

IMPROVING THE AUDITORS REPORT

INDIVIDUAL COMMENTARY FROM

CA RAMACHANDRAN MAHADEVAN PARTNER SURESH & CO. CHARTERED ACCOUNTANTS

BANGALORE INDIA

WITH EXPERIENCE IN SMEs,PSEs AND AUDIT OF ALL SECTORS/INDUSTRY

FOR MORE THAN FOUR DECADES

- 1 Overall, do you believe the IAASB's suggested improvements sufficiently enhance the relevance and informational value of the auditor's report, in view of possible impediments (including costs)? Why or why not?

SUGGESTED IMPROVEMENTS AND EXAMPLES SUFFICIENTLY ENHANCE THE RELEVANCE

AND INFORMATIONAL VALUE EXCEPT AUDITOR COMMENTARY ELEMENT AS GIVEN IN APPENDIX 4

2. Are there other alternatives to improve the auditor's report, or auditor reporting more broadly, that should be further considered by the IAASB, either alone or in coordination with others? Please explain your answer.

AUDITOR COMMENTARY CAN BE MODIFIED AS

AUDITOR DISCUSSION AND ANALYSIS COVERING ISSUES DISCUSSED

WITH THOSE CHARGED WITH GOVERNANCE

IN MY INDIVIDUAL OPINION

3. Do you believe the concept of Auditor Commentary is an appropriate response to the call for auditors to provide more information to users through the auditor's report? Why or why not? (See paragraphs 35–64.)

IN MY INDIVIDUAL OPINION AUDITOR COMMENTARY IS APPROPRIATE
WHERE MANAGEMENT DISCUSSION AND ANALYSIS IS ALSO AVAILABLE TO USERS

4. Do you agree that the matters to be addressed in Auditor Commentary should be left to the judgment of the auditor, with guidance in the standards to inform the auditor's judgment? Why or why not? If not, what do you believe should be done to further facilitate the auditor's decision-making process in selecting the matters to include in Auditor Commentary?¹ (See paragraphs 43–50.)

IN MY INDIVIDUAL OPINION
MATERIAL OR MANDATORY ELEMENTS OF AUDITOR COMMENTARY
SHOULD BE STANDARDISED
APPENDIX 4 AUDITOR COMMENTARY PARA MATTERS ARE GENRAL
AND NOT MATERIAL OR SIGNIFICANT. HENCE PRESENT PARA BE DELETED
WHILE RETAINING ALL OTHER ELEMENTS OF APPENDIX 4
PRESENTLY MANAGEMENT DISCUSSION AND ANALYSIS DO NOT INDICATE
OBJECTIVES ETC.

5. Do the illustrative examples of Auditor Commentary² have the informational or decision-making value users seek? Why or why not? If not, what aspects are not valuable, or what is missing? Specifically, what are your views about including a description of audit procedures and related results in Auditor Commentary? (See paragraphs 58–61.)

GOING CONCERN AND
OTHER INFORMATION MATERIAL INCONSISTENCIES
AS WELL AS ALL ELEMENTS OF APPENDIX 4 OTHER THAN AUDITOR COMMENTARY
ARE VALUABLE.
IN MY OPINION DESCRIPTION OF AUDIT PROCEDURES IS NOT NECESSARY
IN VIEW OF AUDITING STANDARDS AND PEER REVIEW.

6. What are the implications for the financial reporting process of including Auditor Commentary in the auditor's report, including implications for the roles of management and those charged with governance (TCWG), the timing of financial statements, and costs? (See paragraphs 38 and 62–64.)

IN MY INDIVIDUAL OPINON IMPLICATION
RE TIMING CAN BE FEW HOURS OR A DAY MAXIMUM
COSTS SHOULD BE TAKEN AS NEGLIGIBLE
CONSIDERING THE BENEFITS TO USERS

7. Do you agree that providing Auditor Commentary for certain audits (e.g., audits of public interest entities (PIEs)), and leaving its inclusion to the discretion of the auditor for other audits is appropriate? Why or why not? If not, what other criteria might be used for determining the audits for which Auditor Commentary should be provided? (See paragraphs 51–56.)

IN MY INDIVIDUAL OPINION AUDITOR COMMENTARY SHOULD BE USED
WHEREEVR MANAGEMENT DISCUSSION AND ANALYSIS IS USED

Going Concern/Other Information

8. What are your views on the value and impediments of the suggested auditor statements related to going concern, which address the appropriateness of management's use of the going concern assumption and whether material uncertainties have been identified? Do you believe these statements provide useful information and are appropriate? Why or why not? (See paragraphs 24–34.)

GOING CONCERN AND MATERIAL UNCERTAINTIES ARE HIGHLY USEFUL INFORMATION
AND ARE APPROPRIATE IN ALL AUDITS

9. What are your views on the value and impediments of including additional information in the auditor's report about the auditor's judgments and processes to support the auditor's statement that no material uncertainties have been identified? (See paragraphs 30–31.)

IN MY INDIVIDUAL OPINION

AUDITORS CAN ONLY STATE THAT

NO MATERIAL UNCERTAINTIES HAVE BEEN NOTICED BY THEM DURING THE AUDIT AS IN THE CASE OF FRAUD.

AUDIT CANNOT IDENTIFY ALL MATERIAL UNCERTAINTIES RELATING TO AN ENTITY ONLY BY AUDIT

MATERIAL UNCERTAINTIES SUBSEQUENT TO THE FINANCIAL STATEMENT DATE AND AUDITOR SIGNATURE DATE SHOULD BE EXCLUDED

10. What are your views on the value and impediments of the suggested auditor statement in relation to other information? (See paragraphs 65–71.)

IN MY INDIVIDUAL OPINION

OTHER INFORMATION WHERE MATERIAL INCONSISTENCY

HAS BEEN IDENTIFIED BY THE AUDITOR

SHOULD BE BROUGHT TO THE NOTICE OF THE USERS.

11. Do you believe the enhanced descriptions of the responsibilities of management, TCWG, and the auditor in the illustrative auditor's report are helpful to users' understanding of the nature and scope of an audit? Why or why not? Do you have suggestions for other improvements to the description of the auditor's responsibilities? (See paragraphs 81–86.)

ENHANCED DESCRIPTIONS OF RESPONSIBILITIES IN ILLUSTRATIVE AUDITOR REPORT

IS VERY MUCH HELPFUL TO USERS TO UNDERSTAND AUDITOR RESPONSIBILITY

AUDITORS RESPONSIBILITIES COVERED BY AUDITING STANDARDS SHOULD NOT BE

REPEATED OR INCLUDED AS EACH AUDIT IS CONDUCTED IN ACCORDANCE WITH

AUDITING STANDARDS

12. What are your views on the value and impediments of disclosing the name of the engagement partner? (See paragraphs 72–73.)

THE NAME OF THE ENGAGEMENT PARTNER SHOULD BE DISCLOSED

13. What are your views on the value and impediments of the suggested disclosure regarding the involvement of other auditors? Do you believe that such a disclosure should be included in all relevant circumstances, or left to the auditor's judgment as part of Auditor Commentary? (See paragraphs 77–80.)

INVOLVEMENT OF OTHER AUDITORS AND

BRANCHES/OFFICES OF ENTITY

NOT AUDITED BY ANY AUDITOR

SHOULD BE DISCLOSED IN AUDIT REPORT ITSELF

IN ALL AUDITS

14. What are your views on explicitly allowing the standardized material describing the auditor's responsibilities to be relocated to a website of the appropriate authority, or to an appendix to the auditor's report? (See paragraphs 83–84.)

IT SHOULD BE IN APPENDIX TO AUDITORS REPORT

Form and Structure

15. What are your views on whether the IAASB's suggested structure of the illustrative report, including placement of the auditor's opinion and the Auditor Commentary section towards the beginning of the report, gives appropriate emphasis to matters of most importance to users? (See paragraphs 17–20.)

AUDITOR COMMENTARY SECTION SHOULD NOT DETAIL MATTERS COVERED BY AUDIT STANDARDS

16. What are your views regarding the need for global consistency in auditors' reports when ISAs, or national auditing standards that incorporate or are otherwise based on ISAs, are used? (See paragraphs 21–23 and 87–90.)

GLOBAL CONSISTENCY IS A MUST AS MOST ENTITIES OPERATE GLOBALLY TODAY.

17. What are your views as to whether the IAASB should mandate the ordering of items in a manner similar to that shown in the illustrative report, unless law or regulation require otherwise? Would this provide sufficient flexibility to accommodate national reporting requirements or practices? (See paragraph 17 and Appendix 4.)

Mandating is necessary

Appendix 4 lists various mandatory elements of report

Auditor commentary para should cover only significant matters

Issues discussed with those charged with governance

18. In your view, are the IAASB's suggested improvements appropriate for entities of all sizes and in both the public and private sectors? What considerations specific to audits of small- and medium-sized entities (SMEs) and public sector entities should the IAASB further take into account in approaching its standard-setting proposals? (See paragraphs 91-95.)

In my individual opinion,

Improvements are appropriate for all entities

SMEs ,PSEs not issuing management discussion and analysis be given exemption