

**INDEPENDENT REGULATORY BOARD FOR AUDITORS**  
**COMMITTEE FOR AUDITING STANDARDS**

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**IAASB Seeks Views on Auditing Complex Financial Instruments**

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**(New York/October 16, 2009)** – The International Auditing and Assurance Standards Board (IAASB) has released a Consultation Paper seeking views on developing new fair value auditing guidance where it is most critical in today's environment. Entitled *Auditing Complex Financial Instruments*, the paper recognises the strong demand from auditors and preparers for further guidance on auditing complex financial instruments, e.g., in situations of illiquid markets, which currently pose the greatest challenges for them.

"The current economic environment has given rise to particular issues relating to the reliability and auditability of fair value information," emphasises Arnold Schilder, IAASB Chairman. "This consultation addresses these issues and solicits discussions. The IAASB intends to use the feedback from the consultation in the revision of its Practice Statement 1012 on auditing derivative financial instruments."

The Consultation Paper incorporates recent work by the UK Auditing Practices Board (APB) on the same topic, and asks specific questions about how that guidance might be adapted or supplemented for application in the international context. James Gunn, IAASB Technical Director, explains, "The APB has made significant progress in developing national guidance on this important topic and, just as importantly, leveraging it will enable us to put relevant guidance in the hands of auditors as quickly as possible."

The Consultation Paper may be viewed by going to [www.ifac.org/Guidance/EXD-Outstanding.php](http://www.ifac.org/Guidance/EXD-Outstanding.php).

#### **How to Comment**

##### **To the IRBA**

Comments may be submitted to the IRBA by **4 January 2010** (2 weeks before the IFAC comment date deadline). The Committee for Auditing Standards (CFAS) Task Group preparing the IRBA comments will then incorporate all comments received in the response for South Africa. Comments should be submitted by email to [standards@irba.co.za](mailto:standards@irba.co.za), in a **Word** format.

##### **To IFAC**

Alternatively comments may be submitted directly to IFAC. Comments on the Consultation Paper are requested by **15 January 2010**. Respondents are asked to send their comments **electronically** through the IFAC website, using the "[Submit a Comment](#)" link on the Exposure Drafts and Consultation Papers page. First-time users must register to use this new feature. Although IFAC prefers that comments be submitted using the online submission system, e-mail may continue to be sent to [edcomments@ifac.org](mailto:edcomments@ifac.org). They can also be faxed to the attention of the IAASB Technical Manager at +1 (212) 856-9420 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

##### **About the IAASB and IFAC**

The IAASB ([www.ifac.org/IAASB](http://www.ifac.org/IAASB)) develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB and the IAASB Consultative Advisory Group, which

*provides public interest input into the development of the standards and guidance.*

*IFAC ([www.ifac.org](http://www.ifac.org)) is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 157 members and associates in 123 countries and jurisdictions, representing more than 2.5 million accountants in public practice, education, government service, industry, and commerce.*

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes. The CFAS assists the IRBA to develop and maintain auditing pronouncements which are internationally comparable.*

Sandy van Esch

Director: Standards