



Instituut van de Bedrijfsrevisoren
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Ms. Kathleen HEALY
Technical Director IAASB

Submitted via e-mail to:
KathleenHealy@iaasb.org

Posted as comment on:
www.ifac.org

[Date]

Dear Ms. Healy,

Re **IAASB Exposure draft *Proposed International Standards on Auditing – ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, and ISA 805 (Revised), Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement***

The *Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren* (“IRE-IBR”) is pleased to have the opportunity to provide its comments on the Exposure Draft *Proposed Changes to the International Standards on Auditing (ISAs) – ISA 800 (Revised) and ISA 805 (Revised)* issued by the International Auditing and Assurance Standards Board (IAASB).

Please find below our detailed comments on the questions raised by the IAASB, thereby articulating our underlying reasoning in relation to these matters.

Sincerely,

Daniel KROES
President

Overall considerations

Overall, we agree that the changes resulting from the new and revised Auditor Reporting Standards are reflected in ISA 800 and ISA 805.

In general, we support the proposals included in the ED, but want to point out some suggestions for improvement, in particular related to the relation between the KAM included in the auditor's report on complete sets of general purpose financial statements and those included in the auditor's report on financial statements prepared in accordance with a special purpose framework.

Regarding the effective date, IRE-IBR agrees that the effective date of these revised ISAs should be aligned with the effective date of the new and revised Auditor Reporting ISAs.

Please find below our detailed comments in relation to the questions asked by the IAASB.

Response to specific questions

- 1. Do respondents agree with how the enhancements resulting from the new and revised Auditor Reporting standards have been addressed in proposed ISA 800 (Revised) and proposed ISA 805 (Revised) as explained in paragraphs 10–32 of this EM. If not, respondents are requested to provide their rationale as to why they do not support the proposals and, where applicable, suggest alternative approaches?**

In general, IRE-IBR agrees with the way the principles of the revised Auditor Reporting Standards are reflected in ISA 800 and ISA 805 ED.

However, we believe illustration 1 in ISA 805 ED needs to be clarified. ISA 570 doesn't only apply when the *financial reporting framework* refers to going concern. This can also be relevant under a specific basis of accounting. IRE-IBR believes more guidance on this topic would be useful in particular since the financial information reported on might not include the necessary information to apply ISA 570 by analogy.

- 2. Do the proposed standards include sufficient guidance to enable auditors to appropriately apply the new and revised Auditor Reporting standards in the context of ISA 800 and ISA 805 engagements?**

IRE-IBR agrees that the guidance included in the proposed standards are appropriate, but wishes to point out some suggestions. We refer to question 3.

- 3. In relation to KAM:**

- a. Do respondents agree with the IAASB's decision that the communication of KAM be voluntary for all entities under both proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation?**

IRE-IBR agrees that, in an ISA 800 and 805 engagement, KAM should only be communicated on a voluntarily basis or if required by law or regulation. We believe that, in the context of ISA 800 and ISA 805 engagements, KAM may only add significant value to the report if relevant to the specific purpose.

However, the concept of KAM is nowhere included in the requirements. If the auditor is to decide whether KAM are included, this should be mentioned in the requirements and illustrative guidance should be provided.

- b. Specific to proposed ISA 805 (Revised), do respondents support the IAASB’s proposed direction that reference to KAM that is communicated in the auditor’s report on the complete set of financial statements be permitted in the ISA 805 auditor’s report using an OM paragraph and how this has been illustrated in the ISA.**

In particular, the IAASB would also welcome respondents’ views about:

- i. The usefulness of the guidance in paragraph A23 in proposed ISA 805 (Revised) and the appropriateness of Illustration 3 in Appendix 2 to assist auditors in determining how to make a reference in the ISA 805 auditor’s report to KAM that are communicated in the auditor’s report on the complete set of financial statements; and**

IRE-IBR agrees that it would be sufficient to make a reference in the ISA 805 report to the communication of KAM in the auditor’s report on the complete set of financial statements to the extent these KAM are relevant to the engagement. We also agree this may be included in an Other Matter paragraph, but suggest to provide a specific subheading and to consider specific language to reflect the different materiality that could potential apply between the audit of the complete set of financial statements and the ISA 805 engagement. Additional guidance might be useful as to how KAM specific to the engagement should be presented and interact with KAM related to the complete set of financial statements.

- ii. In light of views on (i) and the Board’s deliberations summarized in paragraphs 25–32 above, whether it is necessary to establish requirements in proposed ISA 805 (Revised) relating to a reference to KAM in the ISA 805 auditor’s report either to promote consistent treatment in practice or expressly prohibit certain approaches (e.g., a reference only to relevant KAM in the auditor’s report on the complete set of financial statements or the possibility of repeating the full description of a KAM).**

As stated above, we agree with the proposed approach to make a reference only to relevant KAM in the auditor’s report on the complete set of financial statements or the possibility of repeating the full description of a KAM, since KAM will only add significant value to the report if this is relevant to the specific purpose.

However, we point out that the requirements in paragraph 15 (a) (*the auditor shall determine the effect that this may have on the auditor’s report (...)*) and (b) (*the auditor shall include the “Material Uncertainty Related to Going Concern” section (...) accordingly*) requires for the auditor to use professional judgement, while this no longer seems to be true in paragraph A24. We suggest IAASB clarifies this.

4. Do respondents feel that conforming amendments to extant ISA 810 are needed at this time and, if so, what approach could be taken to incorporate the enhancements resulting from the new and revised Auditor Reporting standards?

Although the use of ISA 810 seems to be rare in Europe, we agree that a consistency check with the new and revised Auditor Reporting Standards is necessary.

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