



PROVINCIAL AUDITOR
of Saskatchewan

April 27, 2015

International Auditing and Assurance Standards Board
Via webposting: www.iaasb.org

Dear Sir/Madam:

Re: Reporting on Audited Financial Statements: Special Considerations (March 2015)

We support the proposed amendments to the IAS 800 (Revised) and ISA 805 (Revised), as they address appropriately the special considerations that are relevant to preparation of auditor reports. The attachment sets out our responses to the specific request for comments listed in the exposure draft.

Yours truly,

A handwritten signature in blue ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Acting Provincial Auditor

LGT/dd

Attachment

cc: Mr. G. Shields, CPA, CA, Director, Auditing and Assurance Standards Board, CPA Canada

	Comments Requested	Response
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 agree that the enhancements resulting from the new and revised Auditor Reporting standards have been appropriately addressed in proposed ISA 800 and proposed ISA 805 as explained in paragraphs 10–32.
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.	<p>In general, the proposed standards include sufficient guidance and illustrative examples to enable auditors to appropriately apply the new and revised Auditor Reporting standards in the context of ISA 800 and ISA 805 engagements.</p> <p>However, we note a concern with the changes proposed to the first illustrative independent auditor's report included in proposed ISA 800. The proposed revision to Illustration 1 removes the second sentence in the opinion paragraph that specifically defines the contract that the financial statements are being prepared in accordance with (i.e., "the contract dated January 1, 20X1 between ABC Company and DEF Company ("the contract)"). The revised independent auditor's report no longer includes this explicit definition of the contract. We suggest that the opinion paragraph be modified as follows (suggested modifications are in bold)</p> <p>"In our opinion, the accompanying financial statements of the Company for the year ended December 31, 20X1 are prepared, in all material respects, in accordance with the financial reporting provisions of Section Z of the contract dated January 1, 20X1 between the Company and DEF Company ("the contract")."</p>
3	<p>In relation to KAM:</p> <p>(a) Do respondents agree with the IAASB's decision that the communication of KAM be voluntary for all entities under both</p>	<p>(a) We agree with the IAASB's decision that the communication of KAM be voluntary for all entities under both proposed IAS 800 and proposed ISA 805, unless</p>

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	<p>proposed ISA 800 (Revised) and proposed ISA 805 (Revised), unless required by law or regulation?</p> <p>(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).</p> <p>In particular, the IAASB would also welcome respondents' views about:</p> <p>(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</p> <p>(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).</p>	<p>required by law or regulation. Engagements falling under ISA 800 and ISA 805 are unique and the standard allows for appropriate flexibility regarding inclusion of KAM in the auditor's report.</p> <p>(b) We 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.</p> <p>(i) The guidance in paragraph A23, along with Illustration 3 in proposed ISA 805 will be useful for auditors when determine how to make reference to the KAM that are communicated in the auditor's report on the complete set of financial statements.</p> <p>(ii) We do not think it is necessary to establish further requirements in proposed ISA 805 relating to a reference to KAM in the ISA 805 auditor's report. Paragraph A23 of the proposed ISA 805 along with Illustration 3 sufficiently addresses any such requirements and provides auditors with flexibility on how to reference to KAM.</p>
4	<p>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.</p> <p>In addition to the requests for specific comments above, the IAASB is also seeking comments on the general matters set out below:</p>	<p>As we currently do not issue any reports using extant ISA 810, we have no comments to provide.</p>

	Comments Requested	Response
	<p>(a) <i>Preparers (including Small- and Medium-Sized Entities (SMEs)), and Users (including Regulators)</i>— 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 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).</p> <p>(b) <i>Developing Nations—Recognizing</i> 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.</p> <p>(c) <i>Translations—Recognizing</i> 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.</p> <p>(d) <i>Effective Date</i>— In line with the effective date of the new and revised Auditor Reporting standards, the effective date of:</p> <ul style="list-style-type: none"> Proposed ISA 800 (Revised) is for audits of special purpose financial statements for periods ending on or after December 15, 2016; and 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. <p>Early adoption of the proposed standards would be permitted.</p>	<p>(a) N/A – Our Office is not a "Preparer"</p> <p>(b) N/A – Our jurisdiction is not a "Developing Nation"</p> <p>(c) N/A – translations are not relevant to our Office</p> <p>We agree with the proposed effective dates for ISA 800 (Revised) and ISA 805 (Revised) as they are in line with the effective dates of the new and revised Auditor Reporting standards.</p>