

Ms. Kathleen Healy
IAASB Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue, 6th Floor
New York
NY 10017

27 October 2015

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

Dear Ms. Healy:

Ernst & Young Global Limited, the central coordinating entity of the Ernst & Young organization, welcomes the opportunity to offer its views on the Exposure Draft, *Proposed International Standard on Auditing (ISA) 810 – Engagements to Report on Summary Financial Statements* (ED), issued by the International Auditing and Assurance Standards Board (IAASB).

In our comment letter to the IAASB in response to the *Exposure Draft, Proposed ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and Proposed ISA 805 (Revised) – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement* (ISA 800-805 ED), we expressed our view that conforming amendments to ISA 810 should be narrowly focused on the new reporting elements.

Specifically, we expressed support for expanding the required reference to the auditor's report on the audited financial statements to include the new required reporting for a material uncertainty related to going concern and material misstatement of the other information. We are pleased that this expanded reference is included in the three primary changes proposed in this ED, as outlined in paragraph 17 of the Explanatory Memorandum.

In regard to the other proposals in the ED, which include a required reference in the auditor's report on the summary financial statements to the key audit matters in the auditor's report on the audited financial statements and the alignment of the layout of the ISA 810 illustrative auditor's reports in a manner consistent with those in ISA 700 (Revised), we have no objections to these enhancements.

Importantly, because use of ISA 810 is limited globally, and the jurisdictions in which it is used have further tailored the standard to supplement it with national guidance to reflect the circumstances of these engagements in the particular jurisdiction, we agree that those jurisdictions are best placed to determine whether any further detailed requirements or customization are needed beyond those proposed in the ED. We also agree that such customization should be performed at the jurisdiction level as part of the process of implementing the standard for national use in order to appropriately reflect specific user needs or expectations or any criteria for summary financial statements that may exist in the jurisdiction.

Responses to the specific questions and general matters on which the IAASB is seeking feedback are set out in Sections 1 and 2, respectively.

1. Responses to specific matters on which the IAASB is seeking comments

1.1 *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 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.

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.

However, we have the following editorial observations and suggestions for the IAASB's consideration:

- **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: "The matter referred to in the Emphasis of Matter or Other Matter paragraph, or the basis for the material uncertainty related to going concern or the uncorrected material misstatement of the other information included 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.

1.2 *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 further changes to ISA 810 are necessary as a result of the new and revised Auditor Reporting standards.

Response to general matters on which the IAASB is seeking comments

2.1 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 statement for periods ending on or after December 15, 2016.

We are supportive of the alignment of the effective date of the Proposed Limited Conforming Amendments to ISA 810 with the effective date of the Auditor Reporting standards.

We would be pleased to discuss our comments with members of the IAASB or its staff. If you wish to do so, please contact Karen M. Golz, Global Vice Chair, Global Professional Practice (karen.golz@eyg.ey.com).

Yours sincerely,

Ernst + Young Global Limited