



2 November 2015

Hunter College Graduate Program
Economics Department
695 Park Avenue
New York, N.Y. 10065

Technical Director, International Auditing and Assurance Standards Board, International
Federation of Accountants
545 Fifth Avenue, 14th Floor New York, N.Y. 10017

Re: Proposed International Standard on Auditing (ISA) 810 (Revised): Engagements to Report on Summary Financial Statements

To Whom It May Concern,

The Advanced Auditing Class (ECON 775) at Hunter College Graduate Program in New York City brings forward their collaborative and collective critique on this current topic with excitement and professionalism.

The class discussed the Proposed International Standard on Auditing (ISA) 810 (Revised): Engagements to Report on Summary Financial Statements, and took up the Invitation to Comment, providing some responses to changes made throughout the Exposure Draft and criticisms of our own.

We would like to thank the Board for its consideration of this letter. Please contact Professor Joseph A. Maffia at (212) 792-6300 if you would like to facilitate any further discussion with us.

Sincerely,

Professor Joseph A. Maffia, CPA



**Hunter College Graduate Program
Economics Department
Advanced Auditing Class
Econ 775
Fall 2015**

**IAASB Proposed International Standard on Auditing (ISA) 810 (Revised): Engagements to
Report on Summary Financial Statements**

2 November 2015

Hunter College Advanced Auditing Class

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**Hunter College Graduate Program
Economics Department
Advanced Auditing Class
Econ 775
Fall 2015**

**Comments on Proposed International Standard on Auditing (ISA) 810 (Revised):
Engagements to Report on Summary Financial Statements**

The following feedback and criticism are for consideration by the International Federation of Accountants after reviewing and discussing the Proposed International Standard on Auditing (ISA) 810 (Revised): Engagements to Report on Summary Financial Statements. Our comments are separated into two distinct sections: Request for Comments and Other Comments.

Request for Comments:

33. 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).

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.

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.

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.

34. Whether respondents believe any further changes to ISA 810 are necessary as a result of the new and revised Auditor Reporting standards. If so, the IAASB would like to understand respondents' rationale as to why these further changes are needed as well as views as to when the Board should develop and propose such changes in light of its other priorities.

(d). Effective Date—In line with the effective date of the new and revised Auditor Reporting standards, the effective date of the Proposed Limited Conforming Amendments to ISA 810 is for engagements to report on summary financial statements for periods ending on or after December 15, 2016.

We agree with the Board that the effective date should remain in line with that of the new and revised Auditor Reporting standards. This would preserve consistency and uniformity across the revised Auditor Reporting standards.

Other Comments:

1. Prior to the revisions of ISA 570 and ISA 720, material uncertainty of going concern and material misstatements of other information were addressed in an “Emphasis of Matter” paragraph or an “Other Matter” paragraph. The revisions of ISA 570 and ISA 720 eliminate these paragraphs and instead require these circumstances to be addressed in separate sections in the auditor's report on audited financial statements. Since the current version of ISA 810 does not refer to these new sections, an auditor's report on summary financial statements would not be required to highlight any material uncertainties of going concern or material misstatements included in the auditor's report on audited financial statements. The Board expanded ISA 810 to reference a “Material Uncertainty Related to Going Concern” section or a statement that describes an uncorrected material misstatement included in the auditor's report on the audited



financial statements. We agree with the Board's decision to expand ISA 810, however, we believe that specifically referencing the newly added "Material Uncertainty Related to Going Concern" section will limit the amendment to this section. Therefore, instead of referencing this section, our suggestion is to change the guideline to something more general, such as "...where the auditor's report on the audited financial statements includes **a statement that describes a material uncertainty of going concern...**" This will retain consistency among the instructions as well as avoid having to make future amendments if the "Material Uncertainty Related to Going Concern" section is later revised.

2. In the Explanatory Memorandum, Paragraph 25 states that the Board "...agreed 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 audited financial statements..." We want to commend the Board on making a point of the importance of symmetry between both reports to maintain consistency. On the other hand, Paragraph 26 stipulates that there should not be a requirement of the order and use of specific headings in the Report. We disagree with this change because we think that the Report should have a uniform and user-friendly approach to provide better clarity and avoid confusion. The format of the illustrations provided is clear and concise and we suggest that it should be a requirement rather than a guideline.

3. According to Paragraph 27 of the Explanatory Memorandum, the Board believes the disclosure of auditor independence is unnecessary and should therefore not be included in the auditor's report on summary financial statements. While it may seem redundant to disclose auditor independence, we do not agree with this proposed change. If the disclosure of auditor independence is mandated, the Report will appear more seamless, standardized and professional when read alongside the auditor's report on audited financial statements.

4. Paragraph 29 of the Explanatory Memorandum states that the Board decided not to expand Paragraph 14(f) of ISA 810 to include the underlined portion in the following statement: "...reading the summary of financial statements and the auditor's report thereon is not a substitute for reading the audited financial statements and the auditor's report thereon." According to Paragraph 30 of the Explanatory Memorandum, the Board concluded that the revisions made to Paragraph 17 of proposed ISA 810 will reference "...specific items included in the auditor's report on the audited financial statements, thereby achieving the same effect." We disagree with the Board's decision and reasoning. As the board stated, Paragraph 17 addresses reference to *specific items* in the auditor's report on the audited financial statements. These items will not be



referenced in the ISA 810 report if they are not included in the auditor's report on the audited financial statements, thereby *not* achieving the same effect. Also, we believe it should not be assumed that anything is implied or inferred. If the auditor's report on summary financial statements is not a substitute for the auditor's report on audited financial statements, then it should be explicitly stated in the ISA 810 report. We respectfully suggest that the Board expand the statement required in Paragraph 14(f) to include “**and the auditor's report thereon.**”

5. The auditor whom reported on the financial statements does not always engage in reporting on the summary financial statements. Paragraph 26 of Proposed ISA 810 (Revised) states that if this is the case and if management plans to reference the auditor in a document stating that the summary financial statements are derived from the financial statements audited by the auditor, then the auditor must be satisfied that the reference does not give the impression that (s)he reported on the summary financial statements. If the auditor is not satisfied, then management must revise the statement accordingly. We believe this requirement is inefficient and can lead to misconceptions. We suggest the Board require management to include an explicit and clear statement that the summary financial statements were not reported on by the auditor. Firstly, this would prevent potential misinterpretations from the reader. We believe that without an explicit statement, it can become difficult for users to disassociate the auditor from the summary financial statements. Secondly, including an explicit statement as such prevents any dissatisfaction the auditor may have with management's statements referencing the auditor, which then eliminates the time it would take management to adjust the statements accordingly. A requirement to explicitly state whether or not the summary financial statements were reported on by the auditor would provide clarity for users and save any time spent making adjustments.