



American Institute of CPAs
1211 Avenue of the Americas
New York, NY 10036-8775

November 2, 2015

Ms. Kathleen Healy
Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue
New York, NY 10017

Re: Exposure Draft – Proposed International Standard on Auditing (ISA) 810 (Revised), “Engagements to Report on Summary Financial Statements”

Dear Ms. Healy:

The American Institute of CPAs (AICPA) is pleased to respond to the above referenced Exposure Draft regarding engagements to report on summary financial statements.

The AICPA is the world’s largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. Among other things, the AICPA sets ethical standards for the profession and U.S. auditing standards (GAAS) for private companies, nonprofit organizations, and federal, state and local governments.

This letter provides the AICPA Auditing Standards Board’s (ASB) response to the request for comments within the context of reporting by nonissuers under auditing standards generally accepted in the United States of America. The ASB is the AICPA’s senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports for nonissuers. Its mission is to serve the public interest by developing, updating and communicating comprehensive standards and practice guidance that enable practitioners to provide high-quality, objective audit and attestation services to nonissuers in an effective and efficient manner.

We support the approach taken by the IAASB to propose limited changes to ISA 810 (Revised) to address the IAASB’s adoption of the new and revised auditor reporting standards rather than substantively change the premise of an ISA 810 engagement.

We offer the following comments for your consideration, in response to the specific request for comments on page 11 of the explanatory memorandum.

Issues for Consideration

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).*

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:

Other Information (paragraph 17(e))

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), *The Auditor's Responsibilities Relating to Other Information*, we believe that, consistent with ISA 800 (Revised) *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* and 805 (Revised) *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*, 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.

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.

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 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.

Key Audit Matters (paragraph 17(i))

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.

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).

Other Comments

- 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.
- Paragraph A16 – we recommend changing the word "variously" to "collectively" as variously could imply that the illustrations conflict.

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.

We do not believe that any further changes to ISA 810 are necessary as a result of the new and revised Auditor Reporting standards. However, we believe that the content in paragraphs 25-26, and related application material in paragraph A21, of proposed ISA 810 (Revised) on auditor association is important information to continue to include in ISA 810 (Revised) in order to address auditor association matters.

(a) Preparers (including Small- and Medium-Sized Entities (SMEs)), and Users (including Investors and Regulators)

Not applicable

(b) Developing Nations

Not applicable

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(c) *Translations*

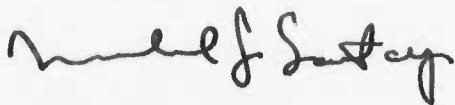
Not applicable

(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 effective date for proposed ISA 810 (Revised).

Thank you for the opportunity to present our views on the exposure draft. If you have any questions regarding the comments in this letter, please contact Linda Delahanty at +1-212-596-6063, ldelahanty@aicpa.org.

Respectfully submitted,



/s/ Michael J. Santay

Chair, Auditing Standards Board