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Description of content of ISSAI 1720

The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

Reading this description is not a substitute for reading the ISA or ISSAI itself.

ISSAI 1720 is comprised of International Standard on Auditing (ISA) 720 – The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements, and a corresponding Practice Note. The ISA and the Practice Note are read together.

Authority

Public Sector auditors using the ISAs or ISSAIs as the authoritative standard shall comply with all ISAs or ISSAIs relevant to the audit. An ISA or ISSAI is relevant to the audit when the ISA or ISSAI is in effect and the circumstances addressed by the ISA or ISSAI exist. The auditor shall not represent compliance with ISAs or ISSAIs in the auditor's report unless the auditor has complied with the requirements of all ISAs or ISSAIs relevant to the audit.

Description of the ISA

ISA 720 deals with the auditor's responsibilities relating to other information in documents containing audited financial statements and the auditor's report thereon. In the absence of any separate requirement in the particular circumstances of the engagement, the auditor's opinion does not cover other information and the auditor has no specific responsibility for determining whether or not other information is properly stated. However, the auditor reads the other information because the credibility of the audited financial statements may be undermined by material inconsistencies between the audited financial statements and other information.

In ISA 720 "documents containing audited financial statements" refers to annual reports (or similar documents), that are issued to owners (or similar stakeholders), containing audited financial statements and the auditor's report thereon. The ISA may also be applied, adapted as necessary in the circumstances, to other

documents containing audited financial statements, such as those used in securities offerings.

Objective of the auditor in terms of the ISA

The objective of the auditor is to respond appropriately when documents containing audited financial statements and the auditor's report thereon include other information that could undermine the credibility of those financial statements and the auditor's report.

Among other matters, the requirements in this ISA deal with:

- a. The need to read the other information to identify material inconsistencies, if any, with the audited financial statements.
- b. Requirements when the auditor identifies a material inconsistency.

Description of the Practice Note

The Practice Notes provides supplementary guidance for auditors applying ISA 720 when conducting financial audits of public sector entities.

Content of the Practice Note

The Practice Note provides additional guidance for public sector auditors related to:

- a. Definition of other information.
- b. Material inconsistencies.
- c. Material misstatements of fact.