

## THE AUDITOR'S RESPONSIBILITIES RELATING TO OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS: CAS 720

### Definitions

- **Other information – Financial and non-financial information** included in a document containing audited F/S and the auditor's report
- **Inconsistency** – Other information that contradicts information contained in the audited F/S
- **Misstatement of fact** – Other information that is unrelated to matters appearing in the audited financial statements that is incorrectly stated or presented

### Reading Other Information

- Read the other information to identify **material inconsistencies** with the audited F/S
- Make appropriate arrangements with management or those charged with governance to obtain the other information **prior to the date of the auditor's report**
  - If it is not possible to obtain prior to the date of the auditor's report, read other information as soon as practicable

### Material Inconsistencies

- If the auditor identifies a material inconsistency, determine **whether the audited F/S or the other information needs to be revised**

### Material Inconsistencies Identified in Other Information Obtained Prior to the Date of the Auditor's Report

- If **revision of the audited F/S is necessary** and management refuses to make the revision, **modify the opinion**
- If **revision of the other information is necessary** and **management refuses** to make the revision, communicate this matter to those charged with governance and:
  - Include in the auditor's report an **Other Matter paragraph** describing the material inconsistency
  - **Withhold** the auditor's report; **or**
  - **Withdraw** from the engagement

### Material Inconsistencies Identified in Other Information Obtained Subsequent to the Date of the Auditor's Report

- If **revision of the audited F/S is necessary**, follow CAS 560 (Subsequent Events)
- If **revision of the other information is necessary** and **management agrees** to make the revision, review the steps taken by management to ensure that individuals in receipt of the previously issued F/S, the auditor's report, and the other information are informed of the revision
- If **revision of the other information is necessary**, but **management refuses** to make the revision, notify those charged with governance

### Material Misstatements of Fact

- If the auditor becomes aware of a material misstatement of fact, **discuss the matter with management**
- If after such discussion, the auditor still considers that there is a material misstatement of fact, ask management to consult with the entity's lawyer, and the auditor shall consider the advice received
- If the auditor concludes that there is a **material misstatement of fact** that **management refuses to correct**, notify those charged with governance