



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

San Juan, Puerto Rico, April 21th, 2015

Members of the Group
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB).

REF: **Proposed Changes to the International Standards on Auditing (ISAs)
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 Proposed Conforming Amendment to Another ISA**

Dear Members of the Group:

The Inter-American Accounting Association (AIC – in Spanish), welcomes the opportunity to comment on **Proposed Changes to the International Standards on Auditing (ISAs)
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 Proposed Conforming Amendment to Another ISA**

This reply summarizes the views of different member countries of the AIC, according to the following due process:

Due process:

The Draft was submitted to the different AIC member, the Inter-American Technical Commissions (AIC) and the Sponsor Organizations (OP-in Spanish), hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and OP, were compared and discussed, before preparing a reply which has been approved upon by all members.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Gustavo Gil Gil
PRESIDENT



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Comment Letter of the Interamerican Accounting Association- AIC on the document for public discussion referred to Proposed Changes to the International Standards on Auditing (ISAs) 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 Proposed Conforming Amendment to Another ISA

We have answered the questions of the document in accordance with the provided instructions. Please see our answers and related comments below.

1.

Q. Whether 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.

A. **We agree with the way that improvements resulting from new and revised standards introduced in ISA 700, 701 and other related have been addressed in the proposed ISA 805 (Revised), explained in the Explanatory Memorandum. With the proviso our original position against the expansion of the auditor's responsibilities, manifested in our commentary on November 12, 2013.**

2.

Q. Whether 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.

A. **We understand that the proposed standards to be modified (ISA 800 and 805) should be expanded in terms of the requirements to be observed and particularly those prohibitions that should be considered by auditors in their special tasks related to these ISAs to be revised.**

3. In relation to KAM:

a.

Q. 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?

A. **We agree with the decision of the IAASB that the communication of key audit issues is voluntary for all cases of entities under both proposed ISA 800 (Revised) and ISA 805 (Revised).**

b.

Q. Specific to proposed ISA 805 (Revised), whether 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 (see paragraphs 25–32 above). In particular, the IAASB would also welcome respondents' views about:

A. **We agree with the guidelines of IAASB to allow auditors to reference the key audit issues included in the report of the independent auditors, in accordance with ISA**



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700 (Revised), on complete sets of financial statements in its special audit report, conducted in accordance with ISA 805 (Revised), as provided for explanatory paragraph A23 of this standard. Specifically agree with IAASB in reference under paragraph Another issue to key audit issues reported in the opinion of ISA 700 (Revised), arguing that this procedure is not the user of its special report would tire reading sentences repeated, and gives the user the possibility of seeking the opinion of the auditors on complete set of financial statements, if it is of interest to deepen communication of its auditor on special commitments.

4.

Q. 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

A. **Reiterate, we consider appropriate proposals set out by the IAASB in A23 of ISA 805 (Revised), to reference the key audit issues in a custom special purpose of ISA 805 (Revised), to avoid tire users with repetitions of entire paragraphs included in its opinion on the basic financial statements conducted in accordance with ISA 700 (Revised).**

5.

Q. (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 EXPLANATORY MEMORANDUM – PROPOSED ISA 800 (REVISED) AND PROPOSED ISA 805 (REVISED) 16 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).

A. **Given the numerous and significant changes that arise in the new (701) and revised (700, 705, 706, 570, 210) already approved and upcoming to approve (800, 805, 810, etc.) should illustrate the requirements to take into account when approving the ISA 805 (revised) avoiding where possible any possibility of confusing the auditors in their application, without in the least affect the exercise of professional judgment. In this respect it should clearly specify the prohibitions related and necessary to avoid the opposite effect to the central purposes of the IAASB to assume these changes, to improve communication to users of the reports of the independent auditors, and increase its usefulness.**

6. The IAASB would also welcome feedback on whether 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. In addition to the requests for specific comments above, the IAASB is also seeking comments on the general matters set out below:

a.

Q. Preparers (including Small- and Medium-Sized Entities (SMEs)), and Users (including Regulators)— The IAASB invites comments on the proposed revised ISAs from preparers (particularly with respect to the practical impacts of the proposed revised ISAs), and users (particularly with respect to the reporting aspects of the proposed



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- ISAs and whether the communicative value of the auditor's reports in accordance with proposed ISA 800 (Revised) and proposed ISA 805 (Revised) would be enhanced).
- A. **We consider the communicative value of the audit reports will be reinforced with ISA 800 and 805.**
- b.
- Q. Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposed revised ISAs, in particular, on any foreseeable difficulties in applying it in a developing nation environment.
- A. **We believe that this will not bring major problems of implementation in different countries of the region.**
- c.
- Q. Translations—Recognizing that many respondents may intend to translate the final ISAs for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed revised ISAs.
- A. **Translations must be made by an official body of IFAC and AIC in charge of the region.**
- d. Effective Date— In line with the effective date of the new and revised Auditor Reporting standards, the effective date of:
- i. Proposed ISA 800 (Revised) is for audits of special purpose financial statements for periods ending on or after December 15, 2016; and
- ii. Proposed ISA 805 (Revised) is for audits of single financial statements or specific elements, accounts or items for periods ending on or after December 15, 2016. In the case of audits of single financial statements or specific elements, accounts or items of a financial statement prepared as at a specific date, proposed ISA 805 (Revised) is effective for audits of such information prepared as at a date on or after December 15, 2016.
- A. **We believe that the date of entry into force for both NIA = 800 and 805, is adequate.**

Early adoption of the proposed standards would be permitted.
Additionally, we discuss the following:

With reference to the requirement in paragraph 14 of ISA 800, we believe it is highly important to consider this aspect, since special emphasis should be on the special purpose for which the audit, other than express an opinion on a complete set of states is intended financial. Similarly, we believe should be emphasized specific users of these financial statements.

Paragraph A2 NNIA 805, is very important to specify that compliance with the accounting basis of special purpose is not generally applicable in all that relates to the review, when it corresponds to some aspects of verification of compliance; not mislead users of the financial statements on the specific purpose of the basis on which the audit was conducted.