

Meeting: IAASB
Meeting Location: New York
Meeting Date: June 20 – 23, 2011

Agenda Item **2** **(UPDATED)**

Using the Work of the Internal Audit Function and Internal Auditors to Provide Direct Assistance

Objective of Agenda Item

1. To consider:
 - (a) Significant matters raised by respondents on the Exposure Draft (ED); and
 - (b) Draft revised ISAs 315¹ and 610.²

Task Force

2. Members:
 - Diana Hillier, Chair, IAASB Member
 - Cédric Gélard, IAASB Member
 - Daniel Montgomery, IAASB Member
 - Marek Grabowski, IAASB Technical Advisor
 - Carman Lapointe, Institute of Internal Auditors (IIA) Representative
 - Clyde MacLellan, International Organization of Supreme Audit Institutions (INTOSAI) Representative

Correspondent member:

- Robert Franchini, International Ethics Standards Board for Accountants (IESBA) Member
3. Technical advisors supporting Task Force members on the project include Jon Rowden (for Ms. Hillier) and Isabelle Tracq-Sengeissen (for Mr. Gélard).

¹ Draft ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

² Draft ISA 610 (Revised), *Using the Work of the Internal Audit Function and Internal Auditors to Provide Direct Assistance*

Background

4. In July 2010, the IAASB issued an ED proposing revisions to ISAs 315 and 610. The 120-day comment period ended on November 15, 2010. Comment letters have been received from 57 respondents (representing the views of a total of 72 organizations and individuals). A list of respondents is provided in **Agenda Item 2-A**. All comments letters can be accessed from the IAASB website at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0141>.
5. At its March 2011 meeting, the IAASB was presented with an overview of the significant issues raised by respondents on the ED. It provided preliminary comments on these issues. The IAASB Consultative Advisory Group (CAG) also discussed similar matters at its March 2011 meeting.

Activities since Last IAASB Discussions

6. The Task Force met in April 2011 and May 2011 to consider the comments it received and to develop revised drafts of ISA 315 and ISA 610. Marked drafts of the proposed revised ISA 315 and ISA 610 showing the Task Force's proposed changes from the ED are presented in **Agenda Item 2-B** and **Agenda Item 2-C** respectively.
7. The IESBA had debated ethical matters arising from the revision of ISA 610 during the development of the ED. These matters, along with respondents' comments, will be raised with the IESBA for discussion at its June 15–17, 2011 meeting. Given the importance of the IESBA's views to the IAASB's own decisions particularly regarding direct assistance, the IESBA's discussions at its June 2011 meeting will be referred to during the IAASB's discussion of the related matters.

Material Presented

Agenda Item 2-A	Using the Work of the Internal Audit Function – Summary of Comments on Exposure Draft and IAASB Task Force Proposals dated June 2011
Agenda Item 2-B	Draft Proposed ISA 315 (Revised) dated June 2011 (Marked from ED)
Agenda Item 2-C	Draft Proposed ISA 610 (Revised) dated June 2011 (Marked from ED)
Agenda Item 2-D	Draft Proposed ISA 315 (Revised) dated June 2011 (Clean)
Agenda Item 2-E	Draft Proposed ISA 610 (Revised) dated June 2011 (Clean)

Action Requested

8. The IAASB is asked to familiarize itself with the issues raised in comment letters on the ED, to consider the significant issues and Task Force recommendations presented in **Agenda Item 2-A**, and to provide input to the Task Force.
9. IAASB members are also asked whether there are any matters raised by respondents in connection with the issues presented in **Agenda Item 2-A**, in addition to those summarized by the Task Force, that they consider should be discussed by the IAASB.