

Supplement B to Agenda Item 3-A

Note: This supplement has been prepared for information only. A comprehensive summary of the significant comments received on the August 2015 exposure draft (ED), Proposed ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*, and the Drafting Team’s related analysis of significant issues are presented at the [December 2015 IAASB meeting](#). All comment letters on the ED can be accessed [here](#).

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ED PROPOSED ISA 810 (REVISED) – Compilation of Question 1 Responses

Whether respondents agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor’s report on the audited financial statements, as well as the additional guidance proposed in paragraph A15 and Illustration 1 of the Appendix to proposed ISA 810 (Revised).

#	Source	Comment
1.	AICPA	<p>In general we agree with the manner in which paragraph 17, the related application material in paragraph A15, and illustration 1 of the Appendix to proposed ISA 810 (Revised) has been changed to address the reference to additional information that may be included in the auditor’s report on the audited financial statements. We offer the following comments that we believe clarify the auditor’s responsibilities for reporting other information and key audit matters, as well as suggested editorial comments:</p> <p><i>Other Information</i> (paragraph 17(e))</p> <p>When the auditor’s report on the audited financial statements includes a statement describing an uncorrected material misstatement of the other information in accordance with ISA 720 (Revised), <i>The Auditor’s Responsibilities Relating to Other Information</i>, we believe that, consistent with ISA 800 (Revised) <i>Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i> and 805 (Revised) <i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>, the auditor should be required to consider the implications, if any, that such uncorrected misstatement may have on the auditor’s report for the summary financial statements rather than reporting, in the ISA 810 auditor’s report, that the audited financial statements included an uncorrected material misstatement of the other information.</p> <p>We believe that the nature of uncorrected material misstatements of the other information in the annual report may relate to matters that are not relevant to the summary financial statements and therefore recommend that the requirement in paragraph 17(e) of proposed ISA 810 (Revised) be revised to require the auditor to consider the implications of such items in the context of the summary financial statements.</p> <p>With respect to circumstances when the summary financial information is accompanied by other information and the auditor is required to read such information as required by paragraph 24 of proposed ISA 810 (Revised), we recommend that the IAASB consider including an example in</p>

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		<p>the illustrations in the appendix to proposed ISA 810 (Revised) on how the auditor might report on other information in the auditor’s report on the summary financial statements.</p> <p><i>Key Audit Matters</i> (paragraph 17(i))</p> <p>Paragraph 23 of the explanatory memorandum states that because key audit matters is a new concept, the IAASB thought it may be useful for the illustrative auditor’s report to highlight how an auditor might include additional contextual information about key audit matters, rather than just the required statement that the auditor’s report on the audited financial statements includes communication of key audit matters.</p> <p>We believe that the illustrative financial statements should only illustrate the required content relating to key audit matters because illustrating additional content creates confusion between what is optional and what is required. If the IAASB believes that contextual information about key audit matters is useful information to include in the report then we recommend the IAASB include that information as part of the requirement in paragraph 17(i).</p> <p><i>Other Comments</i></p> <ul style="list-style-type: none"> • We believe that the “or” in paragraph 17(ii) between a. and b. should be changed to an “and” because the report may need to describe conditions from both a. and b. • Paragraph A15 – when the auditor chooses to describe, in the ISA 810 auditor’s report on the summary financial statements, details about the individual KAMs that were communicated in the auditor’s report on the audited financial statements, we recommend that guidance be included to clarify that the relevant details of each KAM that was communicated in the auditor’s report on the audited financial statements be provided and explain that it would not be appropriate for the auditor to selectively include only certain KAM. <p>Paragraph A16 – we recommend changing the word “variously” to “collectively” as variously could imply that the illustrations conflict.</p>
2.	BDO	<p>(a) Amendment to ISA 810 (Revised) to address an information gap</p> <p>We note that the extant ISA 810 requires the auditor to draw attention in the ISA 810 report to certain additional information included in the auditor’s report on the audited financial statements. In principle we support the expansion of paragraph 17 in order to provide greater transparency for users in circumstances where a material uncertainty related to going concern or a material misstatement of other information exists. While we are supportive of the approach adopted by the IAASB we acknowledge that there may be valid arguments that would suggest, particularly in respect of the paragraph 17 part (i) requirement, that the auditor should be able to exercise some level of judgment about whether a statement that describes an uncorrected material misstatement of the other information in accordance with ISA 720 (Revised) should be provided. We recognise that where a misstatement of other information is not reported in the summary statements then it could create less clarity for a user of an ISA 810 (Revised) report; conversely directing a user to the full financial statements, which is the intention of this requirement, might increase transparency. On balance though, we support the proposed approach.</p>

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		<p>(b) New requirement to include a reference to the communication of Key Audit Matters (KAM)</p> <ul style="list-style-type: none"> • We support the IAASB's proposed inclusion of a new requirement in paragraph 17 part (i) to require that in respect of an ISA 810 (Revised) report, a reference is made to the existence of the communication of KAM within the auditor's report on the financial statements. We strongly support the IAASB's conclusion that the requirement in paragraph 17 part (i) does not extend to a description of individual key audit matters; were it to do so, we believe that this could confuse users of the ISA 810 (Revised) report. We welcome inclusion of the new paragraph A15 which provides clarity on this matter. <p>(c) Alignment of illustrative auditor's reports consistent with ISA 700 (Revised)</p> <p>We support the modifications proposed to the illustrative auditor's reports which we believe will be helpful to auditors conducting ISA 810 (Revised) engagements. In respect of illustration 1 which provides an example of the statement required by paragraph 17 when the auditor's report on the audited financial statements includes a material uncertainty related to going concern section and communication of other key audit matters, we noted that the illustration provides additional content which is not actually required. We acknowledge the discussions highlighted in the ED about the IAASB's view that inclusion of the explanatory sentence '<i>Key audit matters are those matters which, in our professional judgment, were of most significance in our audit of the financial statements of the current period</i>' is helpful to preparers of ISA 810 (Revised) reports. In order to prevent content which is not required by paragraph 17 being included in the report, the IAASB might want to consider using parentheses or footnotes in this particular section.</p> <p>Aside from the specific areas discussed in our above comments, we are also supportive of the minor amendments that have been proposed throughout the ED on ISA 810 (Revised). After further review of paragraph 17, which has now been expanded by the proposals in this ED, we do, however, believe that the IAASB might want to re-consider the structure of this particular paragraph which, from a reader perspective, is now fairly lengthy and contains a number of bullet and sub-bullet points.</p>
3.	CAANZ	<p>Chartered Accountants Australia and New Zealand supports the International Auditing and Assurance Standards Board's (IAASB) consideration of how the new and revised Auditor Reporting standards affect other standards, including ISA 810. Against this backdrop of support, our comments below provide responses to the specific questions raised in the ED.</p> <p><i>Paragraph 17</i></p> <p>In our view, expanding paragraph 17 of ISA 810 is an appropriate response to address circumstances in which the auditor's report on the audited financial statements includes:</p> <ul style="list-style-type: none"> • A statement that describes an uncorrected material misstatement of the other information; • A <i>Material Uncertainty Related to Going Concern</i> section; or • Communication of key audit matters.

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		Illustration 1 in the appendix provides an example of the statement required by proposed paragraph 17 when the auditor's report on the audited financial statements includes a <i>Material Uncertainty Related to Going Concern</i> section and communication of key audit matters. It provides useful application guidance, therefore, on this basis we believe it would be well received.
4.	CAASB	We agree with the manner in which paragraph 17 has been changed as described above and the additional guidance proposed in paragraph A15 and illustration 1 of the Appendix.
5.	CAI	<p>Presentation of Key Audit Matters</p> <p>The exposure draft proposes that the Audit Report on summary financial statements includes a statement that key audit matters (KAM) have been included in the audit report on the financial statements. The guidance in paragraph A15 could be interpreted as allowing a choice on whether to describe these individual key audit matters in the auditor's report on summary financial statements by the use of the words "the auditor is not required to describe the individual key audit matters". As summary financial statements do not typically provide the context and detail necessary to explain KAMs sufficiently for the user (of the summary financial statements) to understand, in our opinion the inclusion of the description of key audit matters in the Audit Report on summary financial statements should not be permitted.</p> <p>ISA 720 (revised)</p> <p>The exposure draft (paragraph 17) proposes the inclusion of a statement that describes an uncorrected material misstatement of other information in accordance with ISA 720 (revised). We do not support this proposal.</p> <p>Summary financial statements may not contain the same additional detailed information as full financial statements. With summary financial statements it is difficult to confirm what constitutes the relevant documents to be reviewed under ISA 720.</p>
6.	CNCC	<p>We agree with the proposed changes of paragraph 17 of ISA 810. However, we have the following comment concerning the reference in the auditor's report on summary financial statement to the auditor's report on the audited financial statements:</p> <p>Paragraph 17 requires that the auditor's report on the summary financial statement shall, in addition to the elements in paragraph 14,</p> <ul style="list-style-type: none"> - state that the auditor's report on the audited financial statements includes, among others, an Emphasis of Matters Paragraph, an Other Matter Paragraph or a communication of key audit matters (paragraph 17 (ii)); - and describe the Emphasis of Matter or the Other matter (paragraph 17 (ii)), a description that is not required for the KAM. <p>We recommend that the IAASB harmonize the requirements concerning the reference to the KAM and the Emphasis of Matter or the Other matter included in the auditor's report on the audited financial statements. We are of the view that the Emphasis of Matter and the Other matter in should not be described in the auditor's report on the summary financial statements.</p> <p>Finally, we believe that it would be interesting that the auditor's report on the summary financial statements mentions, in cases when the auditor's report on the audited financial statements is available, where to find it.</p>

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7.	CPAA	We agree with the manner in which paragraph 17 has been changed.
8.	DJuvenal	<p>I agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor’s report on the financial statements.</p> <p>In the point A15 describes an information in relation key audit matters, as follows: “A15. Paragraph 17(i) of this ISA requires the auditor to include a statement in the auditor’s report on the summary financial statements when the auditor’s report on the audited financial statements includes communication of one or more key audit matters described in accordance with ISA 701.14 However, the auditor is not required to describe the individual key audit matters in the auditor’s report on the summary financial statements.”</p> <p>On the other hand, I be uncertain in relation the integration of going concern with transparency for summary of auditor’s report on the audited financial statements, because I believe in the evidence and effectiveness of information included in the financial statements by organizations, if the Board’s agrees, so, I suggest that:</p> <ol style="list-style-type: none"> 1- The Board’s consults in the national and regional regulators or key International Regulators to know which impact of going concern has in relation taxation laws and general laws, this subject is complex. 2- The Board’s emphasizes the definition in the page 28 about key audit matters, considering the importance of material evidence in the financial statements including the responsibility of auditor (external or internal) in this case; this point need to be intensity by IAASB “... Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.”
9.	DTT	<p>DTTL agrees that certain of the proposed revisions to paragraph 17 and the related application guidance in paragraph A15 will assist in achieving the stated intent by the IAASB of recognizing “the public interest of greater transparency about the audit ...”¹ as well as “how best to leverage this additional transparency ... in circumstances where the auditor is also engaged to report on summary financial statements, in light of the nature and objective of the ISA 810 engagement.”²</p> <p>However, DTTL notes that paragraph 17 is applicable only in circumstances where one, or more, of the items set out in paragraph 17(a) to (e) exist and the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial statements. DTTL however believes that to provide for consistent transparency, the reference to the auditor’s report on the audited financial statements, as currently described in paragraph 17(i), should be consistently applied in the ISA 810 auditor’s report, i.e., regardless of whether or not an adverse opinion is expressed as determined by paragraph 19 of proposed ISA 810 (Revised).</p>

¹ Paragraph 9 of the EM to proposed ISA 810 (Revised)

² Paragraph 10 of the EM to proposed ISA 810 (Revised)

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		<p>DTTL concurs with the manner in which a qualified opinion on the audited financial statements, and a material uncertainty related to going concern described in the auditor's report on the audited financial statements are to be dealt with in accordance with paragraph 17(ii) a and b, respectively, because these matters would be equally relevant to the users of the summary financial statements. Similarly, DTTL supports the proposal to merely highlight to the user that key audit matters (KAM) have been communicated (i.e., in accordance with paragraph 17(i)). However, for the reasons set forth below, DTTL does not concur with the additional requirements proposed in paragraph 17(ii) b, as they pertain to Emphasis of Matter (EOM), and Other Matter (OM) paragraphs, or an uncorrected material misstatement of the other information included or described in the auditor's report on the audited financial statements.</p> <p><u>Emphasis of Matter and Other Matter</u></p> <p>DTTL notes that the manner in which EOM and OM paragraphs are to be addressed in proposed ISA 810 (Revised) is inconsistent with how KAM are to be addressed. ISA 706 (Revised), <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>, indicates that where an item is both a KAM and EOM or OM, it should be included as a KAM in the auditor's report on the audited financial statements. Accordingly, communication of matters as KAM in the auditor's report on the full set of financial statements (and which would otherwise be treated as EOM or OM if ISA 701 had not been applied) would not be dealt with in a similar manner as EOM and OM paragraphs in proposed ISA 810 (Revised). DTTL agrees with paragraph 17(i) that it should be highlighted in the auditor's report on the summary financial statements that these paragraphs have been included. However, DTTL does not agree that the auditor should be required to describe the EOM and OM and the effect(s) thereof, if any, on the summary financial statements, as required by paragraph 17(ii) b. Rather, EOM and OM paragraphs should be treated in the same manner as KAM, where the only requirement would be to highlight their existence in the auditor's report on the summary financial statements. In addition, DTTL notes that including detailed descriptions of the EOM and OM paragraphs often may have no relevance to the summary financial statements, creating confusion for the user. DTTL observes that such confusion arises in some jurisdictions where OM paragraphs are frequently used to report on certain regulatory information.</p> <p>Accordingly, DTTL recommends that proposed ISA 810 (Revised) should only require the auditor to indicate that KAM, EOM and OM exist in the auditor's report on the full set of financial statements, but the auditor should not be required in all cases to provide further details on these matters in the auditor's report on the summary financial statements. Application guidance could be provided to indicate that the auditor may however include additional details about such matters, including any effects on the summary financial statements, in the auditor's report on the summary financial statements, if the auditor believes that such additional information would be of benefit to the users of the summary financial statements.</p> <p><u>Uncorrected Material Misstatement of the Other Information</u></p> <p>DTTL believes that the requirement in proposed ISA 810 (Revised) to make reference to an uncorrected material misstatement of the other information could be extremely confusing to the user of the summary financial statements where the other information does not contain or accompany the summary financial statements. In such circumstances this reference would have no context or relevance.</p>

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		Accordingly, DTTL recommends that there should only be a reference in the auditor’s report on the summary financial statements to an uncorrected material misstatement of other information when the other information <u>contains</u> the summary financial statements.
10.	EYG	<p>We support the expansion of paragraph 17 to require reference in the auditor’s report on the summary financial statements to a material uncertainty related to going concern or a material misstatement of other information that is included in the auditor’s report on the audited financial statements (which we included in our comments to the ISA 800-805 ED). We have no objections to also requiring a reference to the communication of key audit matters, when included in the auditor’s report on the audited financial statements. We agree that the auditor should not be required to describe in the auditor’s report on the summary financial statements the nature of the key audit matters communicated in the auditor’s report on the audited financial statements, as proposed in paragraph A15.</p> <p>We also agree with the revisions made to Illustration 1 of ISA 810 (Revised). We believe that the new section entitled “The Audited Financial Statements and the Auditor’s Report Thereon” that has been included across the illustrations is a useful enhancement to the structure of the illustrative auditor’s reports included in the Appendix to ISA 810 (Revised). This separate section facilitates a clear segregation of the information about the auditor’s report on the audited financial statements from the information that relates to the auditor’s report on the summary financial statements.</p> <p>However, we have the following editorial observations and suggestions for the IAASB’s consideration:</p> <ul style="list-style-type: none"> • Paragraph 14(h). We believe that the requirement in paragraph 14(h) to reference the auditor’s report on the audited financial statements is better located within the newly created section of the requirements entitled “Reference to the Auditor’s Report on the Audited Financial Statements”, such that all requirements that relate to referencing this report are centralized into one section of proposed ISA 810 (Revised). This would also align with the presentation in the illustrations that consolidates all information about the audited financial statements and report thereon into a single section of the auditor’s report. • Paragraph 17(ii)(b). We suggest that the wording of this bullet be modified as follows: “<u>The matter referred to in the Emphasis of Matter or Other Matter paragraph, or the basis for</u> the material uncertainty related to going concern or the uncorrected material misstatement of the other information <u>included</u> described in the auditor’s report on the audited financial statements and the effect(s) thereof, if any, on the summary financial statements.” These edits allow for use of the terms “Emphasis of Matter paragraph” and “Other Matter paragraph” as defined in ISA 706 (Revised). • Illustration 3. We note that content of the “The Audited Financial Statements and Report Thereon” section of this illustration does not align to that of the other illustrations. Specifically, we believe that the last sentence of the first paragraph of the Opinion section should be moved to be the first sentence of “The Audited Financial Statements and Report Thereon” section for consistency with the other illustrations.

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11.	FSR	<p>In principle, we agree to the suggested change regarding making reference to additional information that may be included in the auditor's report on the audited financial statements.</p> <p>Even though this is not a change compared to the extant standard, we believe that the last part of the paragraph 17 needs application guidance as it is not clear how the effect, if any, of a Qualified Opinion, Emphasis of Matter and Other Matter paragraphs, and sections on Material Uncertainty related to Going Concern or Material Misstatement of Other Information on the summary financial statements should be described in the auditor's report.</p> <p>Illustration 3 shows relatively clearly how the effect of a Qualified Opinion on the financial statements should be described in the auditor's report, but how and when the effects of an Emphasis of Matter paragraph etc. should be described is unclear. Additional illustrations showing how Emphasis of Matter, an Other Matter or Other Information paragraphs should be presented in the auditor's report would be helpful.</p> <p>Since the purpose of stating that the auditor's report on the audited financial statements includes a Qualified Opinion, Emphasis of Matter and Other Matter paragraphs, and sections on Material Uncertainty related to Going Concern or Material Misstatement of Other Information is to draw attention to the "full story" included in the audit report on the audited financial statements, an imprecise requirement to consider the effects of the additional information will lead to uneven practices and redundancies, that are more likely to confuse than to inform the readers.</p> <p>Furthermore, we do not understand the suggestion to treat Key Audit Matters differently compared to all the other additional information included in the Auditor's report on the audited financial statements.</p> <p>Paragraph A 15 does not seem to do more than state the obvious. If this is necessary, it should be included in Paragraph 17, but on balance, we do not find it necessary to do so.</p>
12.	HC	<p>We agree with all of the revisions made to Paragraph 17. The new heading, "Reference to the Auditor's Report on the Audited Financial Statements" is much more concise and easier to understand than the previous heading. In addition, the new requirements to reference additional information that may be included in the auditor's report on the audited financial statements increase the transparency of financial information and greatly benefit users of the report.</p> <p>We also agree with the guidance provided in Paragraph A15 regarding the referencing of any communication on key audit matters included in the auditor's report on audited financial statements. We concur with the Board that the auditor should reference communication of key audit matters but should not be required to describe the individual key audit matters. The purpose of an auditor's report on summary financial statements is to determine whether the summary financial statements fairly represent the audited financial statements. Therefore, the report should reference highlights of the auditor's report on audited financial statements but not describe in detail its contents.</p> <p>Illustration 1 of the Appendix to proposed ISA 810 (Revised) provides a framework on how to address a material uncertainty related to going concern and communication of key audit matters included in the auditor's report on audited financial statements. We agree with the manner in which the guidance was illustrated.</p>

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13.	HKICPA	<p>In principle, we support the proposed amendments to paragraph 17, A15 and Illustration 1.</p> <p>It would be useful to include the guidance in footnote 1 of Illustration 1 under the Application and Other Explanatory Material section. In addition, the IAASB could also consider clarifying in Illustration 1 (by way of footnote) that in the circumstances where there is no material uncertainty related to going concern, the word "other" in the statement for the communication of key audit matters would not be necessary.</p>
14.	IBR-IRE	None.
15.	ICAG	<p>Response:</p> <ul style="list-style-type: none"> ▪ We agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements. ▪ However, we do not agree with the additional guidance proposed in paragraph A15. We are of the view that the guidance seems to conflict with paragraph 17; and as such needs further clarification. <p>Our rationale is as follows:</p> <p>Paragraph 17(i) requires "the auditor to include a statement in the auditor's report on the summary financial statements when the auditor's report on the audited financial statements includes communication of one or more key audit matters described in accordance with ISA 701." Per paragraph 17(i), the statement to be made in the auditor's report on the summary financial statements is expected to "describe" uncorrected material misstatements of the other information, if such communication is included in the auditor's report on the audited financial statements.</p> <p>However, paragraph A15 states that the auditor is "not required to describe" the individual key audit matters in the auditor's report on the summary financial statements. Thus where audited financial statements include uncorrected material misstatements of the other information, the requirement of paragraph 17(i) and the additional guidance proposed in paragraph A15 will conflict. The conflict will be with regard to whether the reference to this key audit matter should be a "mere statement" or "a description".</p> <p>The requirements in both paragraph 17(i) and paragraph 17(ii) must be met if any key audit matters are described in the auditor's report on the audited financial statements. Paragraph 17(ii), which refers to paragraph A15, also requires a "description" of:</p> <ul style="list-style-type: none"> (i) the basis for the qualified opinion on the audited financial statements, and the effect thereof, if any, on the summary financial statements; or (ii) the key audit matter described in the auditor's report on the audited financial statements and the effect(s) thereof, if any, on the summary financial statements. <p>The requirement of paragraph 17(ii) to "describe" the basis for the qualified opinion, or the key audit matter, also contradicts the statement in paragraph A15 that states that the auditor is "not required to describe" the individual key audit matters in the auditor's report on the summary financial statements.</p>

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		<ul style="list-style-type: none"> <li data-bbox="386 256 1381 282">• We agree with the additional guidance proposed in Illustration 1 of the Appendix.
16.	ICAP	<p data-bbox="338 306 2018 524">The main aim of summary financial statements is to remove most of the complex disclosures and concentrate on the key issues that are of relevance to individual stakeholders, and to enable companies to present the key information in a user friendly manner. Considering this, proposed changes to address the information gap related to a material uncertainty related to going concern and a material misstatement of other information, a reference to the communication of key audit matters in the auditor's report and alignment of the layout of ISA 810 audit report in a manner consistent with those in ISA 700 (Revised) will help relevant stakeholders to easily comprehend key subject matters in summary financial statements.</p>
17.	ICAZ	<p data-bbox="338 548 846 574">We agree with the proposed amendments.</p> <p data-bbox="338 591 2018 656">The amendments to ISA 810 are appropriate as they are clearly in line with the new and revised auditor reporting standards; they bring consistency within the International Standards on Auditing.</p> <p data-bbox="338 672 2018 776">We also agree with the additional guidance proposed in paragraph A15. The guidance is in line with the intention of not making the ISA 810 report a substitute of the audit report. Describing the KAM in the report on summary financial statements might possibly result in users placing more reliance on the ISA 810 report instead of the audit report on the complete set of audited financial statements.</p> <p data-bbox="338 792 1646 818">We therefore strongly feel that the amendments are justified and are addressing the new audit reporting issues.</p>
18.	IDW	<p data-bbox="338 850 2018 1094">We agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements. We also agree with the additional guidance in paragraph A15 because requiring a description of communicated KAM would unjustifiably increase the length of the auditor's report on the summary financial statements, and may detract from having users read the auditor's report on the full set of financial statements. We believe that paragraph 17 in connection with paragraph A15 achieves the right balance in their treatment, in the auditor's report on the summary financial statements, of the new sections in the auditor's report on the full set of financial statements regarding going concern, other information and key audit matters, which prompted the need to revise ISA 810.</p>
19.	INCP	<p data-bbox="338 1127 2018 1338">INCP considers that changes made to paragraph 17 are appropriate and essential for the auditor's report on summary financial statements to provide users with relevant information and a better understanding. Besides, these reports are being adjusted to mandatory changes and additions following the review of ISA 705, "Modifications to the Opinion in the Independent Auditor's Report", ISA 706, "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report" ISA 570 "Going Concern", paragraph 22 and ISA 720 "The Auditor's Responsibilities Related to Other Information", paragraph 22(e)(ii). It is worth noting the inclusion of the new ISA 701 "The Auditor's Responsibilities Related to Other Information, paragraph 22(e)(ii)".</p> <p data-bbox="338 1354 2018 1419">Similarly, INCP considers that information in paragraph A15 indicating that it is not required to individually describe all key matters in the report on summary financial statements is appropriate, since such matters are contained in the auditor's report on complete financial statements, and</p>

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		<p>provided that this is carried out in compliance with the requirement of making the audited financial statements available to the intended users of the summary financial statements, paragraph 6 (ii) of revised ISA 810.</p> <p>Lastly, regarding the review conducted on the cases referred to in illustration 1, INCP considers that changes and additions made are in line with the new dispositions of the revised relevant ISAs.</p>
20.	IPA	<p>The IPA supports the proposed changes to ISA 810 in paragraphs 17 and A15 and Illustration 1 in the Appendix.</p>
21.	IRBA	<ol style="list-style-type: none"> 1. Paragraph 17 is sufficient in terms of addressing all the matters in subsections (a) to (e) which may have been included in an auditor’s report on the full set of audited financial statements, as well as referring to the communication of key audit matters (KAM) in terms of ISA 701, <i>Communicating Key Audit Matters in the Independent Auditor’s Report</i>. However, the use of the word “or” may suggest that the matters are mutually exclusive. We propose the use of “and/or” at the end of paragraph 17(d), as indicated below in bold, instead of using “or”. 17. When the auditor’s report on the audited financial statements includes: (d) Communication of Key Audit Matters in accordance with ISA 701; and/or 2. We believe the approach that has been retained from extant ISA 810 is appropriate. This is with regard to making reference to any of these matters having been included in the auditor’s report on the audited financial statements and describing the matter (excluding KAM), and the effect thereof, if any, on the summary financial statements. 3. Reference alone to the matter, without describing it and its effect (if any), would not be sufficient. The nature of summary financial statements is such that it is intrinsically linked to the audited financial statements from which it is derived and should not communicate a different message to the intended users – likewise for the auditor’s report on the two sets of financial statements concerned. 4. The word “but”, following subsection (e) of paragraph 17, may indicate that there is a contradiction or a non-alignment between the audited financial statements and the summary financial statements. The word “and” may be considered as a better option to be used here. 5. Subsections (i) and (ii) of paragraph 17... Throughout these subsections “or” is used to refer to all the relevant matters that may be addressed in the auditor’s report on the full set of audited financial statements. We suggest the use of the words “and/or” as the use of just the word “or” suggests that the matters are mutually exclusive and thus only one matter may be referred to. This may not necessarily be accurate as reference to more than one matter may be required, depending on what is communicated in the auditor’s report on the full set of audited financial statements. The subsections may therefore read as follows:

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		<p>(i) State that the auditor’s report on the audited financial statements includes a qualified opinion, an Emphasis of Matter paragraph, an Other Matter paragraph, a <i>Material Uncertainty Related to Going Concern</i> section, communication of key audit matters, and/or a statement that describes an uncorrected material misstatement of the other information; and</p> <p>(ii)–Describe: (Ref: Para. A15)</p> <p>a.–The basis for the qualified opinion on the audited financial statements, and the effect thereof, if any, on the summary financial; and/or</p> <p>b. The Emphasis of Matter, the Other Matter, the material uncertainty related to going concern, and/or the uncorrected material misstatement of the other information described in the auditor’s report on the audited financial statements and the effect(s) thereof, if any, on the summary financial statements.</p> <p>6. We agree with the guidance proposed in paragraph A15 in which the auditor is required to include a statement in the auditor’s report on the summary financial statements when the auditor’s report on the audited financial statements includes KAM in terms of ISA 701, without the requirement of describing individual KAM.</p> <p>7. Currently, if paragraph 17 is read with paragraph A15, KAM must be considered in the context of the auditor’s report on the complete set of audited financial statements. This is particularly relevant, since the auditor is not the provider of original information about the entity and is therefore required, when communicating KAM, to refer to the related disclosure(s), if any, in the complete set of audited financial statements.</p> <p>The summary financial statements do not provide users with all of the information (including disclosures) that is required to properly understand and interpret KAM reported in the auditor’s report on the complete set of financial statements. Therefore, describing KAM in the auditor’s report on the summary financial statements could have unintended consequences, which may lead to misunderstanding and misinterpreting the entity’s financial information and the scope of the auditor’s engagement, as well as adversely affecting users’ decisions.</p> <p>8. We recommend consistency in the identification of reports that comprise the summary financial statements in the opinion paragraph of the illustrative examples in proposed ISA 810 (Revised).</p> <p>We suggest the following standard wording for illustration 1 (as well as illustrations 2 to 5):</p> <p><i>“The summary financial statements, which comprise the summary balance sheet <u>statement of financial position</u> as at December 31, 20X1, the summary income <u>statement of comprehensive income</u>, the summary statement of changes in equity and the summary <u>statement of cash flows</u> statement for the year then ended...”</i></p>
22.	ISCA	None.
23.	JICPA	We agree with the proposed change to paragraph 17 and the additional guidance proposed in paragraph A 15 and illustration 1 of the Appendix.

#	Source	Comment
24.	KICPA	<p>We agree that, as described in paragraph 22 of the ISA 810 Explanatory Memorandum, detailed reference to individual key audit matters may give the impression that the ISA 810 engagement is something other than what is intended, would potentially lengthen the ISA 810 report, and could be misleading if the underlying issues were not disclosed in a similar manner in the summary financial statements.</p> <p>Therefore, we are supportive of the proposed approach in the ED for ISA 810 reports to include a reference to the communication of key audit matters in the auditor’s report on the audited financial statements.</p>
25.	KPMG	<p>Amendments to address the “information gap” in respect of a material uncertainty related to going concern and a material misstatement of other information</p> <p>We agree with the Board that certain of the changes made to the Auditor Reporting standards (i.e. that a material uncertainty related to going concern or material misstatement of other information are now required to be highlighted in separate sections of the auditor’s report, as opposed to being addressed in an Emphasis of Matter (EOM) or Other Matter (OM) paragraph) may result in an “information gap” in the ISA 810 auditor’s report. This is because extant ISA 810 paragraph 17 discusses making reference only to EOM and OM paragraphs in the auditor’s report on the complete set of financial statements from which the summary financial statements are derived, and not these additional, specific sections.</p> <p>Accordingly, we consider it appropriate to extend paragraph 17 to also include reference to these sections since this is in accordance with the underlying intention of paragraph 17 to draw the attention of users of the auditor’s report on summary financial statements to important information in the auditor’s report on the complete set of financial statements, that would be of particular relevance to them.</p> <p>We highlight that the changes to the Auditor Reporting standards were developed in response to calls for greater transparency, both in terms of giving increased prominence to significant matters such as going concern issues and material misstatements, as well as providing greater insight into the matters that were of most significance in the audit of the complete set of financial statements of a listed entity. Such financial statements are prepared to meet the common financial information needs of a broad range of users, who may not have access to the auditors or a clear understanding of the key features of the audit engagement, including those that were the most significant and generated the most robust dialogue between those charged with governance, and the auditor.</p> <p>We therefore consider it important to draw attention to these matters in the ISA 810 auditor’s report, in order to be able to meet the same objectives of clarity and transparency, for the following reasons:</p> <ul style="list-style-type: none"> • In the limited circumstances in which summary financial statements are prepared and audited in accordance with ISA 810 (adapted in many cases by a national standard setter), the intended audience is often similarly broad and may not have access to the auditors, for example, when the summary financial statements are prepared for inclusion in an offering document; • The standard provides for the addressee of the ISA 810 auditor’s report to be different to the addressee of the auditor’s report on the complete set of financial statements, therefore it is of particular importance in this scenario that the critical matters included in paragraph 17 of the standard are highlighted in the ISA 810 auditor’s report.

#	Source	Comment
		<p>We understand that both extant paragraph 17 as well as the proposed revisions to that paragraph appear to be based on the premise that the matters referred to would almost always be relevant to a user of the summary financial statements. We believe this is appropriate, in particular, because ISA 810 paragraph 4c defines the summary financial statements as providing a “structured representation consistent with that provided by the [complete set] of financial statements” and also since ISA 810 paragraph 12 states that the summary financial statements, when dated later than the date of the auditor’s report on the complete set of financial statements, do not reflect the effects of subsequent events.</p> <p>In relation to the statement in the auditor’s report on the complete set of financial statements that describes an uncorrected material misstatement of the other information accompanying those financial statements, we consider that such a statement may be relevant to the users of the summary financial statements, and therefore it is appropriate that this matter be addressed by paragraph 17.</p> <p>However, the proposed approach may be confusing to a user if the same “other information” does not accompany the summary financial statements, and, in particular, if a different set of “other information” accompanies the summary financial statements, for example, if these are issued at a later date, and included in an Offering Document.</p> <p>Accordingly, we recommend that paragraph 17 include a requirement for the auditor to instead determine the effect that this statement may have on the auditor’s report on the summary financial statements, and to include a reference to this statement when deemed appropriate, similar to the requirement set out in proposed ISA 805.15 [Revised].</p> <p>Amendments to refer to the communication of key audit matters</p> <p>We support the proposed inclusion of the requirement, in paragraph 17, for the ISA 810 auditor’s report to state that the auditor’s report on the complete set of financial statements includes communication of key audit matters. This is in accordance with the intended objective of highlighting important aspects of that auditor’s report which may be of particular relevance to users of the summary financial statements and the ISA 810 auditor’s report.</p> <p>We agree with the proposed method to make reference to these matters, i.e. to include a statement to this effect but not to require the auditor to further describe these in the ISA 810 auditor’s report itself. We consider this approach appropriate in order to draw a reader’s attention to the fact that key audit matter(s) have been communicated, but not to provide further detail as this could potentially suggest that the nature and objective of the ISA 810 engagement is broader than intended, which may mislead users.</p> <p>Accordingly, we agree with the material in A15 which explicitly clarifies that the auditor is not required to provide further detail, whilst not precluding an auditor from providing additional information. We recognise the Board’s intention to allow the auditor to exercise professional judgment in determining how best to communicate regarding these key audit matters in a manner that the auditor considers will be of most benefit to users of the ISA 810 auditor’s report. We are also supportive of this intended flexibility since we believe it will help to avoid potential conflict between ISA 810 and additional requirements that may be imposed by certain national setters.</p> <p>Notwithstanding the above, we are concerned that, as drafted, this may give rise to unintended consequences in practice. For example, in accordance with the proposals, auditors may repeat descriptions of key audit matters or make specific reference to certain individual matters</p>

#	Source	Comment
		<p>considered to be of most relevance. These practices may be misleading to users as they may be encouraged to consider information out of context, or place undue emphasis on certain information. Users may also misunderstand the nature and purpose of the ISA 810 (Revised) audit engagement.</p> <p>We therefore suggest that A15 be enhanced to explain why the auditor is not required to include detailed information and to state that “ordinarily” a succinct reference is preferable. Such clarification could elaborate that there may be circumstances when the auditor considers it appropriate to include further information and that in such circumstances the auditor would need to exercise professional judgement in this regard. This would both clarify the IAASB’s preferred approach and would set out principles that auditors may apply, whilst avoiding being overly prescriptive.</p> <p>Other Proposed Changes to Align ISA 810 with ISA 700 (Revised)</p> <p>We are supportive of the amendments to align the layout of the illustrative auditor’s reports on summary financial statements with those of ISA 700 (Revised), as we believe such symmetry is beneficial and would help to provide greater clarity to users of the auditor’s report. In particular, we support the upfront placement of the opinion.</p> <p>We concur with the Board’s decision not to mandate the ordering of certain elements, and we agree with the deletion of the wording “An introductory paragraph that...” in paragraph 14, to avoid the implication of a required order.</p> <p>We also consider it appropriate not to require the use of specific headings, as we believe this approach is consistent with the different scope and purpose of an engagement performed in accordance with ISA 810, and also continues to facilitate modification of the standard by national standard setters across a number of jurisdictions.</p>
26.	LCA	None.
27.	MAOB	<p>(a) Communication of Key Audit Matters (KAM)</p> <p>Para 16 of ISA 701 <i>Communicating Key Audit Matters in the Independent Auditor’s Report</i> states that if the auditor determines, depending on the facts and circumstances of the entity and the audit, that there are no key audit matters (KAM) to communicate or that the only KAM communicated are those matters addressed by Para 15 of ISA 701, the auditor shall include a statement to this effect in a separate section of the auditor’s report under the heading “Key Audit Matters”.</p> <p>In this respect, the AOB recommends that if applicable, such statement should be reproduced in the auditor’s report on summary financial statements.</p>
28.	MIA	We agree with the changes made to paragraph 17, the additional guidance proposed in paragraph A15 and Illustration 1 of the Appendix to proposed ISA 810 (Revised). In particular, we agree with the proposal that it is in the public interest to draw attention to certain pertinent information from the full auditor’s report for users of the ISA 810 auditor’s report.

#	Source	Comment
29.	MICPA	<p>Whilst the Institute agrees with the manner in which the standard has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements, the Institute is of the view that the requirement of the auditor to make a statement in the ISA 810 report that the auditor's report on the audited financial statements includes communication of key audit matters is inadequate. MICPA proposes that the auditor should instead be required to describe the individual key audit matters in the ISA 810 report for ease of reference – otherwise readers of the ISA 810 report would need to locate the auditor's report on the audited financial statements to understand what the key audit matters were.</p>
30.	NBA	<p>We agree to change paragraph 17 to incorporate the reference to the auditor's report on the financial statements including the new sections related to a material uncertainty related to going concern and a material misstatement of other information. This addresses the information gap that otherwise might arise if there is no reference to these new sections.</p> <p>In our response to ED ISA 800 and ISA 805 (Revised) we stated that key audit matters do not fit in the auditor's report relating to ISA 810 as the nature of an ISA 810 engagement is different from an audit of financial statements. In the ED ISA 810 reference is only made to the existence of key audit matters in the audit of the financial statements. We agree with this approach as there is no need to describe, repeat or otherwise refer to individual key audit matters as described in paragraph A15. The explanation of the meaning of key audit matters in illustration 1 is useful.</p>
31.	NZAuASB	<p>Yes, the NZAuASB agrees with the proposed amendments to paragraph 17. The NZAuASB considers that these changes are required to address the information gap that would otherwise be created. The NZAuASB is also supportive of the requirement to state that the auditor's report on the audited financial statements includes communication of key audit matters, but does not require any more detail on the individual key audit matters (as highlighted in proposed paragraph A15). The NZAuASB is supportive of the decision not to list the key audit matters or require descriptions of key audit matters.</p> <p>The NZAuASB is also supportive of the proposed amendments to Illustration 1 and considers that these amendments are helpful to illustrate how the revisions would apply in practice. The NZAuASB considers that the additional contextual information included regarding key audit matters in the illustrative report, rather than just the required statement is also helpful.</p>
32.	PWC	<p>The ISA 810 engagement, and auditor's report thereon, is a distinct engagement – to report on the summarisation of the entity's full financial statements – and serves a specific purpose for specific users. In our view, drawing attention to a misstatement of other information that accompanied the complete set of financial statements is likely to have little relevance to the users of the ISA 810 report. In situations where that same, or similar other information, accompanies the summary financial statements, the auditor will report if such information is misstated in accordance with paragraph 24. If, however, that other information is not provided together with the summary financial statements, then the user of the ISA 810 report cannot conceivably be misled by it. We recommend deleting this requirement from proposed paragraph 17.</p> <p>We believe that the reporting responsibility in paragraph 24 could also be clarified. We recommend that the requirement explicitly describe what, if anything, the auditor needs to include in the ISA 810 report if a misstatement of the other information (that accompanies the summary financial</p>

#	Source	Comment
		statements) has been identified that management refuses to correct. Application material paragraph A20 could explain how the reporting requirements in ISA 720 (Revised) may be adapted as necessary in these circumstances.
33.	SAICA	See IRBA.
34.	SMP	<p>We agree that it is in the public interest to address the information gap that would result from changes made during the Auditor Reporting project in circumstances where a material uncertainty related to going concern or a material misstatement of other information exists. In addition, we support the proposals to provide users of summary financial statements with greater transparency in circumstances when key audit matters are communicated in the auditor's report on the audited financial statements. We concur with the application material (A15), which explicitly notes that a description of key audit matters in the ISA 810 report is not required for the reasons identified in the Explanatory Memorandum.</p> <p>We agree with the proposals to retain a degree of symmetry between the layout of the illustrative auditor's reports on summary financial statements and the illustrative auditor's reports on auditing financial statements included in proposed ISA 810 (Revised) and ISA 700 (Revised)³ respectively. We also support the view that it is not necessary to mandate the ordering of certain elements in the ISA 810 report or require the use of specific headings.</p> <p>Overall, we agree with the manner in which paragraph 17 has been changed to address reference to additional information that may be included in the auditor's report on the audited financial statements, as well as the additional guidance proposed in paragraph A15 and Illustration 1 of the Appendix to proposed ISA 810 (Revised).</p>

³ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*