

IAASB
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Date	Re	Our ref	Attachment	Direct dial nr
30 April 2015	ED ISA 800 & 805	KvH		020-3010399

Re: ED ISA 800 and ISA 805

Dear Ms. Healy,

The NBA appreciates the opportunity to comment on the Exposure Draft *Proposed 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 and Proposed Conforming Amendment to Another ISA*

General remarks

We welcome this Exposure Draft (ED). The NBA considers the adaption of ISA 800 and ISA 805 to the new and revised Auditor Reporting standards useful. This will ensure consistency between the various audit reports.

Request for Specific Comments

1. 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.

We consider the overview in paragraph 10 of the ED useful. We wonder however whether it is clear for users of the audit reports what the difference is between an Emphasis of Matter (EOM), Key Audit Matter (KAM), Other Matter (OM) and Material Uncertainty Related to Going Concern (MU related to GC) as they all can be used in ISA 800 and 805. Although we realize that this is the same for the audit reports relating to the complete set of financial statements, we still consider all the different paragraphs rather complex. We recommend considering guidance for users for instance by issuing a brochure.

We agree that a MU related to GC should be repeated in the ISA 805 auditor's report if the going concern basis of accounting is relevant. This information is relevant to users' understanding of the ISA 805 engagement.

We question whether all the illustrations of auditor's reports are useful as they do not vary much and do not address various situations. Although we realise that can be referred to the various Standards related to auditor reporting, we believe that the interaction of the various paragraphs should be explained as this is something new. For example, there could be attention for an example where a MU related to GC is applicable and for ISA 805 there

could be an example where the auditor communicates new KAMs and refers to KAMs that are included in the auditor's report on the complete set of audited financial statements.

2. 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.

We wonder whether it is clear that in ISA 800 KAMs are new KAMs and that in ISA 805 KAMs can be new KAMs and/or KAMs that are referred to the KAMs in the auditor's report on the complete set of financial statements. We recommend investigating whether this can be stated more clearly.

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?

We agree that the communication of KAMs is voluntary for all entities under ISA 800 and ISA 805. However, we noticed that the requirements as drafted in the ED of ISA 800 and 805 do not mention KAM at all. In our opinion, there would be advantages in the Standards to highlight the need for the auditor to make a decision in this area. The concept of KAM could at least be mentioned as a conditional requirement such as: '... if the auditor is going to report on KAM, he should consider...'

(b) 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:

(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

We consider it useful to include an example where the auditor communicates new KAMs and refers to KAMs that are included in the auditor's report on the complete set of audited financial statements (see above answer to questions 1 and 2).

(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).

It is not clear whether reference only to relevant KAM in the auditor's report on the complete set of financial statements or repeating the full description of a KAM both are possible. This might depend on the possibility that there are also new KAM's. In our opinion, repeating the full description of a relevant KAM might be the best solution as not all users will read the auditor's report on the complete set of financial statements.

4. 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.

We agree that no changes are made in ISA 810 for the moment. The nature of an ISA 810 engagement is different from an audit of financial statements. KAM do not fit in the auditor's report relating to ISA 810.

Other changes in the auditor's report relating to ISA 810 such as presenting the opinion section first, an explicit statement of the independency of the auditor, disclosure of the

name of the engagement partner and improved description of the responsibilities of the auditor might be considered, but this is not an absolute requirement.

Other remarks

Effective date

The effective date of 31 December 2016 seems feasible, depending upon the date of issuance of the revised standards.

Closing remarks

We trust to have you informed sufficiently. If you have any questions, please do not hesitate to contact Karin van Hulsen (k.vanhulsen@nba.nl).

Yours sincerely

Royal NBA
Dutch Ethics & Assurance Standards Board

SIGNED BY:

Prof. dr. Peter W.A. Eimers RA
Chairman