progresses its disclosures initiative, until it is sufficiently progressed to consider amendments to the ISAs.
2	IAIS	MG member	Elevation of certain application material to requirements	Some of the application material should be elevated to ISA requirements, as they reflect audit procedures that would be carried out in all audits of disclosures. E.g.: that related to the auditor's evaluating the adequacy of presentation and disclosures; misstatements in non-quantitative disclosures; and the appropriateness of the disclosure of significant accounting policies.	The Board agreed that requirements should be enhanced regarding the auditor's consideration of certain matters when evaluating the financial statements. Application material related to the adequacy of presentation and disclosure in ISA 330 was elevated to a requirement, as it involves procedures that an auditor would be expected to undertake in all instances. Similarly in ISA 700, with respect to the evaluation the auditor has to make on whether the information presented in the financial statements is relevant, reliable, comparable, and understandable. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity.
			Consistency of terminology	The terminology used is not always consistent, for instance, the references to financial statements are sometimes followed by "including disclosures".	The IAASB debated the use of these terms and agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures.
			Omission of material disclosures	The IAIS believes that the omission of material disclosures should be considered as a risk of fraud in ISA 240, "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements".	This matter is addressed in the application material added to ISA 240, which states that fraud can be committed by management by omitting, obscuring or otherwise misstating disclosures required by the applicable financial reporting framework or disclosures that are necessary to achieve fair presentation.

			Auditors with adequate experience and seniority when auditing disclosures	ISA 300, "Planning an Audit of Financial Statements", should better emphasize that the application of a suitable professional judgment to the overall presentation, structure and content of the financial statements (including assessing the contribution of disclosures to the relevance, reliability, comparability and understandability of the financial statements) should involve members of the audit team with an adequate level of experience and seniority. The ISA would stress the need for expertise to audit disclosures where there are complexities, such as fair values, impairment of intangibles and sensitivity analysis.	The IAASB was of the view that this topic is sufficiently addressed in ISQC 1. In addition to this, the Board believes that ISA 220 well covers the use of an auditor's expert with the necessary skills.
			Solvency capital requirement	The information relative to the solvency capital requirement should be added to ISA 315 in the list of disclosures that may be relevant when assessing the risks of material misstatement affecting information that may influence the economic decisions of users.	The IAASB was of the view that this type of industry-specific guidance may be better considered in the context of its current project on special considerations in auditing financial institutions, which would address disclosure issues for insurance companies.
			ISA 320 & Coordination with the IASB	Disclosures related to solvency capital and risk sensitivity analysis should be considered in ISA 320, "Materiality in Planning and Performing an Audit", when determining the materiality threshold for the audit of financial reporting disclosures. Coordination with the IASB, engaged in a project on financial reporting disclosures, with respect to considering the definition of materiality within the context of disclosures would be useful for the IAASB.	The Board agreed not to revise the requirements on materiality in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality. The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its initiatives, in order to consider what further work may be necessary. Further, the Board believes that its current project on special considerations in auditing financial institutions, would allow addressing disclosure issues for insurance companies.
			Sufficient appropriate audit evidence for disclosures	The standards should provide more guidance to auditors about audit procedures that should be carried out to gather sufficient, appropriate audit evidence that supports the accuracy of disclosures. E.g.: enhancing ISA 500 by providing more information on how the auditor should deal with management judgments and assumptions; qualitative disclosures; information derived through processes other than accounting processes.	The IAASB agreed not to introduce new requirements or application material in relation to obtaining sufficient appropriate evidence for disclosures (e.g.: ISA 500-series), before changes are introduced to the financial reporting standards (e.g.: by the IASB), and agreed to continue work alongside the IASB as it progresses its disclosures initiative, until it is sufficiently progressed to consider amendments to the ISAs.
			ISA 700 - Documenting judgments	Given that not all the disclosures required by the regulator are considered for inclusion in financial statement disclosures, the IAIS believes that the entity and the auditor should document and justify their judgment (ISA 700).	The IAASB believed that the documentation of significant judgments made by the auditor in making the evaluations required in ISA 700 is adequately covered by ISA 230.
3	IOSCO	MG member	Strengthening the requirements	The Board's approach is to proposed changes mainly to application material in the ISAs. The Board can more effectively drive changes in the auditor's approach to the audit of disclosures by strengthening the requirements in the ISAs. This would primarily involve: providing clear requirements in evaluating the materiality of disclosures; elevating the provisions related to assessing going concern disclosures; and strengthening the requirements in ISA 315 for a more integrated approach to auditing accounts together with the related disclosures. If these issues are not addressed, the proposals may lead to an insufficient change in the auditor's behavior in addressing disclosures.	The Board agreed that requirements should be enhanced regarding the auditor's consideration of certain matters when evaluating the financial statements. Application material related to the adequacy of presentation and disclosure in ISA 330 was elevated to a requirement, as it involves procedures that an auditor would be expected to undertake in all instances. Similarly in ISA 700, with respect to the evaluation the auditor has to make on whether the information presented in the financial statements is relevant, reliable, comparable, and understandable. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity. The Board agreed not to revise the requirements in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality. In relation to GC, given the recent revisions made to ISA 570 as part of the Auditor Reporting project, the Board agreed that further considerations relating to GC disclosures in ISA 570 would be considered when the Board further its work efforts on this topic in the future.
			Information on Going Concern	The information to be provided by preparers on going concern deserves specific attention by the auditor. The provisions in paragraph A128c and Appendix 2 of ISA 315 should be elevated to requirements.	Given the recent revisions on going concern (GC) made to ISA 570 as part of the Auditor Reporting project, which include a new requirement in relation to evaluating GC disclosures, the Board agreed that further considerations relating to GC disclosures in ISA 570 would be considered when the Board further its work efforts on this topic in the future. Application material in ISA 315, e.g. paragraphs A1 and A89a, and Appendix 2, refer to disclosures relevant to GC.
			Evaluating materiality of disclosures	Auditors seem to have difficulty in establishing materiality for disclosures, including qualitative disclosures, and the associated work effort. The IAASB's proposed changes do not address how to apply the concept of materiality when assessing disclosures. The IAASB should include clear requirements in the ISAs to assist auditors assessing materiality in the context of disclosures. In particular, the IAASB should include clear provisions on how auditors assess how a company provides relevant and understandable disclosures; and encourage auditors to be mindful of companies providing irrelevant or boilerplate disclosures that may negatively affect the understandability of the auditor's report.	The Board agreed not to revise the requirements on materiality in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality. Notwithstanding this, the IAASB agreed to introduce specific references to qualitative disclosures in ISA 315, and to emphasize that misstatements could arise in amounts or in narrative disclosures; and added new application material in ISA 320 with examples of factors the auditor can consider to determine when misstatements in disclosures could be material in the case of qualitative disclosures. The guidance for auditors for evaluating disclosures was further enhanced.
			Use of the term "non-quantitative disclosures"	IFRS generally use the terms "quantitative" and "qualitative" disclosures, which are more established terms. The IAASB's term "non-quantitative disclosures" may not be easily understood.	The Board agreed to change the term "non-quantitative" for "qualitative", which appears to be better understood by stakeholders and has greater prevalence in the current ISAs.
			Liaising with the IASB	IOSCO believes that an effective response to certain issues related to disclosures will require collaboration and cooperation between many interested stakeholders; and encourages the IAASB to liaise with the IASB, as the IASB's Disclosures Initiative can provide a good basis for developing effective auditing standards.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its initiatives, in order to consider what further work may be necessary.
			Definition of Financial Statements	Some ISAs contain the term "financial statements including disclosures", while others "financial statements" only. This last may lead auditors assume that in the latter case disclosures are excluded from consideration.	The IAASB debated the use of these terms and agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures.
			Boilerplate language	ISA 315 could include the notion that auditors should be alert to management's use of boilerplate language and encourage management to enhance the disclosures where necessary to reflect facts and circumstances.	The requirements in ISA 700 have been enhanced by requiring the auditor to evaluate whether the overall presentation of the financial statements has been undermined by including information that is not relevant or that obscures a proper understanding of the matters disclosed. Further examples were provided for when the auditor evaluates the understandability of the financial statements.
4	IFIAR	MG member	Disclosures in Inspections findings	The adequacy of financial statements and disclosures is one of the 3 inspections themes reported to have the highest number of findings in IFIAR's 2013 Survey of Inspections Findings. A behavioral change is needed to secure that auditors have sufficient focus on disclosures.	The IAASB believe that the proposed changes are an important first step to provide workable solutions for some of the issues identified by stakeholders, including IFIAR, related to the need for auditors to address and focus more on disclosures as part of a financial statement audit. The Board is of the view that some of the changes will enhance auditor's behavior towards disclosures. Finally, the Board has agreed to further work on materiality, misstatements in quality disclosures and professional judgment with respect to disclosures, once the IASB makes progress with its Materiality and Disclosures projects.

			Auditor's behavioral change	The limited changes proposed by the IAASB, primarily in application material, are unlikely to have a sufficient impact in changing behavior. IFIAR encourages the IAASB to consider what further action it can and should take to promote the necessary behavioral change by auditors.	The Board has agreed to further work on materiality, misstatements in quality disclosures and audit evidence, once the IASB makes progress with its Materiality and Disclosures projects.
			Integration with the IASB's Disclosures Initiative	Given that the IASB is undertaking a broad based Disclosure Initiative to explore how disclosures in IFRS financial reporting can be improved, IFIAR encourages the IAASB to continue working with the IASB to ensure that proposed changes to the auditing standards are effective and consistent with those proposed in the accounting standards.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its initiatives, in order to consider what further work may be necessary.
			Defining Materiality & Evaluating Misstatements	Audit inspections show that auditors have difficulty in defining materiality for evaluating disclosures, specially non-quantitative disclosures, and also for determining the work effort required in auditing disclosures. As a result, there are also difficulties in evaluating misstatements in disclosures. Determining materiality and evaluating misstatements in disclosures should be addressed in the proposed changes. IFIAR is particularly concerned that ISA 320, does not address materiality considerations for non-quantitative disclosures, and that the proposed addition in ISA 315 (paragraph 128b) referring to that considerations is unlikely to be effective in helping ensure that auditors will give more focus to this important area in the future.	The Board agreed not to revise the requirements on materiality in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality. Notwithstanding this, the IAASB agreed to introduce specific references to qualitative disclosures in ISA 315, and to emphasize that misstatements could arise in amounts or in narrative disclosures; and added new application material in ISA 320 with examples of factors the auditor can consider to determine when misstatements in disclosures could be material in the case of qualitative disclosures. The guidance for auditors for evaluating disclosures was further enhanced.
			Definition of financial statements	Any changes to the definition of financial statements should be aligned or consistent with the definition of financial statements in the financial reporting framework applied by the audited entity. The ED proposed changes to ISA 200 to clarify that the definition of financial statements includes disclosures. IFIAR encourages the IAASB to consider whether the wording "including disclosures" may lead to confusion among auditors. In addition to this, the word "obligation" has been changed for "claims against the entity", in the definition of financial statements, but there is no explanation for the change nor a definition of the latter term.	The IAASB debated the use of these terms and agreed to revert to the original term, "obligations", and drop the term "claims against the entity". The Board also agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures.
			Going concern disclosures	GC disclosures are not included in the examples of relevant disclosures when assessing the risk of material misstatements. IFIAR encourages the IAASB to include references to GC disclosures both in ISA 315 and 570.	Given the recent revisions on going concern (GC) made to ISA 570 as part of the Auditor Reporting project, which include a new requirement in relation to evaluating GC disclosures, the Board agreed that further considerations relating to GC disclosures in ISA 570 would be considered when the Board further its work efforts on this topic in the future. Application material in ISA 315, e.g. paragraphs A1 and A89a, and Appendix 2, refer to disclosures relevant to GC.
5	EAIG		Auditor's behavior	EAIG doubts whether the changes proposed by the IAASB will sufficiently modify the behavior of auditors regarding the importance given to the audit of disclosures throughout the audit process, given that the IAASB revisions relate mainly to the application material in the standards. This may lead to an insufficient change in the behavior of the auditor vis-a-vis disclosures, and a negligible gain in audit quality since the requirements are not enhanced.	The IAASB believe that the proposed changes are an important first step to provide workable solutions for some of the issues identified by stakeholders related to the need for auditors to address and focus more on disclosures as part of a financial statement audit. The Board is of the view that some of the changes will enhance auditor's behavior towards disclosures. Finally, the Board has agreed to further work on materiality, misstatements in quality disclosures and professional judgment with respect to disclosures, once the IASB makes progress with its Materiality and Disclosures projects.
			Holistic Approach to Disclosures	EAIG supports the holistic approach chosen by the IAASB, which seems more appropriate than the development of a dedicated standard dealing separately with disclosures.	The Task Force reported to the Board the support for the Board's approach.
			Definitions	The IAASB is proposing a number of changes to the definition of "financial statements". Any change to the definition should be aligned with the definition in the applicable accounting framework to ensure consistency and avoid contradictions in the accounting and auditing standards.	The IAASB debated the definition and the use of the various terms, and agreed to revert to the original term, "obligations", and drop the term "claims against the entity". The Board also agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures. On balance, the Board agreed that the revised definition captures the essence of the IASB's definition, while at the same time is sufficiently framework-neutral.
			Materiality	The IAASB has included language in ISA 315 and 450 to clarifying the application of the concept of materiality to the risk assessment and evaluation of misstatements regarding disclosures, and in particular, for narrative/qualitative/non-quantitative ones. EAIG believes that further provisions on materiality would be useful.	The Board agreed not to revise the requirements on materiality in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality. Notwithstanding this, the IAASB agreed to introduce specific references to qualitative disclosures in ISA 315, and to emphasize that misstatements could arise in amounts or in narrative disclosures; and added new application material in ISA 320 with examples of factors the auditor can consider to determine when misstatements in disclosures could be material in the case of qualitative disclosures.
			Going Concern Disclosures	The information required to be disclosed by preparers in accordance with the applicable accounting framework related to GC deserves specific attention by the auditor. There is no particular focus on GC disclosures in the ED, while others, such as disclosures relating to circumstances that have led to the recognition of an impairment loss, are specifically addressed. EAIG suggests the IAASB to expand on the specificities of GC disclosures.	Given the recent revisions on going concern (GC) made to ISA 570 as part of the Auditor Reporting project, which include a new requirement in relation to evaluating GC disclosures, the Board agreed that further considerations relating to GC disclosures in ISA 570 would be considered when the Board further its work efforts on this topic in the future. Application material in ISA 315, e.g. paragraphs A1 and A89a, and Appendix 2, refer to disclosures relevant to GC.
			Liaison with Accounting Stds. Setters	In the case of materiality and going concern, especially, efforts of the stakeholders should be coordinated in order to incentivize workable solutions to enhance the quality of the information provided to the users of financial statements. EAIG highlights the overriding concern relating to the application of the concept of materiality by entities in order to provide relevant and decision-useful financial information. This issue cannot be solved by the auditing standards in isolation. Both the accounting standard setters, by setting the required content of the disclosures, and the auditing standard setters, by requiring the attention of the auditor on the application of the provisions of the accounting framework, can together contribute, in the scope of the respective duties of preparers and of auditors, to enhance the quality of financial information provided to users.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its Disclosures and Materiality Initiatives, in order to consider what further work may be necessary.
			Relevance of disclosures	More emphasis should be placed in the standards over the auditor's role in verifying that the information provided by the entity is relevant, in line with the provisions set by the accounting standards.	The requirements in ISA 700 have been enhanced by requiring the auditor to evaluate whether the overall presentation of the financial statements has been undermined by including information that is not relevant or that obscures a proper understanding of the matters disclosed. Further examples were provided for when the auditor evaluates the understandability of the financial statements.
6	UK FRC	IFIAR member	Support for the proposed changes	The Council strongly supports the proposed changes to the ISAs, conditional on their recommendations, an important first step in addressing the identified challenges relating to the quality of financial statement disclosures and their audit.	The Task Force reported to the Board the support for the changes.

			Coordinated efforts	Many of the challenges relating to the quality of financial statement disclosures and their audit can not be solved by amendments to the ISAs alone. For instance, one key challenge is the lack of a disclosure framework to guide preparers in determining the nature and extent of disclosures that is appropriate. The development of such a framework is critical to preparers, audit committees and auditors alike in helping them make judgments about the relevance and materiality of individual disclosures and whether the financial statements as a whole contain the appropriate disclosures to achieve fair presentation. Strongly supports the ongoing collaboration between the IASB and IAASB.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its Disclosures and Materiality Initiatives, in order to consider what further work may be necessary.
			A separate ISA on disclosures is not needed	The FRC does not agree with those who believe that a separate ISA on disclosures is needed. A separate standard would result in repetition of requirements within the ISAs and would risk implying that auditing disclosures is a separate exercise, rather than one that is integral to the audit.	The Task Force reported to the Board the support for the changes.
			Requirement on Materiality	A new requirement should be added to ISA 320, under which the auditor would be required to make a preliminary determination of materiality for non-quantitative disclosures that could reasonably be expected to influence the economic decisions of users. Otherwise, this ISA will remain focused on quantitative aspects of materiality, when the most challenging issues relate to non-quantitative aspects of disclosures. Such a new requirement would be more effective than the proposed ISA 315 application material alone, and would encourage auditors reflect on the matters that may be material from a non-quantitative perspective earlier in the audit process; and encourage dialogue about materiality judgments on non-quantitative disclosures between auditors, management and audit committees, which would contribute to higher audit quality and the quality of financial statement disclosures.	The IAASB added application material in ISA 315 to support a preliminary determination of a material misstatement for non-quantitative disclosures. Also, new application material was added to ISA 320 to provide examples of factors that the auditor may consider in relation to qualitative disclosures to determine whether misstatements in this type of disclosures are material. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity. The Board agreed not to revise the requirements in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality.
			Sufficient Appropriate Audit Evidence	The FRC believes that more specific guidance is needed around sufficient appropriate audit evidence for disclosures. The FRC encourages the IAASB to consider the need for more specific guidance in this area, that has the appropriate level of authority, and urges the IAASB to ensure this action is taken forward in developing project plans as part of its Work Program for 2015–2016.	The IAASB agreed not to introduce new requirements or application material in relation to obtaining sufficient appropriate evidence for disclosures (e.g.: ISA 500-series), before changes are introduced to the financial reporting standards (e.g.: by the IASB), and agreed to continue work alongside the IASB as it progresses its disclosures initiative, until it is sufficiently progressed to consider amendments to the ISAs.
			Materiality	Encourages the IAASB to continue their close collaboration with the IASB in respect of the IASB's proposals to address materiality requirements as part of their Disclosures Initiative and the forthcoming revision of their Conceptual Framework, and to consider changes to the ISAs in due course.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its Disclosures and Materiality Initiatives, in order to consider what further work may be necessary.
7	IRBA	IFIAR member	Auditor's Behavior	An overall behavioral change is required of the auditor so that sufficient focus is placed on auditing disclosures. The limited changes proposed by the IAASB, primarily to the application and explanatory material, are unlikely to have sufficient impact on changing behavior. They may not go far enough to heighten the auditor's awareness of the importance of non-compliance with financial statement disclosure requirements.	The IAASB believe that the proposed changes are an important first step to provide workable solutions for some of the issues identified by stakeholders related to the need for auditors to address and focus more on disclosures as part of a financial statement audit. The Board is of the view that some of the changes will enhance auditor's behavior towards disclosures. Finally, the Board has agreed to further work on materiality, misstatements in quality disclosures and professional judgment with respect to disclosures, once the IASB makes progress with its Materiality and Disclosures projects.
			Does not support a separate ISA on Disclosures	Supports the IAASB's approach on identifying areas in the relevant ISAs for enhancement, as opposed to developing a new ISA addressing disclosures. IRBA also supports the need for the auditor to focus on disclosures during the planning stage of the audit, which may result in enhanced focus by entities on their financial statement preparation process, thereby improving the quality of disclosures.	The Task Force reported to the Board the support for the changes.
			Liaison with the IASB	The IAASB should work closely with financial reporting standard setting bodies, for example, the IASB, to monitor the audit implications of changes to financial reporting standards relating to disclosures and to ensure that changes made to the ISAs are effective and support the changes made to those frameworks.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its Disclosures and Materiality Initiatives, in order to consider what further work may be necessary.
			Definition of Financial Statements	The term "financial statements" should be used consistently throughout the proposed changes to the ISAs. E.g.; in some cases, reference made is to "financial statements (including related disclosures)".	The IAASB debated the use of these terms and agreed that the extension "including disclosures" was not needed, as the revised definition of financial statements clearly included disclosures.
			Disclosures that are not part of the general ledger	IRBA supports the IAASB decision to emphasize the importance of disclosures derived from systems or processes that are not part of the general ledger system. However, IRBA believes that additional guidance is needed to address the audit of disclosures derived from those systems or processes, and the difficulties relating to obtaining sufficient appropriate audit evidence thereon.	The IAASB emphasized in ISA 315 that the information in the financial statements may be from within or outside the general and subsidiary ledgers, and the auditor would need to consider this when performing the procedures required to obtain an understanding of the entity's information system. The Board added application material with examples of information from outside the general and subsidiary ledgers.
			Going Concern disclosures	The proposed changes to the ISAs do not address disclosures relating to GC. Suggests the IAASB to expand the proposed changes to specifically include additional guidance for the auditor on going concern disclosures in ISA 570 in order to enhance the auditor's attention on them.	Given the recent revisions on going concern (GC) made to ISA 570 as part of the Auditor Reporting project, which include a new requirement in relation to evaluating GC disclosures, the Board agreed that further considerations relating to GC disclosures in ISA 570 would be considered when the Board further its work efforts on this topic in the future. Application material in ISA 325, e.g. paragraphs A1 and A89a, and Appendix 2, refer to disclosures relevant to GC.
			Materiality and Collaboration with the IASB	Additional guidance is needed to address the application of materiality to disclosures in ISA 320. This would include the application of materiality to non-quantitative disclosures and the work effort required for their audit. IRBA encourages the IAASB to continue working closely with the IASB regarding its projects around Materiality and Principles of Disclosures under the Disclosure Initiative.	The IAASB added application material in ISA 315 to support a preliminary determination of a material misstatement for non-quantitative disclosures. Also, new application material was added to ISA 320 to provide examples of factors that the auditor may consider in relation to qualitative disclosures to determine whether misstatements in this type of disclosures are material. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity. The Board agreed not to revise the requirements in ISA 320 until such time when a more holistic review of this ISA is undertaken, likely in light of the outcome of the IASB's current work on materiality.
			Misstatements in Qualitative Disclosures	Additional guidance is needed relating to the evaluation of misstatements in qualitative disclosures, to determine what constitutes a misstatement in this case. It would be beneficial for the IAASB to acknowledge that consideration of misstatements in respect of disclosures, involves professional judgment by the auditor when evaluating disclosures in the context of the of the applicable financial reporting framework and in the specific circumstances of the entity.	The IAASB added application material in ISA 315 to support a preliminary determination of a material misstatement for non-quantitative disclosures. Also, new application material was added to ISA 320 to provide examples of factors that the auditor may consider in relation to qualitative disclosures to determine whether misstatements in this type of disclosures are material. Additional practical guidance was added to ISA 450 about whether a misstatement in a qualitative disclosure may be material, taking into account the nature of the misstatement and the circumstances of the entity. This ISA acknowledges that this determination is a matter that involves the exercise of professional judgment.

			Audit evidence	IRBA's inspections of audit engagements show a growing trend of high risk findings directly related to inadequate supporting audit evidence for, and / or a general lack of consideration of the completeness, accuracy and appropriateness of financial statement disclosures by the auditor.	The IAASB agreed not to introduce new requirements or application material in relation to obtaining sufficient appropriate evidence for disclosures (e.g.: ISA 500-series), before changes are introduced to the financial reporting standards (e.g.: by the IASB), and agreed to continue work alongside the IASB as it progresses its disclosures initiative, until it is sufficiently progressed to consider amendments to the ISAs.
8	Malaysia Audit Oversight Board	IFIAR member	Documentation	While the proposed changes clarified auditors' expectations and increased the emphasis with regard to the audit of disclosures, it is vital to also emphasize the importance of ensuring that auditors provide sufficient documentation on these additional auditing considerations and work performed, so as to ensure continued compliance with the requirements in paragraph 8 of ISA 230, Audit Documentation.	The IAASB believed that the documentation of significant judgments made by the auditor in making the required evaluations is adequately covered by ISA 230.
			Monitoring the IASB work	The Board strongly recommends that the IAASB continues to closely monitor and prioritize its involvement in the IASB Disclosures Initiative's-Materiality and to consider further enhancements to the ISAs accordingly.	The Board will continue to liaise with the IASB and to monitor the work and progress made by the IASB in its Disclosures and Materiality Initiatives, in order to consider what further work may be necessary.