

### ISA 700 Detailed Comments (including editorial comments)

#### Contents

ISA 700 Detailed Comments (including editorial comments)	1095
The Auditors Opinion on the financial statements	1096
Applicable financial reporting framework	1101
Forming the opinion on the financial statements	1101
Elements of the Audit Report	1112
Title	1114
Addressee	1115
Introductory Paragraph	1115
Management's responsibility for the financial statements	1118
Auditor's responsibility	1120
Auditor's report describing the audit	1126
Auditor's opinion	1129
Other reporting responsibilities	1132
Date of the report	1136
Auditor's signature	1144
Auditor's Address	1145
Auditor's report	1145
Auditor's report in accordance with both ISAs and NASs	1157
Unaudited supplementary information	1157
Effective Date	1158
General Comments	1158

#	Org	Org Number	Org Type	Other Paragraphs	Comments
<b>H</b>	PwC	21	FIRM	n/a	<b>The headers</b> on pages 9 to 20 of the ED should be consistent with the title of the document as follows: "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements".
	ICAP - Kenya	25	MB	n/a	The title on page 8 is not consistent with the cover page and should refer to a complete set of general purpose financial statements.
	ACAG	27	MB	n/a	Title of ISA 700 It is recommended that the title of this ISA be amended to read "The Unmodified Independent Auditor's Report on General Purpose Financial Reports" to draw attention to the fact that the ISA only addresses circumstances where the auditor is able to express an unqualified opinion and no modification to the auditor's report is necessary (refer paragraph 3).
					<b>Introduction</b>
<b>1.</b>	ICANZ	3	MB	1	Paragraph 1 should make reference to the standard applying only where the audit opinion is unqualified.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	EYN	40	FIRM	1	In addition, the title of the proposed ISA 700 might suggest that the standard is applicable for independent auditors only. However, similar reports may be issued by e.g. internal auditors and government auditors. Also Proposed ISA 700 should note that some jurisdictions require a long form auditor's report and a separate opinion and that the objectives and elements of such long form reports are not addressed in the proposed standard.
2.	ICANZ	3	MB	2	Swap paragraphs 2 and 3
	ACCA	16	MB	2	Applying the ISA in relation to reports for entities other than commercial enterprises will be difficult. Although drafted generically, we can envisage circumstances where the wording will not be sufficient to encompass all the relevant responsibilities. Guidance should be provided to make it clear that expansion to accommodate specific client circumstances is permitted.
	PAAB Jo-Burg	19	MB	2(b)	2(b) Reference is made to a complete set of financial statements. This does not make provision for a component of, e.g., a trial balance. It is envisaged that a component, say debtors, could be required to be audited but would not necessarily form part of a complete set of financial statements. Provision should be made for components which are not necessarily part of a complete set of financial statements.
	PAAB Jo-Burg	19	MB	2(c) and (d)	2(c) and (d) It is not clear why these specific situations have been included. It is envisaged that there may be more situations which will be covered by ISA 800.
	AUASB	25	MB	2	We suggest some minor sentence or paragraph reorganisation is required in the Introduction to make it clear in the opening paragraph of ISA 700 that this ISA only deals with standards and guidance for an unqualified audit report on a complete general purpose financial report. While we appreciate the IAASB is endeavouring to simplify and where possible adopt a 'plain English' approach to drafting ISAs, we suggest several editorial improvements could be made to this package of standards. Throughout the documents there are several instances where sentences are lengthy, coupled with seemingly overuse of 'that' as a subordinating conjunction (see revised ISA 700 paragraph 34).
3.	ICANZ	3	MB	3	Paragraph 3 should follow paragraph 1, as paragraph 3 clearly spells out that the proposed standard does not apply in circumstances where the audit report requires modification.
	Richard Regal	6	IMA	3	Paragraph 3 does not indicate what the subject matter of the unqualified and unmodified opinion is. I suggest rewriting the first sentence to read "This ISA addresses circumstances when the auditor is able to express an unqualified opinion on a complete set of general-purpose financial statements and no modification to the auditor's report is necessary.". The sentence, however, shows the difficulty of splitting the standards dealing with qualified and unqualified audit reports in that it seems to imply that a qualified opinion does not involve modification of the audit report. However, paragraph 29 of the current ISA 700 and paragraph 2 of the proposed ISA 701 both describe a qualified opinion as a modification.
	EYN	40	FIRM	3	Proposed ISA 700 should mention that it is also applicable to report on group financial statements. Consideration should be given to providing an example report.
					<b><i>The Auditors Opinion on the financial statements</i></b>
4.	FSR	1	MB	4	The word "evaluate" is used instead of "assess" as found in the extant ISA 700. We prefer the word "assess" or "make a judgement". We refer to the paragraphs 7, 9 among others where "judgement" is applied. Our assumption is that no change of the meaning was intended.
	ICANZ	3	MB	4	This should be headed up "The Auditor's Opinion on Financial Statements" as paragraph 4 is the standard in respect of forming the opinion.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	ICAP - Kenya	22	MB	4	There is no formal definition of the scope of the standard which ideally should be on page 9 and in particular no definition of general purpose financial statements. In many countries the majority of audited financial statements are for the specific purpose of reporting to shareholders in accordance with local states. It should be made clear that these are included in the expression "general purpose financial statements"
	FAR	5	MB	4,5	Paragraph 4 would better (more logically) be placed above present paragraph 5, i.e. being the first paragraph under the heading "The Auditor's Opinion on Financial Statements".  A precondition for the requirement in paragraph 4 to "evaluate" is that conclusions are drawn at that stage and for clarity and linkage purposes a reference could be made in paragraph 4 to paragraph 70 in ISA 330 where, we believe, the basic requirement to "conclude" is.
	FEE	7	EMB	4,5	Paragraph 4 would be better placed above present paragraph 5, i.e. being the first paragraph under the heading "The Auditor's Opinion on Financial Statements". A precondition for the requirement in paragraph 4 to "evaluate" is that conclusions are drawn at the opinion stage.
	FEE	7	EMB	4	For purposes of clarity, reference should be made in this paragraph to paragraph 70 of ISA 330 where the basic requirement is to "conclude" and to paragraphs 56 to 60 of the recently issued IAASB "International Framework for Assurance Engagements".
	E&Y	35	FIRM	4	3.1. ISA 700, paragraph 4 should be aligned with ISA 500 paragraph 3. It should be amended as follows: "The auditor should evaluate the conclusions drawn from the audit evidence obtained from audit procedures and other sources as the basis for forming an opinion on the financial statements."
	AGAG	27	MB	4	It is recommended that the following sentence be added: The audit opinion should be made by a clear written expression of opinion on the financial report taken as a whole.
	EYN	40	FIRM	4	ISA 700, paragraph 4 should be aligned with ISA 500 paragraph 3. It should be amended as follows: The auditor should evaluate the conclusions drawn from the audit evidence obtained from audit procedures and other sources as the basis for forming an opinion on the financial statements
5.	FSR	1	MB	5	word "applicable" is missing before the last three words in the sentence.
	Richard Regal	6	IMA	5	Paragraph 5 quotes, incompletely, the objective of an audit of financial statements set out in ISA 200. I am not sure that it is correct to describe the objective of an audit as being to enable the auditor to express an opinion on a subject matter. It seems to me that the objective is for the auditor to express an informed opinion on a subject matter since all that is needed to express an opinion is a means of communication. The sentence omits the reference to the financial reporting framework being a framework that is applicable, the checking of which is surely the one of the main points of an audit.
	IDW	31	MB	5	In line with our comments on ISA 200.2, we suggest that the term "in all material respects" be deleted

#	Org	Org Number	Org Type	Other Paragraphs	Comments
6.	Richard Regal	6	IMA	6	Paragraph 6 states that “give a true and fair view” and “presents fairly, in all material respects” are equivalent phrases. I do not agree that this is necessarily so, particularly in situations where the second version is formulated as “presents fairly in all material respects in accordance with [designated financial reporting framework or reference to generally accepted accounting principles]”. Although national law or regulations set out the phrase that auditors should use when conducting statutory audits in a particular jurisdiction, it is up to the IAASB to set the requirements for reporting under International Standards on Auditing. I can understand why, pragmatically, the IAASB wishes to allow the use of either phrase, but it should do so without rendering its standards subservient to national auditing standards or by distorting the truth. I suggest that the IAASB delete the final three words of the first sentence, and replace the second sentence with the following. “Which of these phrases the auditor uses will be determined by the auditor’s judgement as to the phrase most likely to be understood by the intended readers of the audit report.”. The wording of the first sentence seems to suggest that the use of the terms “true and fair” and “presents fairly” are the hallmarks of an audit. This implies they should not be used for other types of engagement, such as reviews. I fully support that, and believe that this restriction should be made explicit.
	ICAI	8	MB	6/glossary	What constitutes a “complete set” of financial statements and “financial Statements” should be defined.
	PwC	21	FIRM	5,6,7,35	Paragraphs 5, 35 and 7 define the objective of an audit as to enable the auditor “to express an opinion on whether the financial statements comply with a financial reporting framework”. Paragraph 6 then states that “the “terms used” to express compliance are “give a true and fair view” or “presents fairly...”. However, according to the guidance in Paragraphs 8 to 11 the auditor is expected to consider other matters in the context of the fair presentation of the financial statements as a whole that might be considered to be outside of the financial reporting framework when forming an opinion (Paragraph 9). This might be interpreted as inconsistent guidance with the defined objective in Paragraphs 5 and 6. A subtle change to Paragraph 6 would help to remove the suggestion that “fair” is just a matter of terminology and would be a better link with all three sections (Paragraph 5, 6 and part 8 to 11), as follows: ICP“6. The terms used to express + The auditor’s opinion on an audit of a complete set of general purpose financial statements (for purposes of this ISA referred to as financial statements) is either “give a true and fair view” or “presents fairly, in all material respects”, which are considered to be equivalent. Which of these phrases the auditor uses will be determined by the law or regulations governing the audit of financial statements in that jurisdiction, or by established practice in that jurisdiction as reflected, for example, in national auditing standards.”
	ICPA Kenya	22	MB	6	in the third line “presents” should read “present”. Page 10, paragraph 9(a): “consistent” should read “in accordance with”.
	KIBR	2	MB	6	In spite of the declaration included in the ISA stating that the phrases “give a true and fair view” and “presents fairly, in all material respects” have equal meaning, to us these two do not seem to be equal. The second phrase ‘presents fairly’ does not refer to materiality, so to follow it with ‘in all material respects’ is incorrect. Furthermore, auditor’s opinions issued in different countries will not be consistent if they can use either phase. Moreover, if the two mentioned phrases are to be considered equal, there is no justification for putting the other one in brackets (see par. 51, subparagraph “Opinion”).

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	Richard Regal	6	IMA	6	<p>Paragraph 6 states that “give a true and fair view” and “presents fairly, in all material respects” are equivalent phrases. I do not agree that this is necessarily so, particularly in situations where the second version is formulated as “presents fairly in all material respects...” . Although national law or regulations set out the phrase that auditors should use when conducting statutory audits in a particular jurisdiction, it is up to the IAASB to set the requirements for reporting under ISAs.</p> <p>The IAASB may wish to allow the use of either phrase, but it should do so undermining ISAs. I suggest that the IAASB delete the final three words of the first sentence, and replace the second sentence with the following. “Which of these phrases the auditor uses will be determined by the auditor’s judgement as to the phrase most likely to be understood by the intended readers of the audit report.”.</p>
	Jo-Burg PAAB	19	MB	6	We do not believe that the terms ‘give a true and fair view’ and ‘present fairly, in all material respects’ are equivalent and to equate the terms may have legal implications in certain jurisdictions. We recommend that the reference to ‘equivalent’ be deleted and substituted by ‘and are both acceptable’.
	APB	26	SS	6	<p>As neither explanation nor support for the assertion that the terms “give a true and fair view” and “presents fairly in all material respects” are equivalent terms is provided in the ED, it is unclear on what basis the IAASB makes this assertion. In the UK and Ireland, the expression “true and fair view” is not qualified in any way. Consequently, although the Courts will hold that, in general, compliance with accounting standards is necessary to meet the true and fair requirement this does not mean that compliance with accounting standards alone is sufficient to meet the true and fair requirement. Accordingly, the APB disagrees strongly with the assertion that the two expressions are equivalent terms and is of the view that the words “and are equivalent” are superfluous and should be deleted. The European Union intends to amend the wording that will be required for audit reports on financial statements issued in the EU to be “true and fair view in accordance with the relevant financial reporting framework”. However, the Directive announcing this change makes clear that “The fundamental requirement that an audit opinion states whether the annual or consolidated accounts give a true and fair view in accordance with the relevant financial reporting framework does not represent a restriction of the scope of that opinion but clarifies the context in which it is expressed”. The explanation of the change in wording provided by the EU, therefore, does not give rise to a change in the APB’s position regarding the expression “true and fair view”. The APB recommends that the EU’s wording be incorporated into the explanation of the term “true and fair view” in ISA 700.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IDW	31	MB	6	<p>Paragraph 6 addresses the use of the two terms “fair presentation, in all material respects” and “true and fair view” for the first time in the proposed revision to ISA 700. This paragraph specifies that these terms are used to express the auditor’s opinion on a complete set of general purpose financial statements and that the two terms are equivalent. Both the scope of the standard and the standard’s requirements with respect to the expression of an opinion on the financial statements are governed by these specifications in this paragraph. Hence, these specifications represent the central issue emanating from the proposed revision of ISA 700.</p> <p>There is considerable literature on the meaning of each of the two noted terms, but a comment letter is not an appropriate place to engage in a review of such literature. However, we do believe that the IAASB appears to have ignored the professional and academic literature on these matters</p> <p>Based on our analysis of this literature, <u>it is clear that both the terms “fair presentation, in all material respects” and “true and fair view” are accounting – not auditing – concepts. Consequently, in our opinion, the IAASB is clearly overstepping its mandate as an auditing standards setter by stipulating that these are the terms used to express the auditor’s opinion on an audit of a complete set of general purpose financial statements and that these two terms are equivalent. In our view, the IAASB has no right to pronounce upon the meaning of either of these two terms or upon their equivalency.</u> Ultimately, the requirements of the financial reporting framework in conjunction with local law and regulations are the sole determinants of the reference in the auditor’s report to the financial reporting framework in question. On this basis, the IAASB cannot independently require the use of these terms for audits of general purpose financial statements. This would not preclude the IAASB from using these terms in example wording of the auditor’s report.</p>
	IDW	31	MB	6	<p>The question that needs to be asked in this respect [to the point noted in paragraph 6 above] is whether the IAASB needs a separate standard to deal with financial reporting frameworks that include these concepts and wording and wording such as “taken as a whole”. This means that another standard may need to address financial reporting frameworks that do not require such wording or concepts. Wording of this nature generally signifies that the financial reporting framework incorporates an “override” of some sort (i.e. either a “framework full override”, which implies that, in exceptionally rare circumstances, specific requirements of the financial reporting framework are overridden to ensure that the financial statements are not misleading, or a “framework disclosure override”, which implies that additional disclosures beyond those contemplated in the financial reporting framework may be required to ensure that the financial statements are not misleading). In our view, the scope of ISA 700 ought to be limited to auditors’ reports on general purpose historical financial statements prepared using financial reporting frameworks that incorporate an override through the use of such wording or concepts because the existence of such an override obviates the need for an auditor override of any kind based upon ethical considerations. Consequently, the scope of ISA 800 ought to be broadened to include auditors’ reports on general purpose historical financial statements prepared using financial reporting frameworks that do not incorporate an override.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	NIVRA	33	MB	6	Para. 6 True and fair view and presents fairly in all material aspects are equivalents, but do users perceive them as equivalent? As well as the terminology “free from material misstatements” (para.8). This is especially important given the wider international distribution of financial statements. We recommend to be more consistent in terminology. Further both the paragraph “management’s responsibility” and the paragraph “Auditor’s Responsibility” use the term “free from material misstatement” which is not reflected in the opinion. The opinion could for example be stated as follows “In our opinion, the financial statements are free from material misstatement and give a true and fair view .....”. <b><i>Applicable financial reporting framework</i></b>
7.	RR	4	IMA	7	Paragraph 7, which deals with the applicable financial reporting framework, does not require the auditor to consider whether the financial reporting framework used is an acceptable framework. Although the definition in paragraph 3 of the current standard does not set a particularly high hurdle (International Financial Reporting Standards or relevant national standards) it does set some requirements including the need to have a defined framework rather than allowing management to make up its own. Paragraph 37 of the revised ISA 200 has a black letter requirement the auditor to determine whether the financial reporting framework is acceptable, so the point has not been lost, indeed making it a black letter requirement it has been strengthened. However, I believe the lack of any specific reference to acceptability means that this point may be missed at the very point of the audit when it is most important for the auditor to consider it. Indeed, in its current form, paragraph 7 does not add much to the discussion, and by equating “acceptable” and “applicable” without further discussion merely serves to confuse. If it is decided not to include a reference to the acceptability of the financial reporting framework I suggest that the first sentence of this paragraph be moved to become the last sentence of paragraph 6 and that the rest of this paragraph be deleted..
	JICPA	13	MB	7	We suggest describing “without an acceptable financial reporting framework” in paragraph 7 as follows: “As discussed in ISA210, “Terms of Audit Engagements,” without an acceptable financial reporting framework, the auditor does not have suitable criteria for evaluating the entity’s financial statements.” in the third line “presents” should read “present”. Page 10, paragraph 9(a): “consistent” should read “in accordance with”.
	PAAB - JoBurg	19	MB	7	Currently it is suggested that the auditor’s judgement regarding the fair presentation is made in the context of the applicable financial framework only. We recommend that a reference to applicable legislation be added. A corresponding amendment in the proposed ISA 200 should also be made.
	BDO	34	FIRM	7	1. We consider the word 'of' in the first sentence is not necessary and confusing. This sentence would be better to read as '... whether the financial statements give a true and fair view (or are presented fairly, in all material respects) is made in the context...'. <b><i>Forming the opinion on the financial statements</i></b>
8.	Richard Regal	6	IMA	8	Paragraph 8 appears to have the wrong focus. The focus appears to be on whether the auditor has obtained reasonable assurance rather than on the financial statements themselves, and, to the extent that the financial statements are considered at all, the focus seems to be on proving that there are no material misstatements rather than on considering what the evidence shows and on drawing the correct conclusion from that evidence. I suggest that this paragraph be rewritten as follows. “In forming the audit opinion, the auditor considers the sufficiency and appropriateness of the audit evidence obtained and whether this evidence is sufficient to provide the auditor with reasonable assurance as to the audit opinion. The auditor considers all the audit evidence obtained and evaluates whether, based on that evidence and the effects of identified misstatements, the financial statements taken as a whole are free from material misstatement.”

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	PwC	21	FIRM	8	Given the importance of this paragraph it should be bold lettered.
	APB	26	SS	8	The explanatory memorandum to the exposure draft notes that the proposed revised ISA 700 introduces guidance on the matters the auditor considers when forming the audit opinion at the conclusion of the audit. This guidance is provided in paragraphs 8 to 12. The APB recommends that paragraph 8, which expresses a basic principle, be a black letter requirement.
	FSR	1	M B	8, 10, 11	<p>Paragraph 8, 10 and others: It is stated that the auditor's considerations are related to the financial statements taken as a whole. As the term "taken as a whole" is essential in providing guidance to the auditor and for the stakeholders' understanding of the auditor's responsibility, we recommend the term consistently applied through the ISA 700 (e.g. paragraph 28), in the example auditors report in paragraph 51 and in other ISAs. Otherwise the term should be deleted in order to avoid giving rise to any misunderstanding.</p> <p>The paragraphs 10-11 seem to be matters that should rather be dealt with under ISA 701.</p> <p>In the last sentence in paragraph 11 is stated: "Accordingly, in making a final judgment on the matter, the auditor needs to be satisfied that the information conveyed to readers in the financial statements together with the auditor's report is not misleading." We do not support the idea that the financial statements and the auditor's report should be taken as a whole in the judgment of whether or not the financial statements are misleading. The guidance creates a thought that if the financial statements alone are misleading, the auditor might be able to eliminate the misleading elements by appropriately modifying the auditor's report. This way of thinking is in contrast to the fundamental accounting and auditing principles and the segregation of the roles and responsibilities of the management and the auditor and could lead to the stakeholders' assumption that the auditor's report is an integrated part of the financial statements.</p> <p>The auditor's report should only include the auditor's opinion and relevant emphasis of matters drawing the attention to matters already appropriately described by management in the complete set of financial statements and not information compensating possible misstatements in the financial statements. Accordingly we recommend amendments to paragraph 11.</p>
9.	FAR	5	MB	9	(a) through (d) is unlikely to be an exhaustive count accordingly we believe that there could also be other matters for the auditor to consider, taking into account the requirement in paragraph 4 and the guidance in paragraph 8. Or make it clear that the list is not exhaustive.
	FEE	7	MB	9	Paragraph 9 should also clearly indicate that the auditor's responsibilities listed are examples, not a complete or exhaustive list.
	IRE	12	MB	9, 25,26,51	To improve the consistency of the actual text of ISA-700, we would like to suggest to the IAASB to align paragraph 9, and paragraphs 25 and 26 with the content of the example of the auditor's report in paragraph 51. It seems that five elements should be addressed in these paragraphs, namely accounting policies, information, fair presentation, sufficient disclosures and management's estimates. At present, paragraphs 9, 25-26 en 51 only treat some of these five aspects, but not all of them. It could also be noted that taking care of sufficient disclosures in accordance with the financial reporting framework is an aspect of management's responsibilities, and could be referred to in the example of auditor's report (paragraph 51).
	AGAG	27	MB	9(b)	It is recommended that the following sentence be added: The auditor should also consider whether the information presented in the financial statements is timely and complete.
	PAAB Jo-Burg	19	MB	9(d)	9(d) example appears superfluous and confusing and should be deleted. We recommend that the paragraph is changed to read 'The financial statements provide sufficient disclosures to enable users to understand the impact of particular transactions or events that have a material effect thereon.'



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	Grant Thornton	20	FIRM	9(d)	This paragraph has omitted two important assertions, completeness and accuracy when regarding the various elements of financial statements and related disclosures. Is 9 (d) attempting to establish accounting standards? As these matters would have been subject to the auditor's risk assessment process, the purpose of this paragraph must be clearly delineated and linked to ISA 500, Audit Evidence.
	DNR	23	MB	9(a)	The last part of the wording in 9(a) is unnecessary and should be deleted. The wording "and are appropriate in the circumstances" is already covered by the first half of the sentence; "are consistent with the applicable financial reporting framework".
	KPMG	24	FIRM	9(d)	The reference to IFRS and the example add no value to the original statement. The reference to IFRS is also redundant in view of the first sentence of paragraph 10. We therefore recommend the following amendment to paragraph 9(d): The financial statements provide sufficient disclosures to enable users to understand the impact of particular transactions or events that have a material effect on, in the case of financial statements prepared in accordance with IFRS for example, the entity's financial position, financial performance and cash flows.
	BDO	34	FIRM	9(d)	This statement implies that the disclosures enable users to understand the impact of events on the entity's financial position financial performance and cash flows, in only those cases where the financial statements are being prepared in accordance with IFRS. However paragraph 7 states that judgements should be made in the context of the applicable reporting framework. Thus it is unclear as to whether paragraph 9 relates to all financial statements, or only those prepared in accordance with IFRS.
	Richard Regal	6	IMA	9	In paragraph 9, subparagraph (b) leaves unanswered the questions "relevant to whom?", "comparable with what?", "understandable by whom?". Subparagraph (d) places an unusual emphasis on International Financial Reporting Standards (IFRSs), an emphasis that permeates the entire standard. In my view this emphasis is unwarranted and is unnecessary in this particular subparagraph. The last part of this subparagraph should read "...have a material effect on the position shown by the financial statements.".
	FEE	7	EMB	9, 51	The auditor's responsibilities in the auditor's report in paragraph 51 includes the external auditor's responsibility to evaluate "... the reasonableness of significant estimates made by management ..." whereas paragraph 9 does not refer to such responsibility. Paragraph 9 should be amended to include the external auditor's responsibility to evaluate the reasonableness of significant estimates made by management.
	ACCA	16	MB	9	P9 should be bold type.
	APB	26	SS	9(a)	Paragraph 9(a) states "The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate in the circumstances". The words "selected" and "consistent with" create an erroneous impression that the financial reporting frameworks prescribe a policy for all situations. Paragraph 10 to 12 of IAS 8 address the issue of how policies should be determined by management in the absence of an applicable Standard. Paragraph 10 states "In the absence of a Standard or an Interpretation that specifically applies to a transaction, other event or condition, management shall uses its judgement in developing and applying an accounting policy..." The APB recommends that the guidance in the ISA be more reflective of the need, recognised by IAS 8, that management may need to exercise their own judgment.  The guidance in paragraph 9 is not fully aligned with the wording of the auditor's report set out in paragraph 33, and in the example report. In particular paragraph 9 does not refer to the auditor's consideration of the overall financial statement presentation and the reasonableness of significant accounting estimates.
	DT	29	FIRM	9	Paragraph 9 We suggest the following editorial revision (additions are shown in bold underline): 9. The auditor considers whether, in the auditor's judgment:

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>(a) The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate in the circumstances;</p> <p>(b) The information presented in the financial statements, including accounting policies, is relevant, reliable, comparable and understandable, <b><u>in the context of the applicable financial reporting framework</u></b>;</p> <p>(c) The financial statements reflect the underlying transactions and events in a manner that fairly presents the financial information in accordance with the applicable financial reporting framework; and</p> <p>(d) The financial statements provide sufficient disclosures to enable users to understand the impact of particular transactions or events that have a material effect on, in the case on financial statements prepared in accordance with IFRS, for example, the entity's financial position, financial performance and cash flows.</p>
	AICPA	28	SS	9	<p>Sufficiency of disclosures: Proposed ISA 700, paragraph 9 states that "The auditor considers whether, in the auditor's judgment:...</p> <p>(b) The information presented in the financial statements, including accounting policies, is relevant, reliable, comparable, and understandable. .... and (d) The financial statements provide sufficient disclosures to enable users to understand the impact of particular transactions or events ...". We believe that there is a strong presumption that adherence to officially established accounting principles would, in nearly all instances, result in information in the financial statements being relevant, reliable, comparable and understandable. Furthermore, it also would be presumed that such financial statements would not be misleading. The sufficiency of the disclosures should first be measured against the criteria set by the financial reporting framework. We believe that the requirements in paragraph 9 should be for the auditor to consider whether, in the auditor's judgment, the financial statements are prepared in accordance with the financial reporting framework, and provide disclosures that are required by the financial reporting framework.</p>
	IDW	31	MB	9, 10	<p>We have identified a number of problems in this paragraph:</p> <p>a) In our view, whether the accounting policies selected are appropriate in the circumstances can only be determined with reference to the applicable financial reporting framework. Consequently, we suggest rewording point a) as follows: "The accounting policies selected and applied are appropriate in the circumstances under, and consistent with, the financial reporting framework."</p> <p>b) The considerations in this point depend upon whether or not the financial reporting framework includes a "framework override" or an "auditor override" (see our general comments on ISA 700 on the topic of overrides). Consequently, this point ought to be removed (or at least inserted into the consideration of overrides in paragraph 10).</p> <p>c) The validity of this point depends upon whether or not the financial reporting framework requires sufficient disclosures to enable users to understand the impact of particular transactions that have a material effect on the subject matter. Some financial reporting frameworks for general purpose historical financial statements do not include such a requirement. If such a requirement is made compulsory in auditing standards beyond the requirements of a financial reporting framework, then one is dealing with a practitioner override. On this basis, this point ought to be deleted.</p>
10.	LSCA	15	RMB	10	<p>We believe paragraph 10 would be more easily understood if the following sentences were introduced as new paragraphs;</p> <ul style="list-style-type: none"> <li>• "in some circumstances..."; and</li> <li>• "Some financial reporting frameworks..."</li> </ul>
	CICA	18	MB	10	<p>The first sentence in paragraph 10 is inconsistent with the rest of the reporting guidance in this ISA. Under this ISA, an auditor is required to report whether the financial statements are presented fairly, in all material respects, in accordance with IFRSs. This is a</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					“one-part” opinion”. However, the first sentence in paragraph 10 suggests that the auditor consider separately “the entity’s compliance with the specific requirements of the financial reporting framework, and (also) (bolding added) the fair presentation of the financial statements”. This would imply a two-part opinion when, in fact, a fair presentation in accordance with the applicable financial reporting framework involves the specific judgments set out in paragraph 9 of proposed ISA 700. Accordingly, we suggest that the first sentence of paragraph 10 be reworded as follows: The auditor makes these judgments to assess whether the financial statements achieve a fair presentation in accordance with the applicable financial reporting framework.
	PwC	21	FIRM	10	This paragraph says “compliance with a specific requirement in the framework may result in financial statements that are “so misleading” that they fail to give a true and fair view”. The reference should be changed to “misleading” without ‘so’.
	KPMG	24	FIRM	10,11, 9	These paragraphs are long and unclear. We believe it would be helpful if paragraph 10 were revised so that it deals only with the fair presentation override. The first sentence of paragraph 10 and the first part of the second sentence, i.e., “in some circumstances, failure to disclose relevant information not specifically contemplated by the financial reporting framework” should be moved to the end of paragraph 9.
	FEE	7	EMB	10 to 18	Regarding the “overriding responsibilities” one must distinguish between what can be described as the “accounting framework override” and the “auditor’s override”. In the first instance, the determination as to when fair presentation is achieved by applying a financial reporting framework is not an auditing standard setting issue, but an accounting standard setting decision. This means, using IFRS as an example, in IAS 1.10-18, the concept of fair presentation is linked to extremely rare circumstances when compliance with a requirement in an IAS-Standard would be misleading and therefore a departure would be necessary to achieve fair presentation. The “IFRS-fair-presentation-override” can extend to recognition, measurement and disclosure. In those circumstances, an “auditor’s override” beyond that framework is normally redundant because the “accounting framework override” provides all the tools that the auditor needs to assess in the overall financial statements context, the recognition, the measurement and disclosure requirements of the applicable financial reporting framework. In other words, in jurisdictions adopting an appropriate financial reporting framework such as IFRS it is primarily the financial reporting framework, and not any auditing standard, that defines whether a set of financial statements are fairly presented.
	Richard Regal	6	IMA	10	The first sentence of paragraph 10 omits the reference to the “true and fair view” that should precede the reference to “fair presentation”. The paragraph is not clear as to whether the concept of a true and fair view (or a fair presentation) is an auditing concept or a financial reporting one. The reference to “compliance with a specific requirement in the framework itself” resulting in a misleading view seems to imply that there are considerations over and above those that apply to the financial reporting framework and that the auditor takes these into account when deciding whether something is misleading. In other words, it sets out the view that the auditor (and, when necessary, the courts) should look outside the financial reporting framework (to some arbitrary concept of fairness) for the final determination as to whether financial statements give a true and fair view (or present fairly the financial position). Personally, I believe this to be the case, but there is at least one financial reporting framework (that set out by IFRSs) that believes the concept of a true and fair view is part of the framework itself and that in deciding whether financial statements give a true and fair view (or present fairly the financial position) the auditor (and when necessary the courts) should look only at the financial reporting framework. Whatever the IAASB’s view on this philosophical matter it is important that the wording of this paragraph is internally consistent and also allows auditors to report in the same terms on financial statements prepared in accordance with frameworks that internalize the concept of the true and fair view (or fair presentation) as the terms they report on financial statements prepared in accordance with frameworks that do not.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>I believe that the second sentence of this paragraph should start “In some circumstances, failure to disclose relevant information not specifically contemplated by the financial reporting framework or compliance with a specific requirement in the framework itself...” and that the reference to “extremely rare circumstances” is unnecessary and unhelpful. I acknowledge that the IASB uses this description when describing the circumstances in which its framework provides for a true and fair override, but that is merely stating the IASB’s view of its financial reporting framework (a view with which others may not always agree) and that might not apply to other frameworks. More to the point, I do not think it can be said of all financial reporting frameworks that it is only in extremely rare circumstances that departure may be necessary. Whilst one would hope that a framework that was acceptable using the criteria in ISA 200 would be such that departure would be necessary only in rare circumstances, I do not think that there has been sufficient experience in judging the merits of competing financial reporting frameworks to be able to say that it will only be in extremely rare circumstances that departure will be necessary. Accordingly, I believe the paragraph should be reworded as follows.</p> <p>The auditor makes these judgements by considering the entity’s compliance with the specific requirements of the financial reporting framework and by considering whether the financial statements taken as a whole show a true and fair view (or are fairly presented). In some circumstances, failure to disclose relevant information not specifically contemplated by the financial reporting framework or compliance with a specific requirement in the framework itself may result in financial statements that are so misleading that they fail to give a true and fair view of (or present fairly, in all material respects) the information that the financial reporting framework requires to be disclosed. Some financial reporting frameworks acknowledge this and such financial reporting frameworks often provide guidance on the disclosures required in these circumstances (for example, International Financial Reporting Standards (IFRSs)). Other financial reporting frameworks, however, may not provide any guidance in these circumstances.</p> <p>It might be helpful to refer the auditor to the paragraphs in ISA 200 that describe whether a financial reporting framework is acceptable and to indicate that those paragraphs also provide guidance as to whether compliance with a specific framework requirement prevents a true and fair view (or fair presentation) from being given. However, I am not sure that those paragraphs were drafted with that use in mind, and if such a reference is made it would be necessary to ensure that the drafting is sufficiently tight. (There is the theoretical possibility that a framework that internalizes the concept of a true and fair override would still not ensure that financial statements portray a true and fair view. For example, the criteria the framework use when deciding whether to apply the override might not provide for a true and fair view if external criteria are used to decide whether a true and fair view is shown. However, I believe that this will be sufficiently rare in practice as not to need to be addressed by this document.)</p>
	IRE	12	MB	10	<p>Expressing an opinion on the "fairness" of the financial statements, includes more than just considering if the financial statements are prepared in accordance with the underlying financial reporting framework. A digression from the financial reporting framework does not necessarily impact the fair presentation of the financial statements as a whole. The current wording of the first sentence in paragraph 10 suggests otherwise.</p> <p>In this respect, the following sentence from the Belgian "Normes generales de revision" of the IRE (paragraph 3.4.2.) can be helpful : "Information is material to the fairness (or fair representation) if the omission or the misstatement thereof, may impact the economic decisions taken by users based upon of the financial statements". (Vademecum, IRE, 2002, p. 897, free translation).</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					Therefore, paragraph 10 can be amended as follows : "The auditor makes these judgements by considering the entity's compliance with specific requirements of the financial reporting framework." Paragraph 10 could be started with as follows : "The auditor has the responsibility to consider the fair presentation of the financial statements as a whole,".
	CICA	18	MB	10	<p>We believe that paragraph 10 will be significantly problematic for many jurisdictions, where the circumstances outlined in this paragraph are no longer considered applicable when considering whether financial statements are presented fairly in accordance with generally accepted accounting principles. For example, Canadian generally accepted accounting principles were amended in 2003 to remove the ability for an entity to depart from a CICA Handbook Recommendation (i.e., Canadian GAAP)) when following that Recommendation would result in misleading financial statements. Further, when legislative or regulatory requirements require financial statements to depart from aspects of Canadian GAAP, the basis of accounting used cannot be described as being in accordance with GAAP. Accordingly, it is important that if paragraph 10 is left in the material, it should include a caveat that what is stated in that paragraph does not apply in some jurisdictions.</p> <p>Further, in relation to the matter noted above, the first sentence in paragraph 10 is inconsistent with the rest of the reporting guidance in this ISA. Under this ISA, an auditor is required to report whether the financial statements are presented fairly, in all material respects, in accordance with IFRSs. This is a "one-part" opinion". However, the first sentence in paragraph 10 suggests that the auditor consider separately "the entity's compliance with the specific requirements of the financial reporting framework, and (also) (bolding added) the fair presentation of the financial statements". This would imply a two-part opinion when, in fact, a fair presentation in accordance with the applicable financial reporting framework involves the specific judgments set out in paragraph 9 of proposed ISA 700. Accordingly, we suggest that the first sentence of paragraph 10 be reworded as follows:</p> <p>The auditor makes these judgments to assess whether the financial statements achieve a fair presentation in accordance with the applicable financial reporting framework..</p>
	DNR	23	MB	10,11	<p>the auditor makes judgments by considering the entity's compliance with the specific requirements of the financial reporting framework and the financial statements fairness as a whole.</p> <p>The first judgement relates to compliance with the specific requirements of the financial reporting framework. In the case financial statements are prepared in accordance with IFRSs, IAS 1 states that "the application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation" (cf. paragraph 13.) Further paragraph 17 IAS 1 states that: "In the extremely rare circumstances in which management concludes that compliance with a requirement in a Standard or an Interpretation would be so misleading that it would conflict with the objective of financial statements set out in the Framework, the entity shall depart from that requirement in the manner set out in paragraph 18 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure." Thus, IFRSs are presumed to result in financial statements that achieve a fair presentation, and a possible override at standard level is embedded in the financial reporting framework.</p> <p>The second judgement in paragraph 10 implies that the auditor should evaluate the financial statements fairness as a whole in addition to the judgement described above. There is no guidance as to which criteria the auditor should use in doing this evaluation, except for referring to failure to give a true and fair view (or failure to present fairly, in all material respect). A true and fair view is not defined</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>here or elsewhere. Thus, the proposed standard requires the auditor to evaluate this based on undefined, judgemental criteria developed by auditors individually. This is clearly not compliant with the definitions of suitable criteria described in the recently published International Framework for Assurance Engagements, paragraph 36. In our opinion it is not satisfactory that the proposed ISA 700 is not compliant with the framework. It is also unsatisfactory from a communication and auditors' litigation perspective.</p> <p>The proposed wording in paragraph 10 should make it clear whether it is the intention to introduce an override related to fairness beyond what the IFRSs already state about the fairness of reporting in accordance with IFRSs or whether it is the intention to evaluate true and fair separately within the framework. This is relevant whether the financial report is in accordance with IFRSs or some other (national) financial reporting framework that imply fairness when the financial statements are in compliance with the framework. If it is the intention to introduce an override related to fairness beyond what the IFRSs already state about the fairness of reporting in accordance with IFRSs, we believe that precise and complete guidance on criteria to use when performing this evaluation should be added to ISA 700.</p>
	LSCA	15	RMB	10	<p>The enhanced guidance surrounding the matters the auditor needs to consider when reflecting, at the end of the audit process, on the "fair" presentation of the financial statements as a whole is better. However, the guidance does not promote the concept of the auditor's "stand-back" because it is too closely tied to the financial reporting framework. For example, Paragraph 10 references to the financial reporting framework, found in the greater part of the paragraph, should be used to illustrate the meaning of "fair representation" rather than define it. Paragraph 9 already refers to the accounting policies and the financial reporting framework, thus making a further reference to it in the first sentence of paragraph 10 is redundant. The change in wording in the opening sentences in paragraph 10 could be as follows: "The auditor makes these judgements by considering the entity's compliance with specific requirements of the financial reporting framework and the fair presentation of the financial statements as a whole. For example, in some circumstances, failure to disclose relevant information not specifically contemplated by the financial reporting framework,....."</p>
	PwC	21	FIRM	9, 10, 11	<p>There is some inconsistency in the guidance. When making independent judgements on the presentation of the financial statements as a whole (as described in Paragraph 7), this should include a review of the financial reporting framework. In this regard the financial reporting framework is used as a benchmark. Paragraph 10 of the proposed revised ISA 700 makes this clear commitment to how the auditor makes judgements on audit evidence obtained by separating the term "fair presentation" from the term "financial reporting framework" as follows: "the auditor makes these judgments by considering the entity's compliance with specific requirements of the financial reporting framework and the fair presentation of the financial statements as a whole".</p> <p>However, contradictory to this statement in Paragraph 10, the matters identified in Paragraph 9 that the auditor should consider when "making these judgements", are all related or connected to the financial reporting framework with the exception of the last point, which considers sufficient disclosures.</p> <p>We accept that fair presentation and the financial reporting framework cannot be separated totally, given that the "fairness" of the financial statements needs to be broadly made within the context of the framework. However, we are concerned that the guidance in Paragraph 9 links the auditor's responsibility to examine the fair presentation of the financial statements too closely with the test of appropriateness, or otherwise, of the framework.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>We also believe that the rare circumstance, when an override of the financial reporting framework is needed in order to give a true and fair view, or present fairly, should be discussed on its own. Disclosures in addition to those specifically required by the framework that are necessary in order to understand the impact of particular transactions or events that have a material effect on the financial statement presentation would, in most circumstances, be considered within the financial reporting framework. It is confusing and potentially misleading to deal with both situations together.</p> <p>We believe that amendments to the proposed wording of the paragraphs set out in Appendix II [see 700 appendix paper] would better convey the important messages in this section.</p>
	APB	26	SS	10	<p>Paragraph 10 is a lengthy paragraph containing a number of disparate ideas that may be better articulated in separate paragraphs. The APB is particularly concerned about the following sentence “Some financial reporting frameworks acknowledge that there may be circumstances when it is necessary for the financial statements to disclose information not specifically contemplated by the financial reporting framework, or extremely rare circumstances when it is necessary for the financial statements to depart from a specific requirement in the framework in order to achieve the objective of fair presentation of the financial statements”. By including this in the same sentence as the discussion of the true and fair override, an impression is given that the circumstances that give rise to disclosures not part of the framework are rare. The APB do not agree with this and recommend that the two thoughts in the sentence be expressed in separate paragraphs. In terms of IFRSs the APB believes that disclosures additional to the framework are not necessarily rare. This is supported by IAS 1, at paragraph 15(c), which states “A fair presentation also requires an entity to provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance”. Moreover, IAS 1 goes on to deal with the true and fair override separately in paragraph 16, indicating that these are distinct matters that should be treated as such.</p>
	JICPA		MB	10,11	<p>Paragraph 10 of ISA 700 states that some financial reporting frameworks acknowledge that in extremely rare circumstances the financial statements may depart from a specific requirement (“true and fair view override”). Paragraph 11 explains about expressing an audit opinion and complying with code of ethics.</p> <p>However, such guidance applicable to specific financial reporting frameworks is not appropriate, because ISA 700 is neutral as to financial reporting framework (ISA700.13 (f)) and such guidance could mislead readers in some countries whose financial reporting frameworks do not allow a “true and fair view override” concept.</p> <p>Therefore, we suggest deleting all the guidance in paragraph 10 and paragraph 11 (including note 1) and leave only the first sentence of paragraph 10.</p>
	FEE	7	EMB	10	<p>Paragraph 10 would be clearer were it confined to the requirement for the auditor to 'stand back' and consider the fair presentation of the financial statements as a whole.</p> <p>It should begin with the sentence "The auditor has an additional responsibility to consider the fair presentation of the financial statements as a whole" and the preceding paragraph should conclude with the sentence "The auditor makes these judgements by considering the entity’s compliance with specific requirements of the financial reporting framework."</p>



#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>Paragraph 10 could be further enhanced by including more guidance and criteria to assist the external auditor to form a judgement on the financial statements as a whole. Reference could be made to paragraph 13 of the revised IAS 1 "Presentation of Financial Statements" which indicates that "Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board (IASB) Framework".</p> <p>However, this paragraph continues that "The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation". Such amendments will assist, but not necessarily fully address the need for guidance for auditors in considering the fair presentation from the auditor's perspective – especially in circumstances where an underlying accounting framework makes no provision for a true and fair view override.</p>
	NIVRA	33	MB	10	<p><b>Concept of true and fair</b>            Para 10, last sentence: Although the circumstances may be rare, we believe that additional guidance is necessary in the event of the use of the 'overriding principle' in situations where financial reporting frameworks do not provide any guidance on these circumstances. In our opinion, it is primarily the financial reporting framework, and not any auditing standard, that defines whether a set of financial statements are fairly presented. The auditor assesses the acceptability of the accounting framework override.</p>
	PAAB – Jo-burg	19	MB	10,11	<p>It is not clear whether paragraphs 10 and 11 should be read together. Paragraph 11 refers to the rare circumstances mentioned in paragraph 10. If one reads paragraph 10 in isolation one is left uncertain as to the auditor's response to those financial frameworks where no guidance is provided in these 'rare' circumstances. Also, the section of the paragraph dealing with misleading financial statements is not relevant in this section. We recommend that the paragraphs are combined and the first section deleted. Paragraph 10 will then begin with 'Some financial reporting frameworks acknowledge ...' It appears that this paragraph deals with fair presentation override although this is not referred to as such. If the intention is to allow fair presentation override, this should be clarified. We recommend that the standard provides clarity on fair presentation override.</p>
	BDO	34	FIRM	10	<p>There is a similar reference here to the one in paragraph 9 (d). This paragraph states '<i>for example, in the case of financial statements prepared in accordance with IFRS</i>'. Again, we feel it is unclear as to why this is purely an example.</p>
	IOSCO	39	R	10	<p>Paragraph 10 – The first sentence explaining "scope of an audit" should also refer to ISAs, as follows (italics ours) "The term "scope of an audit" refers to the audit procedures deemed appropriate in the circumstances, in the auditor's judgment <i>and in accordance with ISAs</i>, to achieve the objective of the audit".</p>
11.	Richard Regal	6	IMA	11	<p>The last sentence in paragraph 11 contains the phrase "the auditor needs to be satisfied". This appears to set up a mandatory requirement, but is not printed in bold type.</p>
	LSCA	15	RMB	11	<p>The first sentence in paragraph 11 would be better placed as the final sentence in paragraph 10, particularly as the sentence makes reference to a "matter" that is not actually defined or explained in paragraph 11, but could be interpreted as the "matter" being referred to in paragraph 10. Then paragraph 11 would begin "Ultimately, the auditor is guided...."</p>



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	LSCA	15	RMB	11	Paragraph 11 introduces undefined words: “obscures” and “obscurity”. We would appreciate some clarification surrounding the circumstances where the IAASB considers information would be “obscured”, or some more specific wording that would enhance the principle that this paragraph is trying to describe.
	CICA	18	MB	11	The second sentence is unclear. We believe that the underlying text from which this sentence is paraphrased (paragraph 2.2 of the July 2003 Exposure Draft of the IFAC Ethics Committee) is much clearer.
	PAAB – Jo-Burg	19	MB	11	The term ‘ethical responsibility’ should be substituted with ‘professional responsibilities’. Because when avoiding association with misleading financial information comes from professional standards not ethical standards.
	KPMG	24	FIRM	11	There is no direct reference in the Code to the auditor’s “ethical” responsibility to avoid being associated with incorrect information. Replace the word “ethical” with “professional” as this would be more of a professional responsibility.
	Grant Thornton	20	FIRM	11	The second sentence should modified to add to the bolded text, as follows: “...avoid being associated with information where the auditor believes that the information contains a materially false or misleading statements, or the information omits or obscures information required to be included ...”
	KPMG	24	FIRM	11	Reword 11 to clarify it is addressing the reporting implications of the fair presentation override. This is currently not clear because paragraph 11 refers to “the” matter and “these” rare circumstances.
	FRS	1	MB	11	Paragraph 11 is inappropriately place in ISA 700 and would be better dealt with in modifications. The guidance creates a thought that if the financial statements alone are misleading, then the auditor might be able to eliminate the ‘misleading elements’ by modifying the auditor’s report. This approach could lead to the stakeholders’ assumption that the auditor’s report is an integrated part of the financial statements. The auditor’s report should only include the auditor’s opinion and relevant emphasis of matters drawing the attention to matters already appropriately described by management in the complete set of financial statements and not information compensating possible misstatements in the financial statements. Accordingly we recommend amendments to paragraph 11.
	CNCC/OEC	9	MB	11	Paragraph 11 that deals with modifications to the audit report should be transferred to 701.
	IDW	31	MB	11, 10	Paragraphs 10 and 11 address the auditor’s consideration of compliance with the financial reporting framework and the override of specific requirements of that framework. In our view, auditing standards should not be employed to overcome deficiencies in accounting standards. In other words, the provision for an auditor override is, in our view, not appropriate because it means that auditing standards setters are second-guessing accounting standards setters. As noted above, to the extent that an applicable financial reporting framework includes an override, no additional auditor override based on ethical considerations is necessary. Hence, if, as suggested above, the scope of ISA 700 is limited to auditors’ reports on financial statements prepared using financial reporting frameworks that incorporate an override, then the incorporation of an auditor override into ISA 700 becomes superfluous. On this basis, we suggest that paragraph 11 be deleted.
	IOSCO	39	R	11	Paragraphs 10 and 11 - It should be made clear in the ISA that the use of a "true and fair view override" is limited to jurisdictions where such a concept is in the accounting standard/applicable financial reporting framework and it is permitted by law or regulation for the auditors to exercise such override.
12.	PAAB – Jo-Burg	19	MB	12	This paragraph requires that the auditor’s report should be in writing. No reference is made to situations where the report could be electronic.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	KPMG	24	FIRM	12	The standard does not make reference to electronic reporting and publishing audit reports on the Internet.
	PWC	21	FIRM	12	This paragraph appears to fall under the general heading of “Forming the Opinion on the Financial Statements”, despite the attempt to separate it by including the guidance as bold-lettered. It would be better placed in a section of the proposed revised ISA 700 that deals with the practicalities of preparing an audit opinion rather than the process. We would suggest splitting the paragraph into two parts. The first part “ <i>The auditor's report should be in writing</i> ”, could precede Paragraph 51 under the header, the “Auditor's Report”. The second part could precede Paragraphs 5 and 6 in the section titled: “The Auditor's Opinion on Financial Statements”, as follows: “ <i>The auditor's report should contain a clear expression of the auditor's opinion on the financial statements</i> ”.
					<b><i>Elements of the Audit Report</i></b>
13.	ICANZ	3	MB	13	This paragraph should be a black-lettered standard as the paragraph identifies the components of the audit report
	Richard Regal	6	IMA	13	<p>Paragraph 13 subparagraph (f) requires the auditor to identify the country of origin of the financial reporting framework. However, all other references to financial reporting frameworks, including the references in ISA 200 that describe applicable financial reporting frameworks, use the term “jurisdiction” rather than “country”. Indeed, “jurisdiction” is also used in paragraph 13 of that ISA to describe the auditing standards that an auditor may follow in addition to those of the IAASB. The term “jurisdiction” is also used widely in other IAASB standards, and the term “country” appears rarely and only in geographic rather than legalistic contexts. In the interests of consistency I suggest that the requirement in paragraph 13(f) should be to identify the originating jurisdiction of the financial reporting framework rather than its country of origin.</p> <p>For reasons that I shall set out in detail in my comments on paragraphs 44 and 45 I believe that paragraph 13 subparagraph (h) should refer to the date of the opinion rather than the date of the report.</p>
	ICAI	8	MB	13	This paragraph identifies that country of origin should be disclosed. This may cause difficulty where the SS has jurisdiction over multiple countries (e.g. Accounting Standards Board which currently sets accounting standards for both the UK and Ireland.) The requirement to disclose the country of origin does not allow sufficient or appropriate flexibility to disclose this so that the reader of the report has a full understanding of the applicable accounting framework.
	ICAI	8	MB	13	This paragraph should be amended to indicate that dual financial reporting frameworks may be applicable to the financial statements and that the description of the relevant financial reporting frameworks can be amended to facilitate descriptions other than by way of identification of a single country. This paragraph requires reference to ISA's but does not take into account that national supplemental standards may be applicable in some circumstances. This paragraph should be amended to indicate that dual auditing frameworks may be applicable if the requirements of paragraphs 52 to 57 apply, and not simply left to a footnote.
	ACCA	16	MB	13,14	The order of presentation of the elements should be mandatory, except where it is in conflict with national law or regulation.
	LSCA	15	RMB	13,51	The use of sub-headings should also be confirmed as part of the guidance in paragraph 13, “elements of the auditor's report in an audit conducted in accordance with ISAs”.
	PAAB – Jo-Burg	19	MB	13,51	We support the use of sub titles as it improves the readability of the report.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	EYN	40	FIRM	13,51	In relation to ISA 700 paragraph 14 therefore recommend to include a requirement for mandatory subheadings in a bold-letter. These subheadings include: 'scope of the audit' (see our last comment in this section on the example auditor's report), 'management's responsibility', 'auditor's responsibility', 'work performed' and 'opinion'. In our opinion this will promote the comparability and readability of the auditor's report.
	KPMG	24	FIRM	13,51	We support inclusion of sub-headings in the auditor's report because, as discussed in paragraph 14 of the proposed ISA, they introduce consistency in the layout of the report that can help increase readers' understanding of what a report normally covers and can help readers identify unusual circumstances.
	APB	26	SS	13,51	As a consequence the auditor's report on the financial statements would have four subheadings: Management's Responsibility (cross referring to management's own description where possible), Auditor's Responsibility, Basis of Opinion and Opinion.
	DT	29	FIRM	13,51	We also strongly support including subheadings in the auditor's report before the various paragraphs, as we believe it will improve the readability of the report. To increase consistency in use of these subheadings, in addition to having them appear in the illustrative report example, we recommend that subheadings be mandated by adding a bold-letter requirement to do so within ISA 700 itself.
	DCCA	38	R	13,51	<p>According to the Danish regulation regarding the audit report it has since the approval hereof in 1996 been a requirement that the audit report is divided into sections. The specific requirements are that any paragraphs of emphasis of matter or paragraphs with qualifications are emphasized with the use of headings in the audit report. In the proposed ISA 700, section 51, the auditor's report is divided in to sections by the use of headings. The proposed headings are according to section 51 suggestions, and not requirements, as the headings are presented in italic and not in bold lettering. <i>[also in 51]</i></p> <p>The DCCA approves on the proposal in ISA 700 section 51 to include headings for all sections in the audit report, but the DCCA would like to recommend that the status of the headings is <b>changed from a suggestion to a requirement</b> by replacing the italic lettering with <b>bold lettering</b> in the proposed ISA 700, section 51.</p>
	ICPA - Kenya	22	MB	13	if the elements to be included in the audit report as presented in the said paragraph, then we would wish to express our view that the date of the report would normally come after the Auditor's signature, not before.
	ACAG	27	MB	13	Paragraph 13: It is recommended that an additional element titled "Audit Independence" be added to require the auditor to justify and confirm that they are independent of the shareholders, or in the case of public sector audits, the Parliament that appointed them. This element could be placed immediately above the "Opinion" paragraph [paragraph 13(f)].
	ACAG	27	MB	13(g)	Paragraph 13(g): We believe this should also include reference to the auditing standards framework (if applicable) on which the additional responsibilities were conducted.
	ACAG	27	MB	13(h)	Paragraph 13(h) It is recommended that this be changed to "Date of the Auditor's Report" to avoid confusion with the date of the financial report.
	IDW	31	MB	13(c)	We suggest that the wording in this element be brought in line with paragraph 19 as follows: "Introductory paragraph that identifies each financial statement comprising the set of audited financial statements"

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IOSCO	39	R		<i>Requirements for the Auditor's Report</i> In this ED, it is unclear if the requirements for certain statements to appear in the auditor's report are requirements for the exact wording shown in certain bold type paragraphs (for example, where terms such as "should state that" are used and followed by text in bold paragraphs 25, 28, 33, 34, 37) – or whether the standard is only stating that these subjects or elements must be included in a statement made. Although paragraphs 14 and 57 seem to indicate that the wording used in the ISA is to be adopted in the absence of any national requirements to the contrary, or that the ISA is really prescribing "elements" to be included in auditor reports rather than exact wording, these statements are presented in gray lettering which some might take to be non-mandatory guidance. If it were intended by the ISA that only the exact wording shown should be used in auditor's reports, our members would be concerned that this is too high a level of prescription.
14.	CNCC/OEC	9	MB	14	This paragraph should be included in the Preface because it appears to be addressed more to the SS to encourage them to adopt a consistent auditors report.
	ACAG	27	MB	14	Paragraph 14: This paragraph suggests that the layout and wording of the auditor's report should be fixed (subject to paragraph 56). Some Australian jurisdictions have adopted a "plain English" presentation that contains words that vary from those in this ISA, but still addresses each of the essential elements. In addition, some of these jurisdictions have placed the opinion paragraph first because they believe it represents the most important piece of information to the user of the report. It is recommended that the ISA clearly state that such variations are either acceptable or unacceptable. An example of a "plain English" presentation "Independent Audit Report" is attached. Some of the wording in this report could perhaps be considered in this ISA.
	NIVRA	33	MB	14	Para 14: We support the view that consistency in the content (i.e. the elements), lay out and wording of the auditor's report when ISAs are followed promotes the credibility of auditor's reports but above all it will promote comparability and readability. We therefore recommend to include a requirement for mandatory subheadings in a bold-letter. These subheadings include: 'scope of the audit' (see our last comment in this section on the example auditor's report), 'management's responsibility', 'auditor's responsibility', 'work performed' and 'opinion'.
	BASEL	32	R	14, 13	Other Comments on ISA 700 We believe that the section "Elements of the Auditor's Report in an Audit Conducted in Accordance with ISAs" (paragraphs 13 and 14) would benefit from an appropriate introductory principle in bold lettering. This could be achieved by moving the concept described in the last sentence of paragraph 14 to a new paragraph preceding paragraph 13. We suggest specifying in paragraph 13 that the auditor's address included in the auditor's report be the business or statutory address.
	PAAB – Jo-burg	19	MB	14	It is not clear whether the reference to credibility applies to the profession, compliance with ISAs or the auditor's report we believe that the intention was the credibility of the audit report and suggest the paragraph is changed to read "with the ISAs promotes its credibility"
					<b>Title</b>
15.	EYN	40	FIRM	15	We support the view that explicit mentioning of the independence of the auditor is important. In addition to the reference in the title we also recommend to refer in the 'Auditor's Responsibility-Paragraph' not only to compliance with ISAs but also to the IFAC Code of Ethics and to relevant national ethical requirements the auditor has to follow in performing an audit of financial statements.
16.	Richard Regal	6	IMA	16	"the title "independent auditor's report" affirms that the auditor has met all of the ethical requirements". This is not correct, the term "independent auditor" merely states that the auditor believes he has complied with one of the ethical requirements, namely independence.
	PwC	16	FIRM	16	We believe the term "independent" is missing from the last part of the sentence as follows, "distinguishes the independent auditor's report from reports issued by others".

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	FEE	7	EMA	16	It may be appropriate to refer additionally in the 'Auditor's Responsibility' paragraph not only to compliance with ISAs but also to the IFAC Code of Ethics and to relevant national ethical requirements the auditor has to follow in performing an audit of financial statements.
	FEE	7	EMA	16	We would like to point out in relation to paragraph 16 that in certain jurisdictions unmodified reports are labelled as "unqualified" and modified reports are labelled accordingly. We believe that it should be clarified in this proposed revised standard whether or not such labelling is acceptable. This is especially relevant as there is currently no Exposure Draft available for the proposed ISA 701 "Modifications to the Independent Auditor's Report".
	NIVRA	33	MB	16	Para 16: The independence of the auditor is important. In addition to the reference in the title we also recommend to refer in the 'Auditor's Responsibility-Paragraph' not only to compliance with ISAs but also to the IFAC Code of Ethics and to relevant national ethical requirements the auditor has to follow in performing an audit of financial statements.
	Richard Regal	6	IMA	16	Paragraph 16 states that the title "independent auditor's report" affirms that the auditor has met all of the ethical requirements. It does not; it merely states that the auditor believes he has complied with one of the ethical requirements, namely independence. Furthermore it does not say whose independence requirements the auditor has complied with, and it would be helpful if there was a reference to the requirements being those of IFAC rather than anybody else.
					<i>Addressee</i>
17.	NIVRA	33	MB	17	Para. 17: This paragraph is very vague "as required by the circumstances of the engagement". Para. 18 however narrows it down to: "addressed to those for whom the report is prepared". In our opinion it is more clear if paragraph 17 states in bold: The auditor's report is addressed to those for whom the report is prepared
	MICPA	37	MB	17	Paragraphs 17 & 18 require the auditor's report to "be addressed as required by the circumstances of the engagement", and explain that the report is addressed to "those for whom the report is prepared" (often specified in national laws or regulations). However, the standard is silent with respect to whether additional clarification on the scope of the auditor's duty of care can be added in the body of the auditor's report. We suggest that the IAASB address this issue by expanding the discussion of "addressee" in paragraphs 18 to recognise that in certain jurisdictions, it may be appropriate to expand the auditor's responsibilities paragraph in the auditor's report to clarify to whom the report and opinion have been prepared (by, for example, restricting the use of the report to the addressee, thereby clarifying to whom the auditor accepts responsibility) and any limitations on those to whom the auditor accepts or assumes responsibility.
18.	Richard Regal	6	IMA	18,13(f)	The reference to jurisdiction should be changed to "country" if 13(f) is not changed.
	BDO	34	FIRM		We consider that the last sentence of this paragraph should refer to 'members (normally the shareholder)' to cover those instances where the entity being reported on does not have shareholders.
					<i>Introductory Paragraph</i>
19.	CNCC/OEC	9	MB	19	Include a footnote stating that there is no need to specifically identify the title of each of the financial statements that comprise the complete set of general purpose financial statements when the complete set is already clearly defined by the framework.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	CGAC	10	MB	19	The ISA states that the auditor's report should refer to the notes to the financial statements. This is probably not necessary if each page of the financial statements refers to "the [attached] notes as being an integral part of the financial statements". Place a clause accordingly (where "are")
	CICA	18	RMB	19, 51	The note numbers should be identified in the introductory paragraph of the auditor's report. This will assist the reader in distinguishing audited notes from those that are not and will also highlight when notes have been omitted from the financial statements. In addition, we believe the phrase "and the related notes" would be better placed before "for the year then ended".
	PAAB - Joburg	19	MB	19,23	We recommend that the auditor refer to both the titles and page numbers to ensure that there can be no confusion as to the contents on which the auditor expresses an opinion. This will also eliminate any confusion regarding supplementary information referred to in paragraph 23.
	ICPA - Kenya	22	MB	19	it is unnecessarily cumbersome to have to identify the title of each of the financial statements that comprise the complete set. It is more effective to identify the page numbers on which the complete set are presented.
20.	Richard Regal	6	IMA	20,60	Paragraph 20 (and paragraph 60) suggests that the auditor refers to the page numbers on which the financial statements are presented. It is not clear whether this reference is in addition to identifying the titles of the statements by name or whether it is instead of such a reference. I do not have a strong preference either way, but I do think that the IAASB should be clear as to whether the page numbers are all that is necessary or whether there should always be a reference to the titles of the statements.
	PwC	21	FIRM	20, 60	"the identification of page numbers in the financial statements may help differentiate audited statements from unaudited statements". This guidance applies only in circumstances where paper based annual reports are presented (including computer 'page' viewing technology). We suggest the guidance is extended to consider the situations where number formatting is appropriate. For example: "20. ...When the ... may consider, if the form of presentation allows, identifying the page numbers on which the financial statements are presented. <del>as this</del> This will helps readers to distinguish between the ...".
	KPMG	24	FIRM	20	This paragraph should be revised to make it clear that page numbers are to be provided in addition to the titles of the financial statements and not as an alternative to the titles.
21.					
22.	ICAS	11	MB	22, 51	Need guidance on issuing of audit reports on the WEB
	ICANZ	3	MB	51, 22	Additional guidance in ISA 700 is required regarding the publication of financial reports and the related auditor's report on web sites as the publication of such reports on web sites is becoming common practice.
	ACAG	27	MB	22,51	In respect to ISA 700, we believe that consideration ought to be given to the inclusion of guidance regarding the publication of financial reports and the related auditor's reports on web sites.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
23.	Richard Regal	6	IMA	23	I find the first sentence of paragraph 23 somewhat confusing. I am not sure that “would” is the correct modifier to use in conjunction with information that might or might not, depending on its nature, be considered part of the financial statements. I am also not clear who it is that believes this information is covered by the auditor’s opinion. Is it the reasonable user postulated in the first part of the sentence, the auditor, or the courts in some unknown jurisdiction? I think the sentence should be rewritten as follows. “Supplementary information may be of such a nature, or maybe presented in such a way, that a reasonable user of the entity’s financial statements would believe that the information is an integral part of those financial statements. That information therefore forms part of the information that is covered by the auditor’s opinion.”
	CGAC	10	MB	23	as notes are an integral part of the statements then they should be clearly referred to on each page of the financial statements and whether or not they are referred to in the auditor’s report is not really important.
	LSCA	15	RMB	23	The guidance is not clear in the last sentence. If it is making reference to national GAAP reconciliations (e.g. United States GAAP and IFRS), then the example should be expanded to illustrate the point.
	CICA	18	RMB	23	The words “interrelated to” are unusual. We suggest either that the sentence be rewritten to say that “the nature of the subject matter and the entity’s financial statement presentation are interrelated” or that the words be changed to “interrelated with”.
	CICA	18	RMB	23	We do not find that this paragraph provides meaningful guidance to the auditor as to what constitutes information that would be considered to be integral to the financial statements. For example, the third sentence of the paragraph uses the words “interrelated” and “differentiate it sufficiently” which are not clear. In addition, the example in the last sentence of the paragraph is not very useful, since it deals with a note to the financial statements, which circumstance is already dealt with elsewhere.  We suggest that, rather than attempting to define when information becomes integral to the financial statements, this paragraph simply state that unless supplementary information can be clearly differentiated, as discussed in paragraphs 58-62, such information is considered to be part of the financial statements and covered by the audit opinion.
	PAAB – Jo-Burg	19	MB	23	The current paragraph implies that it is left to the user to decide whether the supplementary information forms an integral part of the entity’s financial statement. This should be the decision of the auditor.
	KPMG	24	FIRM	23	The first sentence should be deleted and the rest of the paragraph should be revised so that it clearly describes the characteristics of supplementary information that is covered and is not covered by the auditor’s report. It is not appropriate to leave this judgment up to a “reasonable user” as is currently suggested by the first sentence of the paragraph.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	GT	20	FIRM	23	<p>Proposed Revised ISA 700 briefly discusses the auditor's reporting responsibilities when supplementary information is required to be presented, or is voluntarily presented, together with the financial statements. The IAASB should require that a separate report (or an explanatory paragraph) be used to opine (or disclaim an opinion on) such information. Additionally, Proposed Revised ISA 700 should not infer that supplementary information is a component of the financial reporting framework based on how it is presented (as described in paragraph 23).</p> <p>We further suggest that the IAASB consider:</p> <ul style="list-style-type: none"> <li>- providing an example of a separate report and an explanatory paragraph on supplementary information that would require the auditor to indicate:</li> <li>-that the supplementary information does not constitute a basic part of the financial statements</li> <li>-the reasons why the information is being presented (e.g., regulatory requirement, voluntary presentation)</li> <li>-the auditor's responsibilities with respect to such information (e.g., the information was audited or not audited, limited procedures were performed on the information)</li> <li>-the auditor's opinion with respect to such information (e.g., disclaim an opinion on such information, the information is presented fairly, in all material respects with the applicable requirements).</li> </ul> <p>•providing an example of a disclaimer of opinion when unaudited supplementary information is not sufficiently differentiated from the audited financial statements •providing additional guidance on when (a) such information is omitted, (b) such information materially departs from the prescribed requirements, (c) the auditor has been unable to determine whether it adheres to such requirements, and (d) the auditor has not been able to audit such information.</p>
24.	CICA	18	RMB	24	Another sentence should be added to this p that when supplementary information that is presented as an integral part of the financial statements is not part of the notes to the financial statements the auditor should specifically refer to such information in the introductory paragraph of the auditor's report.
	IDW	31	MB	24	In our view, to the extent that an additional separate individual financial statement is an integral part of the set of financial statements being audited, but is not included in the notes, such a statement deserves separate mention in the introductory paragraph. In other words, reference does not need to be made to supplementary information to the extent that it is included in the notes to the financial statements or as an integral part of another financial statement already mentioned. However, if such information is clearly outside of the notes, but also clearly a separate statement or information, then separate mention ought to be required.
					<b><i>Management's responsibility for the financial statements</i></b>
25.	APB	26	SS	25, (51)	The report is required to state that an audit includes evaluating the overall financial statement presentation and disclosures. Although this is primarily a responsibility of management, the description of management's responsibility in paragraph 25 does not refer to it.
	FEE	7	EMA	25, 51	The responsibility paragraph should also include a reference to maintaining the underlying accounting records.
	KPMG	24	FIRM	25	This sentence should be amended to refer to management's responsibility as making accounting estimates and <u>other relevant judgments</u> that are reasonable in the circumstances.
	ICAI	8	MB	25,6,50	The use of "fair presentation" and "true and fair" should be reviewed and made consistent through out the proposed ISA.



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	CICA	18	RMB	25,	As there is a introductory paragraph to make reference to the related notes, the description of management's responsibility should also make reference to the related notes.
	CICA	18	RMB	25,	While we understand that the IAASB had specific reasons for not using the phrase "internal control over financial reporting", we are concerned that, with the advent of audit reporting on internal control over financial reporting in various jurisdictions, there will be in the public domain auditor's reports containing two apparently similar phrases with different meanings. We urge the IAASB to seek global harmonization .
	CICA	18	RMB	25,	Consistent with paragraph 80 of revised ISA 240, and to incorporate the thought that management is making judgments and assumptions in the financial statements, we suggest that paragraph 25(c) be restated along the following lines: Making judgments or assumptions that affect accounting estimates and monitoring the reasonableness of such estimates.
	ACCA	16	RMB	25	Guidance should be provided, however, as to whether auditors are allowed to cross-refer to an extended statement outside their report and to make it clear that such a cross-reference will not, on its own, be enough to comply with paragraph 25.
	PAAB – Jo-Burg	19	MB	25	We recommend that a fourth paragraph, which highlights management's responsibilities in terms of fraud, in addition to management's responsibility to maintain controls to ensure that the financial statements are free from material misstatement, be added.
	APB	26	SS	25,52	<p>The APB has the following concerns with the management responsibility paragraph</p> <p>(a) It is unnecessary, and likely to be confusing, if the auditor has to describe the responsibility of management, in those jurisdictions where there is a requirement for management to describe its own responsibilities, within the document containing the financial statements;</p> <p>(b)The IAASB does not have the locus to mandate what management's responsibility either is or should be;</p> <p>(c)Although not addressed in the ISA, in many jurisdictions the management has extensive responsibilities with respect to other legal and regulatory requirements. The possibility of having management's responsibilities described in two places in the auditor's report is unattractive to readers and will add unduly to their length;</p> <p>(d)The degree of prescription in the proposed wording may limit the range of entities to which the requirements of the ISA can be applied. In the UK, for example, the proposed wording would not wholly apply in the public and charitable sectors. These sectors also have additional responsibilities that ought to be described. The APB would regard an ISA that could not be applied to important sectors of the economy to be unacceptable; and</p> <p>(e) Establishing the responsibilities as bold letter paragraphs may inhibit the evolution of management's responsibilities being appropriately reflected in auditor's reports.</p> <p>Paragraph 113 of IAS 1 requires an entity to disclose the judgements that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and paragraph 116 requires management to disclose assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date. If management's responsibilities are to be described in the auditor's report, the APB is of the view that these new responsibilities are of at least equal importance to the responsibilities that the IAASB proposes be described in the auditor's report.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>Recommendation</p> <p>To avoid the difficulties described above, the APB recommends that:</p> <p>(a) Management's responsibilities should not be required to be included in the auditor's report unless the financial statements themselves do not contain an adequate description; and</p> <p>(b) In circumstances where the responsibilities are included in the auditor's report, there needs to be more flexibility in the ISA regarding the form of words that can be used. The ISA should avoid prescribing exact wording. Subject to, our comments above, the wording in sub-paragraphs 25 (a) to (c) could be provided as guidance rather than as a requirement.</p>
	BASEL	32	R	25(C)	We recommend that paragraph 25(c) be revised to read "making accounting estimates, including fair value estimates where relevant, that are reasonable in the circumstances." Adding a reference to fair value would emphasize the importance of management's responsibility in this area.
26.	FEE	7	EMA	26	Further clarification should be added to paragraph 26 to explain the inherent limitations of internal control. The ISA should include wording such as is contained in ISA 240 explaining that there is an unavoidable risk that some material misstatements of the financial statements, whether due to fraud or error, will not be detected. In particular, these limitations also lead to risks that an intentional material misstatement concealed through collusion between or among one or more individuals among management, those charged with governance, employees, or third parties, or that involves falsified documentation will not be detected.
27.	Richard Regal	6	IMA	27	Paragraph 27 seems, at first sight, to indicate that there is a special definition of the term "management" for this ISA. Although on second and subsequent readings this is not the case, I am concerned that this ISA is not clear when it is referring to "management" and when it is referring to "those charged with governance". I think the paragraph could be clearer if it were reworded as follows. "In this ISA, the persons bearing the ultimate responsibility for the preparation of the financial statements are referred to as 'management'. In some jurisdictions the legal framework may be such that the appropriate reference in the auditor's report is to those charged with governance (for example, the directors) rather than to management." The reference to "jurisdiction" should, of course, be changed to "country" if the suggested change to paragraph 13(f) is not made.
	IRE	12	MB	12	some additional guidance should be given after the current paragraph 27 on the fact that the risk of fraud already exists on the management level, and management has to cope with it in the first place.
	LSCA	15	EMA	27	The last sentence of this paragraph could be interpreted as implying that those charged with corporate governance, are not management, by the use of the term "rather than". The latter part of the sentence "rather than to management" should be removed.
	PwC	21	MB	27	The last sentence of this paragraph could be interpreted as implying that those charged with governance are not management, which in some jurisdictions is not always true. To avoid any such interpretation, we suggest the latter part of the sentence is removed as follows: <del>rather than to management.</del>
					<b><i>Auditor's responsibility</i></b>
28.	APB	26	SS	28	The APB recommends that the descriptions of the auditor's and management's responsibilities be conformed such that the impression is not given that auditor's are responsible for something that is, in fact, management's responsibility.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	APB	26	SS	28	<p><b>Auditor's responsibility</b></p> <p>The APB supports the inclusion of a description of the auditor's responsibility within the auditor's report. However, paragraphs 28 to 34 of the ED and the example auditor's report:</p> <p>(a)Combine inappropriately matters relating to "the auditor's responsibility" with "the basis of the auditor's opinion"; and (b)Omit a significant and distinct responsibility imposed on auditors by ISA 720.</p> <p>Paragraphs 28 to 29 address matters relating to the auditor's responsibility and paragraphs 30 to 34 address matters relating to the "basis of the auditor's opinion". As these are quite separate subjects, the APB is of the view that the "basis of the auditor's opinion" should be set out separately from the description of the auditor's responsibility and distinguished by the use of separate headings. As a consequence the auditor's report on the financial statements would have four subheadings:</p> <ul style="list-style-type: none"> <li>•Management's Responsibility (cross referring to management's own description where possible)</li> <li>•Auditor's Responsibility</li> <li>•Basis of Opinion</li> <li>•Opinion</li> </ul> <p>[ISA 720 requires the auditor to read the "other information" included in documents containing audited financial statements. The purpose of reading the other information is to identify material inconsistencies with the audited financial statements. The responsibility to read "other information" is a responsibility to perform a procedure that is additional to, and outside of, the audit of the financial statements per se. It is for this reason that the APB is strongly of the view that the auditor's responsibility towards other information, established by ISA 720, should be described in the responsibilities section of the auditor's report.] <i>included in paragraph 51 above.</i></p> <p><b>Inconsistency between management's and the auditor's responsibilities</b></p> <p>Notwithstanding the comments regarding the responsibilities of management set out above, in one important respect, the ISA is inconsistent in describing the respective responsibilities of management and the auditors</p>
	ACAG	27	MB	28, 58	We believe that the auditor's responsibility should also extend to ensuring that the supplementary information included with the financial statements is consistent with the financial statements and notes, where no audit opinion is to be provided on these supplementary disclosures.
	BASEL	32	R	28,51	The "Auditor's Responsibility" section of the Standard and the illustrative auditor's report should refer to the fact that the auditor is expected to communicate any material weaknesses in internal control which come to the auditor's attention to those charged with governance
29.					

#	Org	Org Number	Org Type	Other Paragraphs	Comments
30.	ACCA	16	IMA	30	It is inconsistent to refer generally in ISAs to the term 'reasonable assurance' but to report by reference to 'reasonable, but not absolute, assurance'. We suggest redrafting paragraph 30 to avoid this wording as the alternative approach, to remain consistent, would involve replacing all relevant references to 'reasonable assurance' in IAASB pronouncements with the words 'reasonable, but not absolute, assurance'. Consideration should also be given to extending the wording of the auditor's report to include the amended wording of paragraph 21 of the proposed amendment to ISA 210.
	IDW	31	MB	30, 28,34, 51 and ISA 200 28-42	<p>We note that the latter part of paragraph 30 requires the auditor's report to include the statement that the auditor obtains reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error. We also consider this statement to be true, but not fair. We agree that auditors have a responsibility to detect misstatements, whether due to fraud or error, and that auditors should also do more in the area of fraud detection with respect to material misstatements in the financial statements (which is why we supported the issuance of the latest revision to ISA 240). Consequently, we also support mentioning this responsibility explicitly in the auditor's report. We believe that by adding this phrase without any additional explanation, the auditor's report will mislead the public into believing that auditors can detect fraud and error with equal facility. This is clearly not the case and therefore the current wording without any additional explanation will undoubtedly increase the so-called "reasonableness gap" portion of the expectations gap.</p> <p>We note that the assertions related to the inherent limitations of an audit in the context of fraud included in paragraphs 17 to 20 of the revised ISA 240 "The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements" are currently not reflected in the proposed wording of the auditor's responsibility. Stakeholders in the financial reporting process, including the public and regulators, should be made aware of, understand and accept the limitations of financial statement audits as currently designed in respect of fraudulent, but also other material misstatements. Therefore, we recommend that the IAASB consider inserting the following sentence at the end of the first scope paragraph in the auditor's report that clarifies the limitations of audits: "Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected; this risk resulting from fraud is generally greater than that resulting from error". Paragraphs 28 to 34 and paragraph 51 of the proposed revised ISA 700 should be amended accordingly.</p> <p>It would also be helpful to include a reference to ISA 200 "Objective and General Principles Governing an Audit of Financial Statements" in paragraphs 28 to 34.</p>
	KIBR	2	MB	30	<p>We propose to delete the phrase "whether due to fraud or error".</p> <p>We argue that despite the fact the auditor considers a risk of fraud and error, it is difficult for him/her to state with an absolute certainty that they did not occur at all. The next paragraph, where the auditor's work is described, is silent though about auditor's evaluating whether „fraud or error" occurred. If the issue of "fraud or error" is to be brought up at all, in our view it should be dealt with in the description of the auditor's work, rather than in the statement of responsibility.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	CNCC/OEC	9	MB	30	<p>Deletion of “whether due to fraud or error” at the end of the sentence is that this expression, coupled with the concept of reasonable assurance used in the same sentence, reopens the debate about whether reasonable assurance that the financial statements are free from material misstatements due to error is the same as reasonable assurance that they are free from material misstatements due to fraud.</p> <p>To avoid this, the expression “whether due to fraud or error” could be inserted in the second sentence of the paragraph describing the audit, as follows: “The audit procedures selected depend on the auditor’s assessment of the risks of material misstatement of the financial statements, whether due to fraud or error”.</p>
	ACCA	16	IMA	30	<p>The reference in paragraph 30 to ‘whether due to fraud or error’ is a change from the extant ISA 700, which does not draw attention to fraud and error in this way. The intention of this change is not addressed in the Explanatory Memorandum, nor is there any clarification in the guidance material in the proposed revised ISA 700. Although the words are used once in paragraph 2 of ISA 315 Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, we would not expect users of reports to be familiar with that document. The wording could be present for several entirely different reasons and we are not convinced, therefore, that users will gain any useful information from the text as it is proposed. ISAs currently treat ‘reasonable assurance’ as a concept relating to the financial statements taken as a whole and to the whole audit process (paragraph 17 of the proposed ISA 200). Some parties consider that this treatment should be refined so as to communicate better to users the inherent limitations of an audit in the context of fraud (as set out in ISA 240 (Revised) The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements). Until the IAASB has addressed that issue, it seems inappropriate to use the words ‘whether due to fraud or error’ and we recommend that they be eliminated from the proposed report.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IDW	31	MB	30	<p>Paragraph 30 states that an auditor obtains reasonable, but not absolute, assurance (this is also stated in the proposed amendment to paragraph 18 of ISA 200). In line with our comments on paragraph 18 in ISA 200, we regard this statement to be true, but not fair. While absolute assurance is unattainable, as correctly pointed out in paragraph 21 of ISA 200, the level of assurance obtained in an audit of historical financial statements is significantly less than the standard of proof required in criminal trials in common law countries: beyond any reasonable doubt. Consequently, the reasonable assurance obtained in audits of financial statements must ordinarily be significantly less than absolute assurance.</p> <p>By stating that reasonable assurance is not absolute assurance, the auditor's report intimates that reasonable assurance is only somewhat less than absolute assurance, which is clearly not the case. We would consider the statement "but not absolute" in an auditor's report to be a major factor in increasing the so-called "reasonableness gap" portion of the expectations gap. The use of the term "reasonable" alone adequately conveys the thought that absolute is not attained. Consequently, we suggest removing the phrase "..., but not absolute, ..." from the auditor's report.</p> <p>Although the recently issued "Assurance Framework for Assurance Engagements" includes some guidance related to "reasonable assurance", we encourage the IAASB to accelerate the IAASB's agenda for considering projects related to reasonable assurance in connection with a conceptual framework so that timely and practical solutions can be developed. We expect that further alterations to the guidance on reasonable assurance in the proposed revised ISA 700 will need to be proposed once such projects have been finalized.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IOSCO	39	R	30,51	<p><i>The Auditor's Responsibilities</i></p> <p>We support a requirement for a clear statement of the auditor's responsibilities in the audit report; however, we are not sure that the language suggested or required in this proposed standard will accomplish this. We note the introduction of a new phrase "reasonable but not absolute assurance" to replace the previous phrase "reasonable assurance". This conveys an impression of a further qualification or weakening of the intended assurance provided by the auditor - in the past when such terminology was used, it was in the context of an audit being intended to provide a "high, but not absolute level of assurance". Furthermore, reasonableness cannot be closely related to the concept of the "absolute" - if something is reasonable, it is reasonable and is in any case the result of a judgment. We object to introducing the new terminology "reasonable but not absolute assurance" to the auditor's report.</p> <p>Later in the auditor's report the term "reasonable" is used again in the phrase "reasonable basis for our opinion". Reasonable is also used when describing management's responsibility "to make estimates that are reasonable in the circumstances" and the auditor evaluating ... "the reasonableness of significant estimates made by management".</p> <p>While we recognize that not all of the usage of the word "reasonable" is new to this standard on auditor reports, we are concerned that the word reasonable is being used frequently, now sometimes with a new modifying phrase, and possibly with different intended meanings. This will not contribute to understanding of the audit and audit report. In light of this, some of our members have expressed a preference for new wording of the last sentence in the Auditor's Responsibility section, to say instead "we believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion on the financial statements."</p> <p>We understand that the Board may be seeking a means to improve understanding as to what is involved in an audit and what an audit can accomplish, but we do not find it acceptable to do this by introducing new language in the auditor's report that appears to weaken the assurance provided by an audit or by overemphasizing what an audit does not do.</p>
	CICA	18	MB	30	ISA 700 Paragraph 30 The fourth line begins "assurance whether the financial statements". The fourth line of the second Paragraph of the Appendix in proposed ISA 210 uses the words "assurance about whether". The two should be consistent.
	NIVRA	33	MB	30,31	Para 30 and 31: We have some problems with the definition of 'scope of an audit'. In this paragraph the scope of the audit refers to procedures deemed appropriate to achieve the audit objective. However, in general, the 'scope' could preferably be defined to refer to (boundaries of the) subject matter of the audit, the audit objectives and the level of assurance. Based on the scope all procedures necessary to obtain sufficient evidence to support the opinion have to be performed. The scope of the audit is therefore the starting point for the procedures to be performed. We would suggest to change these sentences.
	EYN	40	FIRM	30, 31	In relation to paragraph 30 and 31 we have some concerns in relation to the definition of 'scope of an audit'. In this paragraph the scope of the audit refers to procedures deemed appropriate to achieve the audit objective. However, in general, the 'scope' could preferably be defined to refer to (boundaries of the) subject matter of the audit, the audit objectives and the level of assurance. Based on the scope all procedures necessary to obtain sufficient evidence to support the opinion have to be performed. The scope of the audit is therefore the starting point for the procedures to be performed. We would suggest to change these sentences.
31.					
32.					

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<b><i>Auditor's report describing the audit</i></b>
33.	KIBR	2	MB	33	Why the auditor's opinion – as proposed - does not include information that the audit involved evaluation of correctness of the books of accounts. (In Poland statement on the correctness of the books of accounts – in the light of the binding regulations – is one of the elements of the auditor's opinion).
	BASEL	32	R	33	An explanatory paragraph on the importance of auditing management's accounting estimates and a cross reference to ISA 540 "The Audit of Accounting Estimates" should be added following paragraph 33.
	PAAB – Jo-Burg	19	MB	33	The footnote (5) should be moved into the body of the standard.
	BDO	34	FIRM	33(a)	We consider that this paragraph should stress the fact that an audit does not examine 100% of items, rather that audit procedures are performed on a test basis. In order to manage the 'expectation gap' it is important that readers understand the nature of audit testing. Suggested wording for paragraph 33(a) is ' <i>an audit involves performing procedures, on a test basis, to obtain evidence.....</i> '.
	CNCC/OEC	9	MB	33(b), 40	Replace the word "opinion" by "conclusion" in the sentence "but not for the purpose of expressing an opinion conclusion on the effectiveness of the entity's internal control". Because in certain countries, and in particular in France, the auditor does not express an opinion (i.e. provide positive assurance) on the effectiveness of internal control. And redraft the footnote. AND 40
	KPMG	24	FIRM	33(b)	footnote 5 – We recommend that this footnote be expanded to more accurately explain that this statement is true in the context of internal control over financial reporting and when the auditor is combining the opinion on internal control with the opinion on the financial statements in the same section of the report. This comment also applies to footnote 1 to the Appendix in ISA 210.
	DT	29	FIRM	33(b)	The current wording in sub-paragraph 33b on the auditor's responsibility on internal control makes it seem that the auditor only considers internal controls related to the "preparation of the financial statements", which could be interpreted as internal controls on "the accumulation of information into the appropriate form", not internal controls on the "accuracy of the information in the financial statements." In order to more properly align the description of the auditor's responsibility with regards to internal control to that of management (which is found in sub-paragraph 25a), we suggest the following revision to the second sentence in sub-paragraph 33b and the corresponding sentence in the illustrative auditor's report (additions are shown in bold underline): <i>33b. In making those risk assessments, ... financial statements <b><u>that are free from material misstatement</u></b> as a basis for ...</i>



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	BASEL	32	R	33(b)	<p>Paragraph 33(b) proposes that the auditor be required to state in his report that his consideration of internal control is "not for the purpose of expressing an opinion on the effectiveness of the entity's internal control" (unless there is a specific requirement to report on internal control in the jurisdiction concerned). While factually correct, we consider such a statement in isolation to be potentially misleading. The auditor has a responsibility to communicate material weaknesses in internal control identified in the course of the audit to those charged with governance. In view of the importance of this responsibility, we believe that the audit report should make specific reference to it (contrary to what we understand the Board has previously concluded on this issue). We therefore recommend that the specific segment of paragraph 33(b) referenced above be replaced by the following separate sentence: "The auditor is not required to form and express an opinion as to the effectiveness of the entity's internal control system but is expected to communicate any material weaknesses in internal control which come to the auditor's attention to those charged with governance".</p> <p>A similar conforming change should be made to the auditor's report. Furthermore, we suggest adding a further footnote to paragraph 33(b) preceding the existing footnote 5 to indicate that, even though the auditor might not be required to form and express an opinion as to the effectiveness of the entity's internal control system, "external auditors have to obtain an understanding of the internal control system in order to assess the extent to which they can rely on the system in determining the nature, timing and scope of their own procedures"</p>
	AICPA	28	SS	33(c)	<p>Paragraph 33(c) of the proposed ISA 700 requires the auditor's report to state that, "an audit includes considering internal control relevant to the entity's preparation of the financial statements as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control."</p> <p>In some jurisdictions, particularly in the United States, auditors of public companies are required to report on the internal controls of the entity being audited. We are concerned that the statement in the proposed auditor's report that an audit includes considering internal control, especially in environments where some audits include a report on internal controls, may confuse users as to the level of work done on internal controls. Furthermore, users of the auditor's report may be left wondering what was found in the auditor's consideration of internal control.</p> <p><b>We believe that the auditor's report should acknowledge the auditor's requirement to report material weaknesses in internal control to management and those charged with governance.</b> Such a statement would complete the discussion on the auditor's responsibility with respect to internal control. Furthermore, such a statement would inform the users of the auditor's report that there may be important information that is not contained in the financial statements and the auditor's report. It would have the added benefit of making clear that the auditor is not the only source of information to "general users," in effect directing such users to where to obtain that information. We suggest the following language, "Communication of material weaknesses in internal control that come to the auditor's attention is made to management and those charged with governance."</p>
	CICA	18	MB	33(b)	<p>ISA 700 Paragraph 33(b)</p> <p>The second line states "material misstatement in the financial statements". The example report in paragraph 51 uses the word "of" in place of "in". (The example engagement letter in the Appendix of proposed ISA 210 also uses the word "of"). The two should be consistent.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	AICPA	28	SS	33 (c)	We believe that the following language should be added so that it is clear that the auditor is not expressing an opinion on the effectiveness of the company's internal control:  "an audit includes considering internal control relevant to the entity's preparation of the financial statements as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control; therefore, <u>we do not express an opinion on the effectiveness of the company's internal control.</u> "
	KPMG	24	FIRM	33(c)	This sentence should be amended to refer to auditor's responsibility as making accounting estimates and other relevant judgments that are reasonable in the circumstances. Paragraph 33(b), footnote 5 – This footnote states that the reference in the auditor's report to the fact that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control may not be appropriate in jurisdictions when the auditor has a responsibility to perform an audit of the financial statements and an audit of the effectiveness of the entity's internal control. We recommend that this footnote be expanded to more accurately explain that this statement is true in the context of internal control over financial reporting and when the auditor is combining the opinion on internal control with the opinion on the financial statements in the same section of the report. This comment also applies to footnote 1 to the Appendix in ISA 210.
34.	KIBR	2	MB	34	Proposed wording implies that the basis for expressing an opinion is reasonable [YES], while the opinion itself, apparently, does not need to meet this requirement. We are convinced that the term "reasonable" should refer to the opinion. I.e. it should be a "reasonable opinion"
	IDW	31	MB	34	We consider the use of the term "reasonable basis" to be ambiguous: does this mean that the auditor has obtained sufficient appropriate audit evidence to form an opinion with reasonable assurance (i.e., the degree of certainty), or does this mean that the sufficient appropriate audit evidence obtained by the auditor adequately corroborates the conformity of the financial statements with the applicable financial reporting framework (i.e., the degree of precision), or both? We believe that both aspects are important. For these reasons, we suggest the following wording: "The auditor's report should include a statement about the auditor's belief as to having obtained sufficient appropriate audit evidence with which to form an opinion with reasonable assurance on whether the financial statements are prepared in accordance with the applicable financial reporting framework."
	FEE	7	EMA	34, 51, 7	The term "believe" should be replaced with the term "conclude" as this states what the auditor is required to do.
	JICPA	13	MB	34,45,51	200.16, 560.4 – We suggest using consistent expressions with respect to "reasonable basis" and "reasonable conclusions", both of which describe the relationship between sufficient appropriate audit evidence and the auditor's opinion.
	DT	29	FIRM	34,51	This bold-lettered sentence states, "The auditor's report should include a statement that the auditor believes that the audit evidence that the auditor has obtained is sufficient and appropriate to provide a reasonable basis for the auditor's opinion on the financial statements." Although this paragraph probably originated from the new ISA 330, <i>The Auditor's Procedures in Response to Assessed Risks</i> ," we do not believe it is necessary, as the auditor's report will contain a modified opinion if the auditor believes that the audit evidence obtained is not sufficient and appropriate. Accordingly, we believe this paragraph is duplicative, and we recommend that it be deleted, along with the corresponding paragraph included in the illustrative auditor's report.
	AUASB	25	MB	34, general	While we appreciate the IAASB is endeavouring to simplify and where possible adopt a 'plain English' approach to drafting ISAs, we suggest several editorial improvements could be made to this package of standards. Throughout the documents there are several instances where sentences are lengthy, coupled with seemingly overuse of 'that' as a subordinating conjunction (see revised ISA 700 paragraph 34).

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<b><i>Auditor's opinion</i></b>
35.	PAAB – Jo-Burg	19	MB	35,36	An unqualified opinion could be the result of circumstances other than the proper determination and disclosure of changes in accounting policies. We suggest that paragraph 36 be changed to reflect the wider application of paragraph 35 or be deleted altogether.
	PwC	21	FIRM	35	To assign the term “presents fairly, in all material respects” to brackets could be interpreted as assigning a higher status to the term, “give a true and fair view”. We believe this is inconsistent with the description in Paragraph 6 and extant ISA 700 so remove brackets.
	BDO	34	FIRM	35	The Explanatory Memorandum accompanying the Exposure Drafts states that ISA 700 deals only with those situations where the auditor is able to express an unqualified opinion. A new ISA 701 "Modifications to the Independent Auditor's Report" will provide standards and guidance on modified reports. We consider that a reference to this ISA should be made in the section containing paragraphs 35 to 39. It is important that the reader of the standard is able to refer to relevant information contained elsewhere.
36.	FEE	7	EMA	36	The guidance needs further clarification as it is inconsistent with guidance provided in paragraphs 9,10. It appears that it is not only implied in an unqualified opinion that “any changes” in accounting policies or in the method of their application have been properly determined and disclosed in the financial statements, but also that all accounting policies themselves have been properly applied as well as for example that all significant estimates were made reasonably in the circumstances.
	CICA	18	MB	36	The word “principles”(extant ISA 700) has been replaced by the word “policies” and the sentence does not make sense. The phrase “the method of their application” applies in the context of changes in accounting principles but not in the context of changes in accounting policies. A change in method of application <u>is</u> a change in accounting policy so the sentence now effectively reads “changes in accounting policies or changes in accounting policies”. We suggest that “or in the method of their application” be deleted.
	CICA	18	MB	36	This paragraph puts an onus on the auditor to assess whether changes in accounting policies have been properly determined and disclosed. However, no specific guidance is provided in this respect. Such guidance could be added to paragraph 9(a).
	IRE	12	MB	36	This guidance is unclear and incomplete.
	KPMG	24	FIRM	36	Consideration should be given to deleting this paragraph since an unqualified opinion indicates more than just appropriate changes in auditing policies and paragraph 35 adequately explains what is meant by the term
37.	Richard Regal	6	IMA	37, 13(f), 38, 55	Country of origin/jurisdiction point
38.	KIBR	2	MB	38,39	By separating paragraphs 38 and 39 the ISA could be misinterpreted as implying that national laws/regulations are inferior to IFRS.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	Richard Regal	6	IMA		I do not agree with the statement in paragraph 38 that the wording of the auditor's opinion depends on the financial reporting framework. The wording of the opinion depends upon the terms of the legislation or other documents that set out how the auditor is to report. The financial reporting framework identifies the statements that are necessary for a complete set of general-purpose financial statements, and so identify the statements on which the auditor is reporting. Paragraph 38 also contains a reference to the "country of origin for [which should be changed to 'of'] the applicable financial reporting framework", that, for the reasons set out in my comments to paragraph 13(f), I believe should refer to the "originating jurisdiction of the financial reporting framework". However, I am not sure what this paragraph is meant to be saying. It seems to be a somewhat long-winded commentary on paragraph 37, and in that context the first two sentences could safely be deleted because they do not seem to do much other than say that it is the financial reporting framework that sets out what constitutes a complete set of financial statements. I also think it would be helpful if the wording of the opinion paragraph mirrored the stated objective of an audit in ISA 200.
	FEE	7	EMA	38,51,21	We believe that there is an inconsistency between the subject of the auditor's opinion as indicated in paragraphs 38 and 51 as compared to the components of the financial statement as stated in paragraphs 21 and 51.
	PAOB – Jo-Burg	19	MB	38	In some jurisdictions wording of the audit report does not only emanate from the financial reporting framework, but also from local legislation and regulations and so the first sentence be changed as follows: <i>'The wording of the auditor's opinion depends on the financial reporting framework and the legislation in Country X (where applicable).'</i> And the last sentence be amended to read as follows: <i>'The auditor identifies the applicable financial framework in such terms as:</i> <ul style="list-style-type: none"> <li>• <i>"... in accordance ...</i></li> <li>• <i>"... in accordance with ...;and</i></li> <li>• <i>"...in accordance with the legislative requirements in Country X..."</i></li> </ul> Also – change the reference to "present fairly" and not "presents".
	ICPA - Kenya	22	MB	38	Financial reporting framework Although the expression "in accordance with International Financial Reporting Standards" has been in use for some time its meaning is not clear. Its literal meaning is that the financial statements comply with the Standards, and this is how most readers will interpret the expression. However, from paragraph 38 it is apparent that it is intended to have two meanings: (i) that the financial statements give a true and fair view under the framework known as IFRS (they might not give a true and fair view under a different framework); and (ii) that they comply with IFRS. The suggested wording of the Report should be expanded to bring out both of these meanings clearly.  Certain IASs state that it is acceptable for certain disclosures to be made in information published with the financial statements (See IAS 1 paragraph 102). How is it then possible for an auditor to express an opinion that the financial statements (alone) comply with IFRS?

#	Org	Org Number	Org Type	Other Paragraphs	Comments
39.	CICA	18	MB	39	<p>We find the guidance in the proposed ISAs with respect to the relationship between legislation and regulatory requirements and financial reporting frameworks established by international or national standards setting organizations to be incomplete. We discuss this issue further with respect to proposed ISA 200.</p> <p>There appear to be several possible situations affecting the relationship between legal and regulatory requirements. The following are of particular significance with respect to the form of auditor's report:</p> <ol style="list-style-type: none"> <li>1. There is legislation or regulation that permits, but does not require, the entity to make certain disclosures that may be required under the applicable financial reporting framework. In such circumstances, an entity reporting on regulatory requirements might not meet the requirements of the financial reporting framework.</li> <li>2. There is legislation or regulation that prescribes accounting principles that conflict with the applicable financial reporting framework.</li> <li>3. There is legislation or regulation that prescribes accounting principles that do not conflict with the applicable financial reporting framework. This would include circumstances when the legislation or regulation prescribes additional disclosure requirements as contemplated in paragraph 42 of proposed ISA 200; or when legislation or regulation narrows the range of choices that can be made within the applicable financial reporting framework. We believe that in this situation the auditor should be able to report in the normal way without reference to the requirements of the legislation or regulation. We believe that reference to the legislation or regulation will only be necessary if the legislation or regulation specifically requires such reference be made in the auditor's report.</li> <li>4. The entity prepares its financial statements in accordance with the applicable financial reporting framework but not in accordance with legislation or regulation. Similarly, the entity may prepare its financial statements in accordance with legislation or regulation but not in accordance with the applicable financial reporting framework.</li> </ol> <p>We believe that if the IAASB intends to address the relationship between legal and regulatory requirements and financial reporting frameworks established by international or national standards setting organizations then it needs to explore more thoroughly what the audit reporting requirements should be. Paragraph 39 would not be appropriate in all of the situations dealt with in the previous paragraph. At the very least, paragraph 39 needs to be expanded to explain more clearly the context in which the auditor would use the suggested audit report wording and provide a warning that this form of the auditor's report could be affected by a number of different situations that are beyond the scope of the ISA.</p> <p>This paragraph uses the words "legal and reg. require." Whereas proposed ISA 200 (p41 and 42) use the term "legislative and reg. requirements" the two should be consistent.</p>
	BASEL	32	R	39	<p>We note that paragraph 39 contains a provision for the applicable financial reporting framework to encompass legal and regulatory requirements. When this is the case or when the auditor is including a "Report on Other Legal and Regulatory Requirements," we believe that the ISA should require that management's responsibility also include a reference to compliance with the relevant laws and regulations.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	NIVRA	33	MB	39	Para 39: In our opinion the requirements of Country X Corporations Act could also include disclosure of information which is additional and that according to the applicable financial reporting framework would not be necessary to provide a true and fair view. In this auditing standard this is referred to as 'other reporting responsibilities'. In order to keep consistency and comparability between auditor's reports, we recommend to limit the reference to a local Corporations Act only to those requirements necessary to provide a true and fair view.
	IOSCO	39	R		Paragraph 39 –There is scope for confusion as to when national legal requirements should be deemed to form part of the financial reporting framework and when they should instead be categorised as "other reporting responsibilities". In Europe, for example, entities not applying IFRS will typically be subject to both national accounting standards and accounting requirements under national legislation (implementing the EU Accounting Directives). The auditor may be required, in addition to giving a true and fair view opinion on the financial statements, to report in specific terms on compliance with the legal requirements (e.g. that the financial statements have been "properly prepared" in accordance with the relevant statute).
					<b><i>Other reporting responsibilities</i></b>
40.	ICANZ	3	MB	40, 51,13	There should be a requirement to report on the existence or otherwise of relationships between the auditor and the reporting entity.
	Richard Regal	6	IMA	40	Paragraph 40 refers to "additional specified auditing procedures". If these procedures are in addition to the audit of the financial statements then they are not auditing procedures and if they are part of the audit of the financial statements then they cannot be additional. I suggest that in the third sentence the word "auditing" is either omitted or replaced with the word "assurance".
	GT	20	FIRM	40	The ISA should indicate the requirement to utilize ISAEs for reporting on matters other than those dealing with historical financial statements. Otherwise, the ISA undermines the importance of the recently revised overarching "Assurance Framework."
	ACAG	27	MB	40	We believe that the provision should also require auditors to disclose the auditing standards framework on which the additional procedures/responsibilities were conducted, and whether the additional reporting responsibilities conflict with the independent audit process. This section could be headed with an appropriate title eg. "Other Reporting Responsibilities of the Auditor".
	IDW	31	MB	40	Additional reporting responsibilities may arise from an agreement with the engaging party. We believe that such additional reporting ought to be issued in a report separate from the auditor's report (however, this reporting should be included in any long-form audit report). However, additional reporting responsibilities of an auditor not arising from an agreement with the engaging party should be reported in the auditor's report. Furthermore, the responsibility may be in relation to the financial statements, but go beyond ISA requirements

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	BASEL	32	R	40	<p>The “Other Reporting Responsibilities” section of the Standard should be clarified to better distinguish it from when legal and regulatory requirements are covered by the auditor’s opinion on the financial statements. We agree that it is appropriate to distinguish the additional reporting responsibilities in a separate paragraph following the opinion paragraph in the auditor’s report. However, where the legal and regulatory requirements are included as part of the applicable financial reporting framework as contemplated by paragraph 39, and there are also <b>other additional legal or regulatory requirements</b>, the Standard does not sufficiently distinguish between such requirements to ensure clear communication of all reporting responsibilities. We understand that paragraphs 40-43 should only apply where the auditor is reporting on matters outside of the financial statements. It would be helpful to include some examples to distinguish between the circumstances described in paragraphs 39 and 40. We are also unclear as to how the descriptions under Management’s Responsibility and Auditor’s Responsibility in the auditor’s report relate to the Other Legal and Regulatory Requirements section of the report. In some jurisdictions the auditor is required by statute to report on certain matters on an exception basis only (i.e., only if the auditor is not satisfied on the points). It is unclear to us whether it is proposed that the audit report should specifically list all such responsibilities, even if the auditor has nothing to report in relation to them, and if so, whether such an approach is likely to add any value to the report.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	DCCA	38	R	40-43, 51	<p>IFAC proposes in ISA 700 section 40-43 that the auditor in the audit report should mention other reporting responsibilities. These other reporting responsibilities should according to the proposed ISA 701 section 5 be placed after any emphasis of matter paragraph, which is placed after the opinion paragraph. According to the proposed ISA 701, section 10 the paragraph containing other reporting responsibilities could also be placed after the emphasis of matter paragraph in cases, where the emphasis of matter paragraph concerns other matters than those affecting the financial statements.</p> <p>In cases, where other reporting responsibilities concerns work performed in connection with for example supplementary information which is not an integral part of the financial statements, and therefore has not been audited with the same level of assurance as the financial statements, it is possible that the auditor's report will result in confusion for the users of the audit report. The DCCA is of the opinion that the audit report <u>should only concern audit of the financial statements</u>, which will be mentioned in the introductory paragraph. The following is mentioned in the explanatory memorandum of the proposed ISA 700 et al, p. 6: "... those responsibilities need to be clearly identified and distinguished ..." The DCCA agrees with this statement, as it is essential to users of the audit report clearly to see, which part of the information in the financial statements that is not covered by the audit report on the financial statements. The DCCA is of the opinion that the audit report on the financial statements clearly should be distinguished from other reporting responsibilities or from information which either has not been audited or has been audited with a moderate level of assurance or with no level of assurance.</p> <p>In the opinion of the DCCA, there should not be any difference between the requirements regarding audited contra unaudited information and opinions given with a high level of assurance contra opinions given with a moderate level of assurance or no level of assurance – e.g. other reporting responsibilities. Instead there should be two separate audit reports, which both concerns the work performed in connection with the audit to support the opinion. In both audit reports there could be a reference to the other audit report in cases, where the two audit reports are parts of the same document.</p> <p>The DCCA therefore suggest that it in section 40-43 in the proposed ISA 700 is emphasized that work performed with another level of assurance than high level of assurance should not be reported as "other reporting responsibilities" but should be reported in a separate audit report. Instead requirements regarding references to other audit reports in the same document should be added to the requirements of the proposed ISA 700, section 40-43, as it is assessed to be essential that an audit report given with high level of assurance is not to be confused with the work performed on other reporting responsibilities.</p>



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	AICPA	28	SS		<p><b>Relationship with the assurance framework</b> One of the original goals of this project was to provide guidance to the auditor who is reporting on other legal or regulatory requirements in addition to the financial statements. The proposed standard notes that the form and content of this section of the report will vary depending on the nature of the auditor's other reporting responsibilities. We believe that auditor should be required to comply with the International Standards on Assurance Engagements (ISAEs) (which is supported by the overarching "Framework" for assurance engagements recently issued.) when reporting on other legal or regulatory requirements. We believe that this requirement, clearly stated in the final standard, will have the following benefits:</p> <ul style="list-style-type: none"> <li>• It would emphasize the requirement for the auditor to be associated only with subject matters that can be consistently evaluated against suitable criteria. We do not believe that it is in the public interest for the auditor to be reporting on subject matters that do not meet this threshold.</li> <li>• It would provide the profession with a tool that is very helpful in educating legislators and regulators who attempt, in the future, to impose reporting requirements on auditors that might not comply with the ISAEs. The AICPA has considerable experience in working with legislators and regulators to ensure that the reporting requirements that they impose are in conformity with the professional standards. The success of these efforts is dependent on having a clear set of professional standards that the AICPA can refer to in these endeavors.</li> <li>• It would raise the awareness of the ISAEs.</li> </ul> <p>We can accept that some "grand fathering" of practices prevalent as of a point in time may be needed; but to ignore the newly issued Framework and related ISAE renders this proposed standard flawed. Allowing the auditor to report on subject matter information without complying with the ISAEs will be setting a troubling precedent that, in the end, will render the ISAEs ineffective and unenforceable.</p>
41.					
42.	NIVRA	33	MB	42,43	<p>Para 42/43 and the example auditor's report are addressing the possible auditors' other reporting responsibilities and the separate section of the report that distinguishes this opinion from the opinion on the financial statements. In our view, other reporting responsibilities are should be described in a separate auditor's report, describing amongst others the scope of the engagement, the work performed and conclusions. This increases the comparability of auditor's reports on financial statements and increases clarity for readers. For example in the event in which a true and fair view is given on the financial statements while the auditor in the same auditor's report concludes that regarding the auditor's other responsibilities certain issues may not be in compliance or inaccurate, may cause unclear an situation for the reader.</p>
	ICAI	8	MB	42	<p>Para 42: This paragraph requires that any other reporting responsibility of the auditor be clearly identified and distinguished from the auditors opinion on the financial statements. The basis for this requirement is not clearly established in the proposed standards. In many situations there are legal requirements for the auditor to include in their report on the financial statements specific opinions on other matters related to the financial statements (e.g. whether the financial statements are in agreement with the books of account) and there does not appear to be any sustainable argument as to why this can not be incorporated into the paragraph relating to the opinion on the financial statements. The requirement to separate other opinions from the opinion on the financial statement should be reconsidered. We recommend that the paragraph on the auditors opinion should only include opinions related to the financial statements, and that opinions on other matters (e.g. operation of controls) should be segregated and clearly distinguished within the auditors report. In addition, clarification should be included in the standard, to indicate that the auditors responsibility identified in the report may include additional reporting responsibilities if the auditor is required to include these matters in their audit report.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
43.	CNCC/OEC	9	MB	43	Paragraph 43 should mandate that the other reporting responsibilities be addressed in a separate section of the report
					<b><i>Date of the report</i></b>
44.	APB	26	SS	44,46	P44 and 46, which deal with the same subject, should be combined and the present paragraph 46 should be the first sentence in the new combined paragraph.
	APB	26	SS	44	<p>Date of report The APB is of the view that:</p> <p>(a)The sequencing of paragraphs 44 to 46 could be improved; and</p> <p>(b)The guidance provided by the second and third sentences in paragraph 45 is wholly inappropriate.</p> <p>The APB recommends that paragraphs 44 and 46, which deal with the same subject, be combined and that the present paragraph 46 become the first sentence in the new combined paragraph.</p> <p>The APB does not support the guidance set out in paragraph 45. This is because, the APB does not agree that an audit is necessarily complete if the auditor has not had an opportunity to communicate audit matters of governance interest, to those charged with governance. The purpose of communicating many such matters is to influence those charged with governance to assess whether the financial statements, as presented by management, should be approved or changes made. The audit, therefore, is far from complete. The APB recommends that the second and third sentences of paragraph 45 be deleted.</p> <p>Paragraph 44 states “The auditor should date the report as of the date on which the auditor has obtained sufficient appropriate audit evidence to support the auditor’s opinion”. The APB recommends that the IAASB consider whether the expression “sufficient appropriate audit evidence”, in this context, is sufficiently robust to ensure that auditors are not able to avoid considering further audit evidence that might conflict with the opinion they have formed.</p> <p>The equivalent requirement in SAS 600, used in the UK and Ireland, is that auditors should not express their opinion until, inter alia, they have considered all necessary available evidence. The APB would commend this wording to the IAASB as a requirement that is more likely to satisfy reasonable public expectations of auditor performance.</p>
	ICANZ	3	MB	Head 44 and 46	This should state “The date of the Audit Report” so that it can not be misinterpreted as the “financial report”
	ICAS	11	MB	44	the ‘date on which the auditor has obtained appropriate audit evidence’ is a rather vague description and it may cause problems in other jurisdictions.
	DNR	23	MB	44	We would like to see is some guidance on how the second part of the opinion should be structured.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	KPMG	22	FIRM	44	<p>Established accounting conventions should not be referred to as financial reporting frameworks unless they meet the characteristics of suitable criteria. We recommend editing the third and fourth sentences of this paragraph as follows:</p> <p>Alternatively, there may be established accounting conventions in a particular jurisdiction that are generally recognized as the <u>basis of accounting to be used</u> <del>applicable financial reporting framework</del> for the general purpose financial statements prepared by certain specified entities operating in that jurisdiction. When such a <u>basis of accounting</u> <del>financial reporting framework</del> is chosen by the entity, the auditor considers whether <u>it</u> <del>the financial reporting framework</del> is in fact <u>can be considered to be an acceptable financial reporting framework</u> by considering whether it is clearly described in the financial statements and whether it exhibits the following characteristics of suitable criteria...</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	Richard Regal	6	IMA	44	<ul style="list-style-type: none"> <li>Paragraphs 44 and 45 deal with the date of the auditor's report. They state that the audit is completed when the auditor has obtained sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base his or her opinion, which is in accordance with the objective of an audit given in paragraph 2 of ISA 200. However, paragraph 46 states that the auditor's responsibility is to report on the financial statements and paragraph 29 states that the auditor's responsibility is to express an opinion. These two paragraphs are in line with the categorization of an audit as an assurance engagement in paragraph 3 of ISA 200, being an engagement in which a practitioner expresses a conclusion. It seems to me that the audit is complete when the auditor has satisfied his or her responsibility rather than merely when sufficient evidence has been gathered to allow the auditor to satisfy his or her responsibility (irrespective of when, or even whether, that responsibility has been satisfied). I believe these paragraphs conflate the date of the auditor's opinion and the date of the auditor's report. The opinion is formed on the date on which the auditor obtains sufficient appropriate audit evidence (which in some countries is referred to as the date on which fieldwork is completed) but the report is made on the date on which the auditor authorizes its release (which in some countries is referred to as the date of issue).</li> <li>I believe both dates are important. The date on which the opinion is formed is important for the reasons given in paragraph 45. The date on which the report is released is important because that is the date on which the auditor's findings are communicated and it is that communication from which the legal consequences flow. Furthermore, paragraph 48 requires the auditor's report to be signed. It would seem odd, to say the least, for a report to bear a date other than that on which it is signed, and in some countries it may be illegal for it to do so. I believe paragraphs 44 and 45 should be rewritten so as to require the inclusion of both dates and that paragraph 46 should be rewritten to ensure that neither the date of the opinion nor the date of the report should be earlier than management's approval of the financial statements. If this is done, the opinion paragraph would be rewritten along the following lines. "Our opinion is based on audit evidence obtained by [date of the auditor's opinion], being the date by which we believe we obtained sufficient appropriate audit evidence to provide a reasonable basis for our opinion on the financial statements. In our opinion, the financial statements..."</li> <li>As indicated above, I do not agree with the statement in paragraph 45 that the date of completion of the audit is the date on which sufficient appropriate evidence has been obtained rather than the date on which the report is made. However, even if that is the case then the date on which sufficient appropriate evidence has been obtained is surely the date on which the auditor conducts the evaluation required by paragraph 4. I also find the final sentence of paragraph 45 difficult to understand. The date of completion of the audit is a matter of fact, and I cannot think of a legal system that requires artificial facts to be substituted for real ones on such a fundamental matter. If the sentence is meant to indicate that in certain jurisdictions the IAASB's view of when an audit is completed is regarded as incorrect then that is a matter that cannot be glossed over so lightly. For example, suppose an ISA audit was carried out in a country that agreed with the IAASB's view and the report was dated in line with this exposure draft. If the report was relied upon in another country whose courts disagreed with the IAASB's view then the auditor would be held to that country's view irrespective of the date he put on his report. It is for these reasons that I believe that showing both dates (the date of the opinion and the date of the report) is important. Giving both dates would also help to clarify the auditor's responsibility in respect of matters that come to light between the date of the opinion and the date the report is issued.</li> </ul>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<ul style="list-style-type: none"> <li>■ If the IAASB does not accept the idea of the report giving both dates then I believe that the date of the report should be the date on which the report is made. I cannot think of any other field in which a report is dated earlier than the day it is issued or delivered. For example, reports of Blue Ribbon panels, public enquiries, commissions and other investigatory panels are dated the day on which their reports are released, not the day on which the panel last received evidence. If the IAASB believes that the critical date to mention is the date when sufficient evidence has been obtained then I believe that it should use the term “date of the opinion” rather than “date of the report” as that term is more accurate. I realize that this would require conforming changes to other ISAs, but I believe that that is preferable to giving non-auditor readers of the report a misleading impression of when the report was made.</li> <li>■ I am not sure that the inclusion in the auditor's report of the paragraphs on the respective responsibility of management and the auditor is of huge benefit. They lengthen the report considerably but in terms of clarifying who is responsible for what do not say more than was said by two sentences in the existing ISA 700. The paragraphs merely state the IAASB's view of who bears which responsibility, and it is open to any court to disagree with that view. (In that context, the part where the report indicates that the auditor is not required to obtain absolute assurance is likely to be seen as particularly self-serving.) Furthermore, arguments as to auditors' liability have tended to be about whether auditors were right to have been satisfied with the evidence they obtained or whether they should have obtained more before deciding they had obtained sufficient appropriate audit evidence rather than who is responsible for what. Again, it would be helpful if the responsibilities of the auditor matched the stated objective of an audit in ISA 200.</li> </ul>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	FEE	7	EMA	44,45, 46, 47	<p>There should be one date for the auditor's report, but there is a specific difficulty in dating the auditor's report arising under [the] "two part auditors report" approach. The opinion on the financial statements may be formed first, on the date of completion of the audit which becomes the date on the first part of the report. In practice in certain European countries is that, often, only when this financial statement part of the audit is completed, can the second part of the audit related to reporting on other legal and regulatory requirements be performed, the opinion upon which is necessarily dated later. Such situation would result in an auditor's report including two different opinion dates.</p> <p>The guidance is silent with respect to whether or not the two parts of the audit report can be dated differently. Accordingly we recommend that the IAASB addresses this issue by expanding the discussion of the "date of report" in paragraphs 44 and 45 to recognise that, in certain jurisdictions, it may be appropriate to include two dates in the auditor's report attaching to the separate parts.</p> <p>Additionally, paragraphs 46 and 47 require that "the auditor should not date the report earlier than the date of the approval of the financial statements". This is problematic in certain jurisdictions where the financial statements must be approved by the annual shareholders' meeting. As the shareholders should have the opportunity to take note of the contents of the auditor's report on the financial statements before their approval, management should be permitted to adopt the financial statements subject to approval by the annual shareholder's meeting and the auditor should be permitted to consider management's adoption date for dating the auditor's report. We therefore recommend to allow for flexibility in what is meant by "approval of the financial statements" and to further clarify that the approval date of the financial statements (in the context of this ISA) can be the date management or other preparers of the financial statements adopt the financial statements separate from but subject to approval or ratification by the annual shareholder's meeting or another ultimately competent body.</p>
	ICAI	8	MB	44	We recommend that paragraph 44 be extended to give a more comprehensive bold letter description of the "date of the auditor report".
	CNCC/OEC	9	MB	45	<p>Paragraph 45 specifies that, at that date, the auditor may not yet have fulfilled all responsibilities related to the audit and gives as an example of the responsibilities which he might have not yet fulfilled, the communication with those charged with governance. The French Institutes have major concerns with the ideas contained in this paragraph. Firstly, they consider that the example given of the communication with those charged with governance to illustrate the responsibilities which the auditor might not yet have fulfilled whilst still being able to express an opinion is fundamentally flawed. Indeed, the communication with those charged with governance is often precisely the moment when the auditor communicates the major misstatements he has found and discusses whether the corresponding adjustments will be recorded. The opinion depends on whether or not the adjustments are recorded in the financial statements.</p> <p>Secondly, the mere suggestion that the opinion might be issued by the auditor, whilst still not having complied with all of the auditing standards, introduces a conceptual flaw which implies that certain standards are not necessary for the auditor to issue an opinion and, consequently, immediately raises the question as to which standards are or are not necessary for the issuance of the opinion.</p> <p>For these reasons, the French Institutes consider that paragraph 45 should be deleted.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	ACAG	27	MB	44	It is considered that the date should be further clarified to indicate that the date of the audit report is the date on which the auditor physically signs the audit report. Consideration should also be given to including a paragraph that it is the obligation of the auditor to issue an audit report within a reasonable period of time after submission to the auditor of the completed financial report. The auditor should not unreasonably defer issuing an audit report in the hope of obtaining further audit evidence to resolve a situation that may result in a modified audit report.
	LSCA	15	EMA	44	And 48 Considering these two paragraphs together it appears that the date the auditor's report is physically signed is not important. There is a requirement to date the auditor's report and a requirement for it to be signed however the two appear to be separate events. The auditor shd be required to initial a copy of these financial statements as evidence of approval of the financial statements
	LSCA	15	EMA	44	under ISA 260 it would not be appropriate to sign the audit report prior to conveying certain communications to those charged with governance.
	ACCA	16	IMA		We agree with the clarification proposed to the dating of the auditor's report. As it is envisaged that other reporting responsibilities (paragraphs 40 to 43) may be dealt with in a separate section of a single report, there may be a need for a different date to be used in relation to such matters. Guidance should be provided as to whether this is permitted. The proposed revised ISA 700 notes that 'In some jurisdictions, law or regulation may prescribe when the audit is considered to be completed. In such circumstances, the auditor uses this date as the date of the auditor's report.' We recommend that, in such circumstances, the ISA should require a statement as to the date which would have been used had this not been the case. A similar issue arises in jurisdictions where the date disclosed for signing a report must be the date that the report is physically signed. Users are entitled to have appropriate disclosure, or else they may inadvertently assume that the date of the report is determined in accordance with paragraph 44. It would also be appropriate to alter the bold text of paragraph 44 to give recognition to the fact that it applies only where law or regulation does not prescribe a different date.
	PAAB – Jo-Burg	19	MB	44 to 47	There is not sufficient guidance on the 'date'. This date is important, not only because of the auditor's responsibilities before and after signing the audit report, but also because there could be legal implications in certain jurisdictions. We recommend that additional guidance is given in respect of the date on which the auditor has obtained sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion. Consider including definitions of important dates currently in the proposed amendment to ISA 560.
	PwC	21	FIRM	44	In many jurisdictions, there are clearly defined entity and auditor approval processes built into corporate governance and company law that determine the audit report date – which could be a date more specific than the "date on which the auditor has obtained sufficient appropriate audit evidence to support the auditor's opinion". In fact, it could arguably be later. We suggest that further clarification should be included in the proposed revised ISA 700 on the fact that auditors need to be cognisant of national laws and regulations in interpreting the guidance.
	GT	20	FIRM	44 to 47	Paragraphs 44 through 47 – Consider combining paragraphs 44 and 46 to clarify the two conditions for dating the auditor's report (i.e., approval of the financial statements and sufficient appropriate audit evidence) and to further clarify that the auditor's report cannot be dated earlier than the date both conditions have been met. Further, the additional guidance provided by paragraph 4 (c) of Proposed Conforming Amendment to ISA 560, which explains how these dates may coincide or how the date of approval may precede the date sufficient appropriate audit evidence is obtained, should be brought forward to paragraph 45 or 47.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	ACAG	27	MB	44	It is considered that paragraph 44 of ISA 200 should also include the criteria of “comparability” and “timeliness” to determine whether the adopted financial reporting framework is acceptable.
	NIVRA	33	MB	44	Para. 44: This paragraph needs further clarification: “A reference to both the ISAs and national auditing standards is not appropriate if there is a conflict between the reporting requirements of the ISAs and national auditing standards” Does it refers to reporting requirements in relation to the auditor’s report rather than financial reporting requirements? We suggest to replace the wordings with ‘reporting requirements regarding the auditor’s report.
	ACAG	27	MB	44	<i>Paragraph 44</i> It is recommended that the title of this section be changed to “Date of Auditor’s Report” to distinguish this from the date of the financial report.
	BDO	34	FIRM		We consider that it may be helpful to provide guidance in this section on those instances where the date on which the auditors report is signed is later than (rather than the same as) that on which the directors approved the financial statements. In these instances, we would suggest that the auditors take such steps as are appropriate to obtain assurance that the directors' approval of the financial statements is still appropriate on that later date and to ensure that their procedures for reviewing subsequent events cover the period up to that date.
45.	APB	26	SS	45	An audit is not necessarily complete if the auditor has not had an opportunity to communicate audit matters of governance interest, to those charged with governance. The purpose of communicating many such matters is to influence those charged with governance to assess whether the financial statements, as presented by management, should be approved or changes made. The audit, therefore, is far from complete. The APB recommends that the second and third sentences of paragraph 45 be deleted.
	FSR	1	MB	45	In paragraph 45 we suggest the sentence beginning with “The auditor may not yet have fulfilled all responsibilities” deleted as we do not agree to the content. In our opinion it is inconceivable that the audit could be considered completed before the auditor has informed those responsible with governance about relevant audit findings for the financial statements and has considered the response by those responsible with governance. Furthermore, it would not be good practice if those responsible with governance approved the financial statements before they were informed about audit findings that might influence their decisions and approval. This is also in line with paragraph 46 stating that the earliest date of auditor’s report is the date of the approval of the financial statements.
	LSCA	15	EMA	45	We could not envisage a situation where the auditor would be in a position to date the report if he had “ <i>not yet fulfilled all responsibilities related to the audit, for example, the auditor may not yet have had an opportunity to communicate the audit matters of governance interest that arose from the audit to those charged with governance</i> ”. In our opinion this would always be done before dating the report and would therefore recommend some further clarification of what exactly is meant by this paragraph.
	KPMG	22	FIRM	45	We do not agree that the auditor would have fulfilled all responsibilities related to the audit if he or she has not communicating audit matters of governance interest to those charged with governance. Some matters communicated to those charged with governance are an important part of the auditor’s responsibilities since they can result in changes to the financial statements, e.g., unrecorded audit adjustments, disagreements with management and expected modifications to the report. We recommend IAASB revise the example provided in this paragraph to more accurately reflect what is meant by the black letters in paragraph 44.
	PAAB – Jo-Burg	19	MB	45	The example provided is not appropriate as the auditor may have to respond to management’s reaction to the auditor’s communication of audit matters of governance interest.



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	FAR	5	MB	45	In this paragraph the date of the auditor's report is the date on which the auditor has "... [been] able to draw 'reasonable' conclusions ...". Does this indicate a qualification in this context regarding "conclusions", i.e. there should not be just "conclusions" (as said in paragraph 4) but "reasonable" ones? The inclusion of "reasonable" needs to be clarified, i.e. how it relates to "conclusions" in paragraph 4 and if it relates to "reasonable basis" in paragraph 34.
	CNCC/OEC	9	MB	45	<p>Paragraph 45 mentions that the date of the report is the date of completion of the audit which is the date on which the auditor has obtained sufficient appropriate audit evidence to base his opinion. Paragraph 45 specifies that, at that date, the auditor may not yet have fulfilled all responsibilities related to the audit and gives as an example of the responsibilities which he might have not yet fulfilled, the communication with those charged with governance.</p> <p>The French Institutes have major concerns with the ideas contained in this paragraph. Firstly, they consider that the example given of the communication with those charged with governance to illustrate the responsibilities which the auditor might not yet have fulfilled whilst still being able to express an opinion is fundamentally flawed. Indeed, the communication with those charged with governance is often precisely the moment when the auditor communicates the major misstatements he has found and discusses whether the corresponding adjustments will be recorded. The opinion depends on whether or not the adjustments are recorded in the financial statements.</p> <p>Secondly, the mere suggestion that the opinion might be issued by the auditor, whilst still not having complied with all of the auditing standards, introduces a conceptual flaw which implies that certain standards are not necessary for the auditor to issue an opinion and, consequently, immediately raises the question as to which standards are or are not necessary for the issuance of the opinion.</p> <p>For these reasons, the French Institutes consider that paragraph 45 should be deleted.</p>
	JICPA	13	MB	45	<p>Paragraph 45 of ISA 700 and paragraph 4 (c) of ISA 560:</p> <p>"the auditor has obtained sufficient appropriate audit evidence to be able <u>to draw reasonable conclusions on which to base the auditor's opinion</u>"</p>
	NIVRA	33	MB	45	Para 45: The second sentence "The auditor may not yet have fulfilled all responsibilities related to the audit, etc." is confusing. Related to the example given, only the responsibilities in relation to communicating the results are probably referred to. In our opinion, this sentence needs to be more specific or otherwise deleted.
46.	CICA	18	MB	46	This sentence, which is based on existing ISA 700 paragraph 24, is disjointed. We prefer the wording in the existing paragraph, because it is clear who is approving the financial statements - management. As suggested below, we believe that ISA 560 needs to make it clear that the date of approval refers to the date that management approves the financial statements.
	KPMB	22	FIRM	46	We recommend that the IAASB include a grey lettered paragraph in the final standard explaining that the objective is to have the financial statements approved by those charged with governance at the highest level possible before the date of the auditor's report, however, the actual body that provides such approval will vary with local requirements.
	ACAG	27	MB	46	Paragraph 46: It is considered that the words "independent audit" should be inserted immediately after the words "the auditor should not date the".

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IRE	12	MB	46	Paragraph 46 mentions that "the auditor should not date the report earlier than the date of approval of the financial statements". In the Belgian context, this date lies with the shareholders' general meeting, and that the law requires that the auditor's report should already be included into the documents to be sent out to the shareholders before the shareholders' meeting. Furthermore, the consolidated financial statements in the Belgian context are not formally approved by the shareholders' general meeting. In the opinion of the Board, the 'adoption' by management is envisaged, and not the 'approval' of the financial statements;
	NIVRA	33	MB	46,47 & ISISA 560	Para. 46, 47 and ISA 560: The requirements that "The date of the auditor's report should not be earlier than the date of the approval of the financial statements" causes problems in the Netherlands and probably in other countries too where the financial statements cannot be approved by the Annual Meeting of Shareholders if the competent body did not have the opportunity to take cognizance of the auditor's report which is added to the financial statements. The date therefore can certainly not be later than the date of approval of the financial statements. Despite legal requirements, what would be the added value of the auditor's report if the date of the auditor's report is later than the approval of the financial statement in the Annual Meeting of shareholders or in the case of large companies by the Board of Directors? We suggest therefore to be more specific on what is meant by approval and suggest the wordings as in ISA 700.24 "not date the report earlier than the date on which the financial statements are signed or approved by management".
47.	PwC	21	MB	47	We believe the sentence would be enhanced as follows: "47. The auditor should consider the effect of subsequent events when forming an opinion on the financial statements. ISA 560, "Subsequent Events" defines the ...."
	HKSA	30	MB	47	Date of approval of the financial statements – Paragraph 47 and ISA 560 paragraph 4(b) As referred to in paragraph 47 of the proposed revised ISA 700 and defined in paragraph 4(b) of the proposed revised ISA 560, the "date of approval of the financial statements" is the date that the entity's management or those charged with governance determines that a set of financial statements, including the related notes, has been prepared and approves such statements". In this regard, we suggest that the definition of the "date of approval of the financial statements" should be aligned with and cross-referenced to paragraph 16 of IAS 10 "Events after the Balance Sheet Date" that deals with the date when financial statements are authorized for issue. To avoid confusion amongst readers, it may be appropriate for the IAASB to use the same terminology as IAS 10 given that IAS 10 requires the disclosure of the date when the financial statements were authorized for issue. If this suggestion is taken up, the phrase "Date of approval of the financial statements" would be replaced by "Date of authorization for issue".
					<b>Auditor's signature</b>
48.	ACCA	16	IMA	48	paragraph 48 should require that the name of the auditor or audit firm be disclosed.
49.	CGAC	10	MB	49	Guidance as to the use of electronically-generated signatures would be useful This is becoming an issue with both large and small firms, and it would be appropriate to provide some general rules as to the appropriateness and security issues revolving around the use of electronic signatures on an auditor's report.
	PAAB – Jo-Burg	19	MB	49	No reference is made to electronic signatures. Consider including guidance for those jurisdictions where legislation permits the use of electronic signatures (see also paragraph 12 above).
	CGAC	10	MB	49	Also, should the firm identify in the auditor's report which partner, in a multiple partner firm, is responsible for the audit. Putting the lead partner's name on the audit report will give the public the ability to monitor if the auditing firm is conforming to the ISA Code of Ethics in rotating the lead engagement partner.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	KMPG	22	FIRM	48	The standard should include guidance on the use of electronic and other forms of signatures
					<b>Auditor's Address</b>
50.	ICAI	8	MB	50	Why is the address only the name of the city? What about when the firm has more than one office in a city? We recommend that the full postal address of the office signing the opinion should be included in the audit opinion.
	LSCA	15	RMB	50	The auditors' location would NOT ordinarily be a "city" and would question the benefits of naming a location in the jurisdiction where the auditor practices. The sentence should be amended to remove the term "ordinarily a city" "a specific location, <del>ordinarily a city</del> , where the auditor can be contacted".
	PWC	21	FIRM	50	The reference to the specific location as ordinarily being a "city" does not adequately convey the diversity of the locations of international auditing practices. Remove the reference "ordinarily a city".
	ACCA	16	RMB	50	Ordinarily a city: should not be a bold type requirement. We suggest redrafting paragraph 50 as follows: 'The report should name the specific location where the auditor practices. The name should ordinarily be that of a town or city, although a more precise location may be disclosed.'
	ACCA	16	RMB	50	Auditors should be encouraged to disclose a specific URL where users of their reports may find further information, such as the transparency report currently proposed for use within the European Union.
	APB	26	SS	50	The APB is of the view that if the guidance on the auditor's address in paragraph 50 is to be black lettered that it should be redrafted.
	APB	26	SS	50	Following a literal reading of the present drafting, a Canadian Firm located in Toronto could name Vancouver in all their audit reports. This would clearly be misleading yet comply with the requirement. It should be expressed as, "The report should include the location of the office where the engagement partner is based".
	BASEL	32	R	50	The auditor's address referred to in paragraph 50 should also include the country where the auditor practises.
					<b>Auditor's report</b>
51.	Grant Thornton	20	FIRM	51	The report should articulate that: •procedures are performed on a test basis and that such procedures are not strictly dependent on the auditor's risk assessment
	ICANZ	3	MB	51	The illustrative example should go in an appendix
	PAAB - JoBurg	19	MB	51	We recommend that the example is moved to an appendix and not be part of the standard.
	KPMG	24	FIRM	51	The example report should be moved to an Appendix and not included in the body of the standard.
	RR	6	IMA	51	<p>In addition to the above comments I have the following comments on the draft report in paragraph 51. I believe that the reference to the audit being conducted in accordance with ISAs comes too far down in the report and should appear in the first paragraph. The paragraph dealing with management's responsibility is problematic in cases where the people responsible for the preparation of the financial statements are not management but those charged with governance. In such circumstances it may not be true to say that their responsibility includes maintaining internal control or making accounting estimates. I also believe the paragraph should be framework neutral and should not refer only to IFRSs.</p> <p>I think the wording of the paragraphs dealing with the auditor's responsibility could be improved so as to be easier to read, and set out below a slightly altered auditor's report. I have included a marked-up version that shows the changes made in the appendix to this comment letter.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	IRE	12	MB	51	At opinion level "we believe that (...)", which could be rewritten as "we conclude that (...)", to be consistent with the wording in paragraph 4 of the newly proposed ISA-700;
	IRE	12	MB	51	Incorporate a title into the auditor's report, indicating at the start of the report the existence or not of any modification of the auditor's report (e.g. "unqualified report", "disclaimer of opinion", "adverse opinion", "unqualified opinion and emphasis of matter"), or at least give the option to title the report.
	LSCA	15	RMB	51	Auditor's responsibility includes details of the basis of the auditor's opinion. We would recommend, for reasons of clarity, that after the first sentence, a new sub-heading is included entitled "Basis of Opinion" or "Scope".
	PwC	21	FIRM	51	We have a few suggestions regarding wording in Paragraph 51. The grammatical structure of the management's responsibility paragraph in the audit opinion needs revision because it might be misinterpreted in its current form. We suggest using a colon as follows: "This responsibility includes: ..."
	AICPA	28	SS	51	Management's responsibility : The second sentence in the "Management's responsibility" section of the example report in paragraph 51 is very long and difficult to read. We suggest the following edit: "This responsibility includes maintaining internal control relevant to the preparation of financial statements that are free of material misstatement, whether due to fraud or error; . Management's responsibility also includes selecting and applying appropriate accounting policies that are consistent with IFRS; and making accounting estimates that are reasonable in the circumstances."
	LSCA	15	RMB	51	The Management's Responsibility paragraph needs a colon following the words "this responsibility includes: xxx" more sense would be made of the paragraph.
	PWC	21	FIRM	51	There is a reference to 'accounting' estimates in the management's responsibilities paragraph that is not echoed in the auditor's responsibilities paragraph and should be inserted in the latter paragraph as follows: " <i>An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant <u>accounting</u> estimates made by management, as well as evaluating the overall financial statement presentation and disclosures</i> ".
	LSCA	15	RMB	51	In the last sentence of the second paragraph of the Auditor's Responsibility section an amendment is required to insert the word "accounting" as follows: "the reasonableness of significant accounting estimates made by management..."
	LSCA	15	RMB	51	The whole paragraph directly above the "Opinion" paragraph that states, "We believe that the ...financial statements." is redundant and should be removed. The auditor would not be able to express an opinion on the financial statements if the auditor had not obtained a reasonable basis for the opinion.
	PwC	21	FIRM	51	The paragraph "We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on the financial statements." is redundant. The auditor would not be able to express an opinion on the financial statements if the auditor had not obtained a reasonable basis for the opinion. It should be deleted.
	LSCA	15	RMB	51, 13	The use of sub-headings should also be confirmed as part of the guidance in paragraph 13, "elements of the auditor's report in an audit conducted in accordance with ISAs".
	PAAB - JoBurg	19	MB	51, 13	We support the use of sub titles as it improves the readability of the report.
	KPMG	24	FIRM	51, 13	We support inclusion of sub-headings in the auditor's report because, as discussed in paragraph 14 of the proposed ISA, they introduce consistency in the layout of the report that can help increase readers' understanding of what a report normally covers and can help readers identify unusual circumstances.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	PAAB - JoBurg	19	MB	51	Need to make provision for those jurisdictions where the definition of ' <i>financial statements</i> ', in terms of local legislation, is different to that in the ISA, e.g., in SA, the Companies Act uses the term 'Annual Financial Statements' which includes the directors' report.
	ICPA Kenya	22	MB	51	The introductory paragraph describe all of the components of a complete set of financial statements, as defined by IFRS, except for "a summary of significant accounting policies" Paragraph 21 of the ED actually provides the complete set. Could this have been an omission which can be rectified?
	ICPA Kenya	22	MB	51	There is no grammatical justification for including a comma after "opinion" in the first sentence of the opinion paragraph. There is no qualifying clause.
	KPMG	24	FIRM	51	With respect to the first paragraph of the report, the reference to "and the related notes" would be better presented ahead of "for the year then ended".
	AUASB	25	MB	51	We suggest the following sentence should be added to the last paragraph of the Scope section in the auditor's report in proposed revised ISA 700: The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. Inclusion of the above sentence (or similar) would inform users of the limitations of an audit.
	AUASB	25	MB	51	The flow and readability of the auditor's report could be improved by using shorter sentences and listing some matters in point form (or via some other format), for example, management's responsibilities (see paragraph 2).
	APB	26	SS	51 (28)	ISA 720 requires the auditor to read the "other information" included in documents containing audited financial statements. The purpose of reading the other information is to identify material inconsistencies with the audited financial statements. The responsibility to read "other information" is a responsibility to perform a procedure that is additional to, and outside of, the audit of the financial statements per se. It is for this reason that the auditor's responsibility towards other information, established by ISA 720, should be described in the responsibilities section of the auditor's report
	APB	26	SS	51	Electronic publication: Financial statements and annual reports are increasingly being published electronically. The IAASB should develop an IAPS that addresses the issues associated with electronic publication.
	FEE		EMB	51,13, 25	We believe that the document is inconsistent in how it describes, and uses its description of, the <b>respective responsibilities of management (or those charged with governance in the company) and the independent auditor</b> . In particular, it should be made clearer that the preparation and the fair presentation of the financial statements are the responsibility of the executive management (or those charged with governance of the company), with the independent auditor's responsibility not exceeding their responsibility. The auditor's report included in paragraph 51 of the proposed revised ISA 700 indicates that one of the responsibilities of the independent auditor is "... evaluating the overall financial statement presentation and disclosures." Unfortunately, the description of management's responsibilities in the same report does not include any reference to responsibility for disclosures. This should be rectified. It might be argued that management's responsibility for the fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) does include its responsibility for disclosures following paragraph 13 of the revised International Accounting Standard (IAS) 1 "Presentation of Financial Statements". However, where the financial statements are prepared in compliance with a financial reporting framework other than IFRS, management's responsibility for disclosures needs to be explicitly addressed. Therefore, we encourage the board to include this responsibility in the auditor's report and to adjust paragraphs 25 and 51 accordingly. Without this there will be an inconsistency with paragraph 9. <b>Additionally, the auditor's responsibilities in the</b>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p><b>auditor's report in paragraph 51 of the proposed revised ISA 700 explicitly includes</b> the external auditor's responsibility to evaluate "... the reasonableness of significant estimates made by management ..." whereas paragraph 9 does not refer to such responsibility. To enhance the consistency within the proposed revised ISA 700, including the report wording, we ask that paragraph 9 is amended to include the external auditor's responsibility to evaluate the reasonableness of significant estimates made by management. Paragraph 9 should also clearly indicate that the auditor's responsibilities listed are examples, not a complete or exhaustive list. We suggest that paragraph 10 would be clearer were it confined to the requirement for the auditor to 'stand back' and consider the fair presentation of the financial statements as a whole. Accordingly, paragraph 10 should begin with the sentence "The auditor has an additional responsibility to consider the fair presentation of the financial statements as a whole" and the preceding paragraph should conclude with the sentence "The auditor makes these judgements by considering the entity's compliance with specific requirements of the financial reporting framework." Paragraph 10 could be further enhanced by including more guidance and criteria to assist the external auditor to form a judgement on the financial statements as a whole. Reference could be made to paragraph 13 of the revised IAS 1 "Presentation of Financial Statements" which indicates that "Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board (IASB) Framework". However, this paragraph continues that "The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation". Such amendments will assist, but not necessarily fully address the need for guidance for auditors in considering the fair presentation from the auditor's perspective – especially in circumstances where an underlying accounting framework makes no provision for a true and fair view override. Regarding the "overriding responsibilities" one must distinguish between what can be described as the "accounting framework override" and the "auditor's override". In the first instance, the determination as to when fair presentation is achieved by applying a financial reporting framework is not an auditing standard setting issue, but an accounting standard setting decision. This means, using IFRS as an example, in IAS 1.10-18, the concept of fair presentation is linked to extremely rare circumstances when compliance with a requirement in an IAS-Standard would be misleading and therefore a departure would be necessary to achieve fair presentation. The "IFRS-fair-presentation-override" can extend to recognition, measurement and disclosure. In those circumstances, an "auditor's override" beyond that framework is normally redundant because the "accounting framework override" provides all the tools that the auditor needs to assess in the overall financial statements context, the recognition, the measurement and disclosure requirements of the applicable financial reporting framework. In other words, in jurisdictions adopting an appropriate financial reporting framework such as IFRS it is primarily the financial reporting framework, and not any auditing standard, that defines whether a set of financial statements are fairly presented. <b>Clarification of the auditor's ability to add material to the report</b> The proposed revised ISA 700 encourages consistency in the content, the layout and the wording of the auditor's report (paragraph 14). Whilst we support this guidance to make ISA audit reports readily recognisable, it also might be taken as inflexible by discouraging additional wording or requiring that additional wording be put in an explanatory paragraph at the end of the report.</p> <p>An important example is where additional wording relates to clarifying the auditor's duty of care. Whilst in some countries there are legal or regulatory remedies that provide adequate safeguards to support consistent interpretation and application, in other countries the audit report (specifically designed in the context of the legal and regulatory framework) has been used by auditors to define the scope and limitations of the auditor's duty of care to ensure that the intention of the basic law is preserved. The ISA does offer</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>guidance where the auditor has responsibilities to report on other matters (paragraphs 40-43), but it is clear that such other matters must be distinguished from the auditor's responsibilities in the audit opinion (paragraph 42). This will not meet the needs of those jurisdictions where it is a common practice that duty of care is best explained in the auditor's report. Accordingly we recommend that the IAASB addresses this issue by including an explicit statement that additional wording (that is not dealt with in ISA 701) may be included in the auditor's report, where necessary, for example having regard to territory legal interpretation or practice. If this is not done, through advocating consistency the IAASB may inadvertently prevent auditors from using the audit report to clarify their duty, thus not only exposing them to unreasonable liability, beyond what is intended by the relevant national law or regulation, but also widening the expectation gap. <b>Reasonable assurance and references to fraud in audit report</b> The proposed revised ISA 700 requires that the auditor plan and perform the audit to obtain reasonable, but not absolute, assurance whether the financial statements are free from material misstatements, whether due to fraud or error. We support the references to 'whether due to fraud or error' in the auditor's report but have some concerns as set out below that these words may be misinterpreted, in particular as to what is reasonable in relation to fraud. The proposed standard does not provide further clarification as to how "reasonable assurance" needs to be understood. We believe that the proposed revised standard would benefit from additional guidance clarifying the meaning of reasonable assurance, for example by adding grey-lettered guidance following the black-lettered requirements in paragraph 30 and by referring the auditor to International Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" and to paragraphs 8 and 9 of ISA 200 "Objective and General Principles Governing an Audit of Financial Statements". Although the recently issued "Assurance Framework for Assurance Engagements" includes some guidance related to "reasonable assurance", we continue to regard it as vital that the IAASB gives high priority to considering projects related to reasonable assurance so that timely and practical solutions can be developed. In the context, once such projects have been finalised, further alterations to the guidance on reasonable assurance in the proposed revised ISA 700 will be needed. In this context, we recommend that the IAASB working group refers to the FEE Issues Paper on "Principles of Assurance: Fundamental Theoretical Issues with Respect to Assurance in Assurance Engagements". With respect to our concerns referred to above, we note that the assertions related to the inherent limitations of an audit in the context of fraud included in paragraphs 17 to 20 of the revised ISA 240 "The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements" are currently not reflected in the proposed wording of the auditor's responsibility. Stakeholders in the financial reporting process, including the public and regulators, should be made aware of, understand and accept the limitations of financial statement audits as currently designed in respect of fraudulent but also other material misstatements. Therefore, we recommend that the IAASB consider inserting the following sentence at the end of the first scope paragraph in the auditor's report that clarifies the limitations of audits, ie after the words 'whether due to fraud or error': "Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements will not be detected; the risk resulting from fraud is higher than the risk resulting from error". Paragraphs 28 to 34 and paragraph 51 of the proposed revised ISA 700 would need to be amended accordingly.</p> <p>The additional sentence in the audit report recommended above uses words taken directly from the new ISA 240, with slight simplification to avoid unnecessary repetition of 'risks of material misstatement'. Inclusion of such words is not in our view being defensive; it is being clear. Reference to fraud in the paragraph recognises this important aspect of the auditor's responsibility, but at the same time users need to understand that fraud and error are different.</p>
	PwC	21	FIRM	51,13	The ISA does not offer sufficient flexibility to allow the auditor to define the scope and limitations of the auditor's duty of care.



#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>In this increasingly litigious environment, the auditor's responsibility and what defines the scope and limitations of the auditor's duty of care are critical. Whilst in some countries there are legal or regulatory remedies that provide adequate safeguards to support consistent interpretation and application, in other countries it has proved necessary to use the audit report (that is specifically designed in the context of the applicable legal and regulatory framework) to define the scope and limitations of the auditor's duty of care. We do not believe the ISA provides sufficient flexibility to meet this need. Paragraphs 17 and 18 require the auditor's report to "be addressed as required by the circumstances of the engagement", and explain that the report is addressed to "those for whom the report is prepared" (acknowledged to be often specified in national laws or regulations). However, the guidance is silent with respect to whether or not additional clarification on the scope of the auditor's duty of care can be added in the body of the auditor's report. The ISA does offer guidance where the auditor has a responsibility to report on other matters (Paragraph 40-43), but it is clear that such other matters must be distinguished from the auditor's responsibilities in the audit opinion (Paragraph 42). This will not meet the needs of those jurisdictions where it is argued duty of care is best explained in the description of the auditor's responsibilities. Furthermore, the proposed revised ISA 700 encourages consistency in the content, the layout and the wording of the auditor's report (Paragraph 14). This might be interpreted to suggest that additional wording cannot be added to the body of the audit report or that it should be limited to an explanatory paragraph at the end of the report. Whilst we applaud the principle of consistency to make ISA audit reports readily recognisable, and believe departures from the ISA should be the exception rather than the rule, we are of the view that there are certain circumstances, such as those described above, when it is important to include additional wording in the body of the audit report.</p> <p>We believe that the auditor's duty of care is one of the areas that warrant greater flexibility. In fact, when the addressee alone does not define the parameters of the auditor's duty of care, it is in the public interest to explain those parameters more fully in the auditor's report so that readers are not misled. Accordingly, we strongly encourage the IAASB to expand the guidance in Paragraph 18 to acknowledge that, in certain jurisdictions, there may be a need to clarify the scope and limitations of the auditor's duty of care in the audit report because the legal or regulatory framework in that jurisdiction does not provide adequate safeguards to support consistent interpretation otherwise. Such clarification might, for example, entail expanding the auditor's report to clarify to whom the report and opinion have been prepared, (including any limitations on those to whom the auditor accepts or assumes responsibility) and the legal and regulatory parameters within which the auditor is able to express an opinion. We would suggest that such language might best be included in the description of the auditor's responsibilities or, alternatively, IAASB might conclude that it would be preferable to allow such language in the introductory paragraph.</p>
	ICAS	11	RMB	51	The standard should be more flexible to allow auditors to include a statement that clarifies the duty of care that is imposed on them by the legislation of the jurisdiction in which they are reporting. At present it is not clear whether the standard would allow the inclusion of such statements. Therefore wording should be included in the revised standard to the effect that such statements may be included in the auditor's report.
	LSCA	15	RMB	17,18,51	The ISA is silent with respect to whether or not additional clarification on the scope of the auditor's duty of care can be added in the body of the auditor's report. The guidance should remain flexible enough to use the audit report (that is specifically designed in the context of the applicable legal and regulatory framework) to define the scope and limitations of the auditor's duty of care. To achieve this we suggest that paragraphs 17 and 18 could be expanded to recognise that, in certain jurisdictions, it may be appropriate to expand the auditors' responsibilities paragraph in the auditors' report to clarify to whom the report and opinion have been addressed, and any limitations on those to whom the auditor accepts or assumes responsibility.



#	Org	Org Number	Org Type	Other Paragraphs	Comments
	PwC	21	FIRM	51	<p>1. Additional guidance on what reasonable assurance is &amp; 2. IAASB should consider reasonable assurance project with high regard.</p> <p><b>Reasonable assurance</b></p> <p>The audit opinion is formed on whether the auditor has obtained reasonable assurance that the financial statements taken as a whole are free from material misstatement. In our response to the Exposure Draft of the proposed revision to ISA 240, “The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements” dated 15 November 2003, we articulated that there is a need for a consistent view of what is meant by reasonable assurance. There are varying views within the profession that could result in different interpretations of the ISAs and, in particular, how they are implemented in practice. By virtue of its reference in the auditor’s report, the visibility of reasonable assurance to users is heightened. In the absence of appropriate explanation, users of auditors’ reports on financial statements may also interpret the concept differently, which will only serve to exacerbate the expectation gap. The proposed description of the auditor’s responsibilities includes the phrase “Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance whether the financial statements are free of material misstatement, whether due to fraud or error.”</p> <p>We welcome the clarification to the existing ISA 700 auditor’s report wording that reasonable assurance is not absolute assurance. On the other hand, we can see advantages and disadvantages to the addition of the phrase “whether due to fraud or error”. It reflects the description of our responsibilities as set out in the ISAs and serves to emphasise that the auditor’s focus is on material misstatements, whatever the cause. Furthermore, since the proposed expanded description of management’s responsibilities includes a reference to management’s responsibilities in relation to fraud, it could be argued that the description of the auditor’s responsibilities should explain the auditor’s responsibilities in relation to fraud. However, there is a risk that readers may draw unwarranted assurance from the brief reference to fraud in the auditor’s report — which will only fuel the expectation gap. There are a number of paragraphs in the recently approved ISA 240 that explain the inherent limitations of an audit in the context of fraud. It is difficult to encapsulate that discussion in the auditor’s report. It may be for these reasons that the phrase “whether due to fraud or error” was not included in the description of the auditor’s overall responsibilities in the extant ISA 700 audit report nor is it included in the audit reports of the majority of jurisdictions around the world.</p> <p>Whether or not one supports the inclusion of the phrase “whether due to fraud or error”, it undeniably brings into sharp focus the debate as to whether reasonable assurance relates to the absence of misstatements in the financial statements as a whole whatever the cause of those misstatements, or whether it is a variable concept in that what is reasonable in respect to error is different than what is reasonable in respect to fraud. This is not an issue that can remain unchecked without jeopardising the credibility of auditors’ reports on a global basis in the long run.</p> <p>We strongly encourage the IAASB Task Force that is currently looking at reasonable assurance to conclude its deliberations and engage in public debate on this issue as soon as practicable. We anticipate that the debate may result in further changes to the auditor’s report in future to better explain reasonable assurance. In the meantime we wonder whether the use of the phrase “whether due to fraud or error” may not lead to more confusion rather than less.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	FSR	1	MB	51,30	<p>The word "reasonable" and the terms "reasonable assurance" and "reasonable, but not absolute assurance" still confuse stakeholders both when reading an English version of the auditor's report and versions translated into local languages. The term "high, but not absolute" as described so far in "Glossary of Terms" makes sense. The addition of "but not absolute" to "reasonable" makes no sense to stakeholders, as the words cannot be inter-preted in context. The term "reasonable, but not absolute" only makes sense to auditors who are familiar with the implicit meaning of reasonable, namely "high".</p> <p>This is an extremely important issue and we consider the only way out is to apply the term "high, but not absolute" consistently through the ISAs and in the example auditors report. The ED approach to the problem is misleading and therefore in conflict with the Code of Ethics and the communication thought in ED ISA 700. In the example auditor's report in paragraph 51 the word "reasonable" appears three times; in connection with accounting estimates in last part of the section "Management's responsibility" (and reasonableness of significant estimates under "Auditor's Responsibility"), in the term "reasonable, but not absolute assurance" under "Auditor's Responsibility" and in the same section in the term "reasonable basis" for our opinion". As "reasonable" has not the same meaning in all these situations we suggest, further to the change of "reasonable, but not absolute" into "high, but not absolute" as discussed above, that the wording of the last sentence under "Auditor's Responsibility" is changed into the following or somewhat similar: We consider (the word "believe" does not seem relevant in this context) that during the audit we obtained sufficient appropriate audit evidence as a basis for (alternatively: to support) our audit opinion. (This is in line with text and phrases used in the ED, e.g. Para-graph 8 and 34. The term "enable us to express" as applied in paragraph 5 could be an alternative, too). By replacing the word "reasonable" in two places as suggested the risk of confusing stakeholders is significantly reduced.</p>
	ICAS	11	RMB	51	<p>We believe that further clarification is required here in order that it is made clear that the auditor's responsibilities are not wider than that of management i.e. in the auditor's responsibilities paragraph in paragraph 51 it states that 'An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation and disclosures.' Yet in the same paragraph there is no specific mention of management's responsibility in relation to this. Whilst not necessarily a problem under an IFRS reporting framework it would be an issue where another reporting framework was being used.</p>
	JICPA	13	MB	51	<p>Management responsibility for the financial statements is not limited to the matters listed in paragraph 25 or 51. Therefore, as in paragraph 35 of ISA 200, we suggest describing paragraph 51 as follows: "This responsibility includes, among other matters, maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with IFRS; and making accounting estimates that are reasonable in the circumstances."</p>
	FSR	1	MB	51, 25	<p>In FSR's opinion a description of management's responsibility should not appear in the auditor's report but in the 'management report'. In situations where management describes this responsibility in full in the management report, the auditor may refer to this in the auditor's report.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	Richard Regal	6	IMA	51	The inclusion in the auditor's report of the paragraphs on the respective responsibility of management and the auditor is not beneficial because: (a) lengthen the report considerably (b) do not clarify responsibilities any greater than extant ISA 700 (c) The paragraphs merely state the IAASB's view of who bears which responsibility (d) might not be upheld in court to (e) the addition of the comment that the auditor is not required to obtain absolute assurance is self-serving (f) arguments as to auditors' liability have tended to be about whether auditors were right to have been satisfied with the evidence they obtained or whether they should have obtained more rather than who is responsible for what. (g) The paragraph dealing with management's responsibility is problematic in cases where the people responsible for the preparation of the financial statements are not management but those charged with governance. In such circumstances it may not be true to say that their responsibility includes maintaining internal control or making accounting estimates.
	KIBR	2	MB	51	Paragraph 17 of ISA 200 states that „... the financial statements taken as a whole are free from material misstatement.” The text of the opinion does not include such reservation i.e. it does not read: „In our opinion, the financial statements taken as a whole give a true and fair view”. The wording of the opinion should be redrafted accordingly
	CNCC/OEC	9	MB	51,28	the last sentence of the auditor's responsibility paragraph be amended as follows: “Those standards require ... assurance whether the financial statements, taken as a whole, are free from ....” The reason for inserting the expression “taken as a whole” in the sentence is that the definition of reasonable assurance given in paragraph 17 of revised ISA 200 includes it.
	JICPA	13	MB	51, 30	An audit in accordance with ISAs is designed to provide reasonable assurance that the financial statements taken as a whole are free from material misstatement (ISA200.17). However, the draft auditor's report omits “taken as a whole” to conform to paragraph 30 of ISA 700. In order to not create expectation gap for audits, we suggest adding “taken as a whole” in paragraphs 30 and 51 of ISA 700  Change the term to “the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion”
	Grant Thornton	20	FIRM	51	The report should articulate that •the auditor evaluates all evidence obtained when forming his or her opinion to determine whether he or she has obtained reasonable assurance that the financial statements taken as a whole are free from material misstatement. [see GT detailed recommended revisions ISA 700 Appendix paper]
	FSR	1	MB	51,10,28	10 and others: It is stated that the auditor's considerations are related to the financial statements taken as a whole. As the term “taken as a whole” is essential in providing guidance to the auditor and for the stakeholders' understanding of the auditor's responsibility, we recommend the term consistently applied through the ISA.
	AICPA	28	SS	51	<b>Reasonableness of significant estimates:</b> The second paragraph in the “Auditor's responsibility” section of the example report in paragraph 51 states: “An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation and disclosures.” This statement begs the questions: How does the reasonableness of significant estimates compare with the reasonableness of other measurements and disclosures presented in the financial statements? Is this “reasonableness” more or less than “reasonable assurance?” Since most of the numbers in the financial statements are estimates, we suggest the sentence be reworded as follows: “An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation and disclosures, including significant estimates made by management.”
	ACAG	27	MB	51	It is considered that the proposed new wording for the auditor's report should also include clarification of the scope of management's responsibilities with respect to internal control.

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	HKSA	30	MB	51	<p>We welcome the:</p> <p>new headings and sub-headings for different aspects of reporting;</p> <ul style="list-style-type: none"> <li>•the section on management's responsibility which clarifies that "this responsibility includes maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error ....."; and</li> <li>•the section on auditor's responsibility which clarifies that "the auditor considers internal control relevant to the entity's preparation of the financial statements as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control".</li> </ul> <p>We believe that these revised responsibility statements will serve to better inform the readers of the different roles of auditors and management regarding the internal controls.</p>
	BASEL	32	R	51	<p>The auditor's report should clearly identify that <b>management's responsibility is summarized</b> and represents only a component of the overall responsibilities discussed in the management report. We suggest that the final standard include additional wording that acknowledges that internal controls relevant to the financial statements are only one component of the comprehensive system of internal controls required to be maintained by management. In accordance with IAS 1 and ISA 570, we also recommend that paragraph 25 be extended to include management's responsibility to assess the entity's ability to continue as a going concern and paragraph 33 be extended to state that the description of an audit in the auditor's report should include evaluating the appropriateness of management's use of the going concern assumption.</p>
	CICA	18	MB	51 General	<p>Wording of the auditor's report</p> <p>We received a mixed reaction from Canadian respondents to the proposed wording of the auditor's report. Some respondents supported the proposals because they make explicit what today is often implicit in the current auditor's report, particularly with respect to the discussion of management's responsibilities for the financial statements. Other respondents believed that the proposed wording of the auditor's report is not significantly different from the current wording of the auditor's report to the extent that it contains high sentence complexity and required vocabulary levels.</p> <p>Unless the report is made more readable and understandable, with less jargon words, changes to the auditor's report will have limited effect on the public's understanding of the auditor's role and the report. Having said that, we believe that the proposals are a step forward and that one of the objectives of the IAASB should be to continue to improve the wording of the auditor's standard report over time.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	BASEL	32	R	51, 19	<p>The wording of the independent auditor's report should be expanded to be more specific in the introductory paragraph, in the paragraph about management's responsibility and in the paragraph describing the auditor's responsibility.</p> <p>As mentioned in the principle about the introductory paragraph of the auditor's report (paragraph 19), we recommend that the introductory paragraph of the auditor's report specifically mention the period covered by the income statement, statement of changes in equity and cash flow statement (e.g., 'for the period from...to...'). The introductory paragraph of the auditor's report should be revised to also refer to "a summary of significant accounting policies and other explanatory notes" to be in line with paragraph 43 of the proposed amendment to ISA 200. We recommend that the auditor's report state in the Auditor's Responsibility paragraph that the auditor has determined that the financial reporting framework identified by management is acceptable. We believe that this principle, as mentioned in paragraph 37 of the proposed amendment to ISA 200, should be reflected in ISA 700.</p>
	BASEL	32	R	51, 40-43	We are also unclear as to how the descriptions under Management's Responsibility and Auditor's Responsibility in the auditor's report relate to the Other Legal and Regulatory Requirements section of the report.
	NIVRA	33	MB	51	Example auditor's report: We would suggest to use the heading "scope of the audit" in italics above the first paragraph.
	NIVRA	33	MB	51	In general it is our opinion that the revisions contribute to the clarity of the standards and the auditor's report. We especially support a more explicit description of the responsibility of management and the auditor, especially in relation to internal control. However, we still have a concern regarding the lack of communication in the auditor's report on limitations inherent to every audit (see also ISA 200.9). We would appreciate to include a few more wordings to indicate the existence of such limitations. We wonder whether the suggested wordings in the auditor's report ... "reasonable, but not absolute assurance" is sufficient to bridge the existing expectation gap in that respect.
	BDO	34	FIRM	51	<p>In order to be consistent with paragraph 52, we suggest that the heading to paragraph 51 be amended to state "Auditor's Report for Audits Conducted in Accordance With ISAs."</p> <p>We consider that the date of the auditor's report should be placed below the auditor's signature.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
	DCCA	38	R	51	<p>Auditor's reports without qualifications</p> <p>As a part of the Danish regulation regarding the wording of the audit report it has since the approval of the regulation regarding auditors reporting on the work performed as an auditor in 1996 been required that it in the audit report is stressed whether the audit has resulted in any qualifications or not. The following sentence is therefore according to Danish regulation on this matter a part of the section in the audit report, where the basis of opinion is mentioned: "Our audit has not resulted in any qualification."</p> <p>In case of qualifications in the audit report this sentence is naturally removed from the section regarding basis of opinion and replaced with a new section explaining the qualification emphasized with the heading "qualification". It is the opinion of the DCCA that this sentence is essential to audit reports without qualifications, as it is a requirement that any qualifications are emphasized. This is required under Danish regulation and also required in the current ISA 700 section 40 and in the proposed ISA 701 section 15. Accordingly, it should also be a requirement that "no qualifications" are emphasized, as the users of the audit report should have the opportunity quickly to see that the audit has not resulted in any qualifications. From the users point of view this is seen to be significant for the understanding of the audit report. The information that the audit has not resulted in any qualifications is the most important information given from the auditor to the user of audit report, and could be stated to be one of the main purposes with the audit report.</p> <p>The DCCA will therefore suggest that the following sentence is added in section 51 in the proposed ISA 700 to the mention of Auditor's Responsibility: "Our audit has not resulted in any qualification."</p>
	DCCA	38	R	51	<p>According to the Danish regulation regarding the audit report it has since the approval hereof in 1996 been a requirement that the audit report is divided into sections. The specific requirements are that any paragraphs of emphasis of matter or paragraphs with qualifications are emphasized with the use of headings in the audit report.</p> <p>In the proposed ISA 700, section 51, the auditor's report is divided in to sections by the use of headings. The proposed headings are according to section 51 suggestions, and not requirements, as the headings are presented in italic and not in bold lettering.</p> <p>The DCCA approves on the proposal in ISA 700 section 51 to include headings for all sections in the audit report, but the DCCA would like to recommend that the status of the headings is changed from a suggestion to a requirement by replacing the italic lettering with bold lettering in the proposed ISA 700, section 51.</p>
	DCCA	38	R	51	<p>The EU 4th Directive was in June 2003 modernised and updated. One of the elements of the updated 4th Directive is that the Directive now contains requirements to the contents of the audit report.</p> <p>One of the requirements to the audit report according to the 4th Directive art. 51a are that there should be a reference to the financial reporting framework in the introductory paragraph. With this update of the 4th Directive, there will be a reference to the relevant reporting framework in the introductory paragraph and in the opinion paragraph.</p> <p>Such financial reporting framework may be IAS/IFRS or any other financial reporting framework, depending on, which reporting framework is relevant, as the concrete case may be.</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>The proposed wording of the introductory paragraph in ISA 700, section 51 and mention hereof in ISA 700, section 19-24 does not include a reference to the relevant financial reporting framework.</p> <p>In order to meet the requirements of the 4th Directive the DCCA suggests that the introductory paragraph mentioned in ISA 700, section 19-24 and section 51, contains a reference to the relevant financial reporting framework.</p>
					<b><i>Auditor's report in accordance with both ISAs and NASs</i></b>
52.	JICPA	13	MB	52 to 57	<p>When conducting audits in accordance with both ISAs and national auditing standards, the auditor's report refers to the audit being conducted in accordance with both ISAs and national standards. However, convergence of ISAs and national auditing standards should be made based not on the form of translation but on the substance of national auditing standards because it is necessary to take into consideration specific situations in each country and to comply with due process governed by national laws and regulations. Accordingly, we suggest that the IAASB should be flexible as to the interpretation of convergence.</p>
53.	IOSCO	39	R	53	<p>Paragraph 53 - there is a need to clarify that the auditor may refer in his report to both ISAs and national standards where he has complied with both. (Moving the word "only" to follow "conducted in accordance with ISAs" would make the necessary clarification.)</p>
54.	ACCA	16	IMA	54	<p>Concerned that the guidance in paragraph 54 may prevent the use of ISAs in certain jurisdictions, or introduce inconsistency whereby ISAs would be used except where circumstances arise to bring conflict with national standards. The example used in the paragraph (of national requirements precluding an emphasis of matter paragraph) would be better addressed by an expansion of the report to explain that, in that respect, the auditor had been unable to comply with a specific ISA. This would provide users with almost all the benefits of an audit in accordance with ISAs, together with a clear disclosure that a scope limitation prevented their full application.</p>
55.	IOSCO	39	R		<p>Paragraph 55 appears to implicitly acknowledge that an auditor may refer to both a national framework and ISAs if both are complied with in performing the audit. We would prefer to see this wording amended to explicitly state this.</p>
56.					
57.	GT	20	FIRM	57	<p>We recommend clarifying the last sentence in this paragraph, specifically relating to the statement "In the absence of specific requirements in a particular jurisdiction that conflict with ISAs..." The last part of this phrase should be changed to "that conflict with this ISA" or the words "that conflict with ISAs" should be eliminated, as they are unnecessary.</p>
					<b><i>Unaudited supplementary information</i></b>
58.	NIVRA	33	MB	58/61	<p>Para. 58/61: The auditor should be satisfied that any supplementary information presented together with the financial statements that is not covered by the auditor's opinion is clearly differentiated from the audited financial statements. Does this mean that the director's report/MD&amp;A should be marked as "unaudited"? Further guidance is necessary of what is clearly differentiated, especially since non-compliance with this requirement may have consequences for the opinion in the auditor's report (disclaimer of opinion). Rather than a disclaimer of opinion regarding this information we suggest to be very specific about the scope of the audit and its boundaries in the first paragraph of the auditor's report. We don't agree with the 'disclaimer of opinion' in situations in which the client refuses to clearly differentiate the (unaudited) supplementary information from the financial statements. This would rather be a limitation imposed by the entity.</p> <p>We further suggest to add additional guidance on publication of annual reports and accounts including the auditor's report on the internet.</p>
59.					
60.					

#	Org	Org Number	Org Type	Other Paragraphs	Comments
61.	LSCA	15	EMA	61	We do not consider that a disclaimer of opinion in the auditor's report is appropriate. The information not audited should be scoped out in the auditor's report, but disclaiming an opinion on unaudited information is not appropriate when the information is not within the audit remit. We suggest this sentence is rewritten as follows: "...the auditor should include a disclaimer of opinion in the auditor's report with respect to that information the auditor should consider modifying the auditor's opinion
62.	Richard Regal	6	IMA	62,58	Paragraph 62, which makes clear that the auditor has some responsibility for supplementary information, should be moved up to immediately after paragraph 58, as its current position does not give it sufficient emphasis <i>Effective Date</i>
63.	ICPA - Kenya	22	IRMA	63	our view is that it is more logical to link the effective date to an accounting period rather than to the date of the reports – eg "for auditor's reports on financial statements for accounting periods ending on or after 31 December 2005. <i>General Comments</i>
	Richard Regal	6			The wide ranging changes that this exposure draft makes to a number of key International Standards on Auditing (ISAs) are very worrying. People following the International Auditing and Assurance Standard Board's (IAASB's) work are entitled to expect that in the absence of a project considering the objective and general principles of an audit there are no substantive changes planned in respect of that fundamental matter. Instead, a project that seemed to be about the reporting of what the auditor has found has been used to make wholesale changes to the standard dealing with what an audit is about. The exposure draft also makes piecemeal changes to three other ISAs. This is not the first exposure draft to make such piecemeal changes, and this practice makes following the contents of ISAs and working out what is the current text very difficult. Furthermore, those translating the ISAs into other languages must be finding it difficult to work out which text should be used as the starting point for their translation efforts. I think the IAASB should consider whether the promulgation of a never ending series of purported conforming changes really is more helpful than leaving the text of existing standards alone unless revision of the entire standard is clearly called for.
	KIBR				Concerns pertain mainly to the content of the auditor's opinion on an audit of financial statements, and stem from the following circumstances: <ul style="list-style-type: none"> <li>different national provisions impose different requirements to be fulfilled in the auditor's opinion,</li> <li>addressees of the audit opinion have different expectations,</li> <li>Auditor's responsibility for the statements included in the auditor's opinion is indeed a significant question</li> </ul>
	CNCC/OED	9			<b>The IAASB should consider the future of audit reporting..</b> Overall, the objective to improve the auditor's report so that it is a better communication tool has not been reached. The two French Institutes are, however, concerned that many of the improvements and clarifications made to the standards are in fact not visible to the users and they are concerned that one of the objectives originally assigned to the Task Force, which was to improve the auditor's report as a communication tool for the profession, might in fact not have been reached. Audit language whilst consistent with other ISAs is not understandable to general public Since the auditor's report has been criticised for being too coded and not informative enough (or even not informative at all), the revision of ISA 700 was meant to address this criticism. Phrases such as "In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements as a basis for designing audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control", are clearly using the code of the IAASB's standards but for the general public are probably still not understandable. Suggested that "stakeholder" research is carried out to gauge the usefulness of the audit report. For this reason, in order to gauge how the proposed new auditor's report is perceived by users, the French Institutes suggest that the



#	Org	Org Number	Org Type	Other Paragraphs	Comments
					IAASB, if it has not received enough responses from users during the consultation period, submits it for comment to specific users such as investors, banks, financial analysts, rating agencies or representatives of shareholders such an initiative may give the IAASB a better idea of the perception of the proposed new wording of the auditor's report.
	PwC	21	FIRM		<p><b>The IAASB should consider the future of audit reporting.</b></p> <p>Looking further into the future, we can foresee an opportunity for the accountancy profession to consider the future evolution of the audit and the auditor's report. As stakeholders increasingly seek assurance on a broader range of business performance measures and processes, and new regulatory and legal requirements push the boundaries of the traditional statutory audit, our traditional audit reporting model may need a more fundamental revision. We believe there is an opportunity for the IAASB to take leadership in considering more extensive amendments to the structure of, and even the purpose and role of, the audit report in the future. IAASB is well positioned to undertake this task, which would be consistent with the overall goal of further developing credibility and public confidence in the profession.</p>
	Grant Thornton	20			<p><b>Two phased approach</b> We commend the IAASB's efforts to provide "...clearer guidance on the form and content of the auditor's report..." and believe such guidance is necessary for quality and transparent reporting. That said, however, we have significant concerns with respect to the IAASB's "two-phased approach." We believe such an approach inappropriately restricts the scope of Proposed Revised ISA 700 to reporting on a complete set of general purpose financial statements. It also does not contemplate potential future revisions to Proposed Revised ISA 700, which may be considered necessary based on the future review and revision of the new ISA 701 and revised ISA 800.</p> <p>For instance, Proposed Revised ISA 700 establishes standards and provides guidance on auditor's reports relating to a complete set of general purpose financial statements. It does not address circumstances in which the auditor may be asked to report on one basic financial statement and not the others. We believe this limitation is inappropriate and needlessly ignores well-established financial reporting frameworks, which permit a single statement and related notes to be reported on.</p> <p>Further, with the public interest in mind, we advise the IAASB to delay the issuance of Proposed Revised ISA 700 (and the reporting aspects of the related amendments and conforming amendments) until the comprehensive review and revision of the "new ISA 701" and ISA 800 (and ISA 710, Comparatives) is complete. We believe that a piecemeal approach provides poor guidance during the interim period until revisions to ISA 701 and ISA 800 are ultimately issued. Without the development of a comprehensive reporting model, an unintended fatal flaw in Proposed Revised ISA 700 (as discussed in the previous paragraph) could exist but not be identified until such a comprehensive review is concluded. Further, the auditor's report is the cornerstone for clearly communicating the expression of an opinion on the financial statements. To issue a standard auditor's report that may be potentially flawed (which would require revision of such a report at a later date) would not be in the public interest.</p>
	APB	26	SS		<p>Two stage approach to the revision of ISA 700</p> <p>The APB notes the proposed two-stage approach to the revision of ISA 700 and the intention to split the extant ISA 700 into two ISAs. ISA 700 will be restricted in scope to auditor's reports when the auditor is able to express an unmodified opinion. Guidance on modified opinions will be provided in ISA 701. This is also being exposed by IAASB. However, other than for conforming changes the substance of the proposed ISA 701 is identical to the equivalent paragraphs in the extant ISA 700.</p> <p>The APB notes that a project to comprehensively review guidance on modified opinions is underway and that an exposure draft is</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					expected in early 2005. The APB is content with this arrangement on the proviso that every effort is made by the IAASB to complete the review of ISA 701 as soon as practicable. Although guidance on unmodified audit reports is important, and a necessary prerequisite to the wider adoption of ISAs, revising the guidance on modified opinions should not be delayed.
	JICPA	13	MB		<p><b>Convergence:</b> Wish to have a more flexible model where the ISA is a framework from which to develop national standards and not complete guidance.</p> <p>We basically support the revisions of ISA 700 and other related ISAs to conform to the new audit risk model. However, we are of the opinion that the IAASB should be flexible in the interpretation of convergence of all ISAs (not limited to ISA 700) and national auditing standards, which the proposed revisions envisage (e.g., auditor's report for audits conducted in accordance with both ISAs and national auditing standards). In other words, we believe that the IAASB should carefully respond to convergence, and that interpretation should be made based not on the form of translation but on the substance of the national auditing standards which reflect the intention of the ISAs. This is because, when setting national auditing standards in conformity with ISAs, it is necessary to take into consideration the difference of corporate culture, capital markets, corporate governance, and language among countries around the world and to comply with due process governed by national laws and regulations applicable when setting national auditing standards.</p>
	PwC	21			<p><b>The Two-part reporting model should be mandated when reporting on additional matters.</b></p> <p>We welcome the new guidance in the proposed revised ISA 700, which clarifies that where the auditor has "other reporting responsibilities" they need to be clearly identified and distinguished from the auditor's responsibility for, and opinion on, the financial statements. From the perspective of global convergence, a common audit report wording and structure for ISA audits is difficult to dispute. Consequently, we question why this two-part reporting structure isn't mandated for ISA audits and recommend that, in the case of audits conducted in accordance with ISAs alone; the "two-part reporting model" should be mandated when reporting on additional matters.</p>
	Richard Regal	6			<p>Richard Regal General Comments</p> <p>The wide ranging changes that this exposure draft makes to a number of key International Standards on Auditing (ISAs) are very worrying. People following the International Auditing and Assurance Standard Board's (IAASB's) work are entitled to expect that in the absence of a project considering the objective and general principles of an audit there are no substantive changes planned in respect of that fundamental matter. Instead, a project that seemed to be about the reporting of what the auditor has found has been used to make wholesale changes to the standard dealing with what an audit is about. The exposure draft also makes piecemeal changes to three other ISAs.</p> <p>This is not the first exposure draft to make such piecemeal changes, and this practice makes following the contents of ISAs and working out what is the current text very difficult. Furthermore, those translating the ISAs into other languages must be finding it difficult to work out which text should be used as the starting point for their translation efforts. I think the IAASB should consider whether the promulgation of a never ending series of purported conforming changes really is more helpful than leaving the text of existing standards alone unless revision of the entire standard is clearly called for.</p> <p>As for the current exposure draft, I believe that it would be preferable to include the guidance on modified and unmodified reports in</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>the same standard rather than to have two separate standards, although I do not feel strongly about the matter. I believe that a standard that deals with all aspects of a report on a subject matter should be kept in the same standard rather than having standards on “positive” and “negative” audit reports in separate ISAs. If a standard is to deal adequately with how the auditor's opinion on the financial statements is to be expressed it should deal with situations where the auditor's opinion is that the financial statements do not give a true and fair view as well as situations where they do. Failing to include these matters in the same standard means that the auditor's thought process has to be explained (and regulated) in different standards depending upon what the results of that thought process lead to. I hope that, notwithstanding my comments above about piecemeal revisions, when the IAASB revises ISA 701 it takes the opportunity to remerge the two standards.</p> <p>I have particular difficulty with the paragraphs dealing with the date of the audit report and the statement in paragraph 45 that the date indicates the date of completion of the audit. In part this is because of an inconsistency between the stated objective of an audit (to obtain evidence) and the description of an audit (an engagement in which the practitioner expresses a conclusion). It is therefore not clear whether the audit is completed when the auditor has obtained sufficient appropriate evidence or when the auditor has expressed his conclusion. (There are also two other possible completion dates: the date on which the auditor has indicated the opinion he will give, and the date on which he allows his opinion to be released to persons other than the entity's management.)</p> <p>For reasons that I shall set out in my detailed comments, I believe that the standard should make a distinction between the date of the auditor's opinion (which would be the date by which the auditor has obtained sufficient appropriate audit evidence to support an opinion on the financial statements) and the date of the auditor's report (which is the date that that opinion is expressed).</p> <p>The exposure draft does not deal adequately with the question of divided responsibility reporting for audits of group financial statements. The reader of the report is forced to rely on the work done by other, unnamed, auditors because the group auditor is specifically not claiming responsibility for the work those auditors have carried out. The exposure draft requires the identification of the group auditor with some precision and of the standards to which the group auditor is expected to be held, but is silent about the other auditors and relevant standards. I believe the reader of an audit report on group financial statements is entitled to know the names and addresses of the auditors who have the responsibility for the audit opinion irrespective of whether there is a sole responsibility or divided responsibility opinion.</p> <p>I realize that many of the points I make below may seem arcane or seem to require a needless precision. However, the IAASB is drafting for a special audience. Its standards will be read and interpreted by people whose first language is not English, some of whose languages do not use the Latin alphabet. It is to everybody's advantage if courts in, for example, Japan, interpret the IAASB's standards consistently with courts in, for example, Saudi Arabia and Canada. The IAASB cannot guarantee that this will happen, for national courts sometimes operate within national imperatives, but it can guarantee that it will not happen by using language that is imprecise or that does not set out clearly the reasoning behind its words.</p>
	AICPA	28	SS		<p><b>Two phased approach: Commentators do not have bigger picture:</b> The proposed standard addresses the auditor's report on a full-set of general-purpose financial statements, when there are no modifications to the auditor's report. We understand that the IAASB intends to consider projects on 701, <i>Modifications to the Independent Auditor's Report</i>, and 800, <i>The Independent Auditor's Report</i></p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p><i>on Special Purpose Audit Engagements</i>, in the near future. It is impossible to anticipate the implications of the proposed standard without knowing how ISAs 701 and 800 will address modified auditor's reports and special reports. We believe that the commentators on the proposed standard are not being given the opportunity to see the whole picture. Therefore, the comments that the IAASB receives on the proposed standard may be incomplete. We would support delaying the issuance of this standard, and exposing and issuing the three related standards simultaneously. In fact, we question whether the exposure of this standard alone constitutes proper due process.</p> <p>We would consider issuing this standard alone to be a fatal flaw if the International Auditing and Assurance Standards Board (IAASB) does not undertake the projects on ISAs 701 and 800 immediately. Furthermore, the task forces that address those projects must be given the authority to amend a newly issued ISA 700 to address any issues that are unanticipated at this time, but will become apparent as those future projects move forward.</p> <p>Reading the agenda materials for the April 2004 IAASB meeting, we notice that the task force that is amending ISA 701 has proposed that it will revise emphasis of matter requirements with the intention of placing the revised discussion in ISA 700 as part of a conforming change. We agree that guidance on emphasis of a matter belongs in ISA 700, but we believe that this proposed change goes far beyond what can be classified as a "conforming change." It would be more appropriate to expose and issue these three standards simultaneously.</p> <p>As an example of a circumstance that might not be appropriately addressed in the group of standards, in the United States, non-public broker-dealers of securities file a balance sheet only, with related disclosures, with the Securities and Exchange Commission. The auditor reports on this presentation as a complete presentation, albeit understood that this presentation is for regulatory purposes and for broker-dealer customers, under the US reporting framework. The proposed ISA would require this presentation to be reported on under ISA 800. Since we do not know how ISA 800 will treat reporting on this purportedly "incomplete" set of financial statements, we cannot comment on the appropriateness of the scope of the proposed ISA.</p>
	NIVRA	33	MB		The title of the proposed ISA 700 suggests that the standard is applicable for independent auditors only. However, similar reports may be issued by e.g. internal auditors and government auditors. Can they not use the same guidance and the same format of reporting (as long as the report clearly states the status of the auditor)?
	NIVRA	33	MB		<p>In ISAE 100 the wording "assurance report" is used rather than "auditor's report". Also various other terminology such as "conclusion" rather than "opinion" is used. Since ISAE provides an overall framework we suggest to obtain more consistency between ISAE 100 and ISA 700.</p> <p>In various paragraphs the term "reporting requirements" is used to refer to the scope of the audit engagement (subject matter of audit) while the term is also used to refer to GAAP. This is confusing and we recommend to refer to the scope of the audit rather than to reporting requirements (see also our comments above). We suggest to change it into "requirements regarding the auditor's report".</p>
	E&Y	35	FIRM		we recommend that the IAASB fully debate and approve the scope of the revision to ISA 800 before ISA 700 is issued, to make certain that all relevant reporting matters are duly considered and no important issues are omitted. Further, as the IAASB issues ISA 700, it should acknowledge the possibility that ISA 700 may need to be amended in the future if issues arise as a result of the revisions to ISA 701 and ISA 800. we also urge the IAASB to provide timely reporting guidance on the first time adoption of IFRS, such guidance to be issued concurrently with ISA 700
	E&Y	35	FIRM		ISA 700 should state that it is also applicable to reports on group financial statements, and that it does not apply to interoffice communications within a firm or within a global network of firms resulting from the audit of components of group financial

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					statements. Consideration should be given to providing an example report.
	E&Y	35	FIRM		ISA 700 should note that some jurisdictions require a long form auditor's report and a separate opinion and that the objectives and elements of such long form reports are not addressed in this standard.
	E&Y	35	FIRM		It would be useful to clarify how ISA 200, ISA 700 and the "to be revised" ISA 800 relate to the recently issued assurance framework and the need for "suitable criteria."
	E&Y	35	FIRM		It would be useful to clarify in ISA 700 the meaning ascribed to the expressions "auditor's report" and "auditor's opinion" to prevent their use interchangeably if this was not intended to be the case.
	BDO	34	FIRM		<p>We support the broad approach being suggested. It will help bring about a greater consistency with reports issued in those countries that apply International Standards on Auditing.</p> <p>We consider that, given the visibility of the auditor's report, consistent and generally accepted guidance on the form and content of the auditor's report is important in gaining both stakeholders' and auditors' understanding and acceptance of the ISAs.</p> <p>Given the fact that a number of countries' have issued guidance which has failed to close the 'expectation gap' between the auditor and the stakeholder, we would suggest that the proposals should consider taking bolder steps to communicate the objectives, mechanics, and limitations of an audit. Whilst we recognise that a caveat on the limitations of an audit may not play well in today's regulatory environment, we consider that they are a reality which cannot be ignored.</p> <p>We consider the Exposure Drafts to be generally well written and clear in their wording and do not set out any onerous requirements.</p> <p>We consider that this Exposure Draft is a great opportunity to better manage the expectations of readers of financial statements. We consider that there is a great need to communicate in the audit report the limitations on audits, for example as regards catching collusive fraud. There is a need to communicate more clearly what the customer gets and does not get in the report. In this regard, we consider the following are additional matters which could be included in the report:</p> <ul style="list-style-type: none"> <li>• the concept of materiality,</li> <li>• the identification of the specific users of the report,</li> <li>• the use of experts,</li> <li>• due diligence necessary by significant investors (over 5%),</li> <li>• the fact that more extensive information is available from the company, and</li> <li>• the fact that the auditor has relied on the truthfulness of company representations.</li> </ul>
	IOSCO	39	R		<p><b>Timetable for the Project</b> We believe that the IAASB should consider whether evolving national changes affecting auditor reports, subsequent changes to ISA 700 that may be expected to arise in the project on ISA 701, the need to settle on a satisfactory approach to improve clarity in auditing standards, or other matters warrant a change to the present workplan or timetable for this proposed ISA. The issue of consistency and suitability of the auditor's report from an investor perspective is obviously a very fundamental issue that would benefit from thorough debate from both an investor and an auditor perspective.</p> <p>In light of the importance of the auditor's report as the visible product of the audit, we believe that the Board should give</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>consideration to extending this project. This would provide additional time to seek and consider the other factors affecting the auditor's report, beginning with the comment letters to the ED, but not limited to such input. We suggest that the Board could undertake to specifically seek user inputs through a meeting or roundtable or otherwise, and also review auditor report changes being made or contemplated in jurisdictions around the world. A significant extension of this project might also enable the Board to consider modified as well as unmodified auditor reports at the same time.</p> <p>If due consideration of all issues impacting this project is not feasible in the short term, and the decision is made nonetheless to finalize the ISA 700 standard in time for 2005, we urge the Board to manage the work on ISA 701 to include reconsideration of ISA 700 impacts more broadly, rather than just as conforming change activity.</p>
	IOSCO	39	R		<p><i>Phased Approach for Addressing Auditor Reports Issues:</i> We understand that the Board is seeking to address the overall subject of auditor's reports in a series of steps or phases, beginning with the issuance of an ED addressing only the unmodified auditor's opinion. We further understand that the goals in this project include providing more clarity to investors regarding the audit and working toward making audit reports more similar and more understandable around the world. These are appropriate and useful objectives. We also understand that the Board is seeking to develop and issue updated guidance as promptly as possible, in order to respond to the desire to provide coverage of a common form of auditor report in ISAs for anticipated use in the European Union in 2005.</p> <p>We understand the rationale for using a phased approach to provide guidance on the most frequent report condition as quickly as possible. The tradeoff, however, is that it is difficult to anticipate how a later IAASB project on modified reports might affect the decisions made in this first ED. In principle, we would not object to a phased approach if the remaining work on other aspects of auditor's reports is done promptly and further changes that may need to be made to this ISA as a result of that work are appropriately coordinated. However, we are aware that the work proposed for ISA 701 already has introduced the possibility that coverage of "emphasis of matter" conditions, while deliberated in the later project, will be inserted into ISA 700 after its issuance as conforming changes.</p> <p>We believe that significant changes to ISAs should not be handled as conforming changes. We therefore urge the Board to consider whether the project on ISA 700 should be extended to take into account impacts from the project to develop proposed ISA 701.</p> <p>In addition to the expected impact of ISA 701, we are aware that evolving national requirements already have touched on matters that need to be addressed in auditor reports in some jurisdictions in North America and Europe. Other jurisdictions also may have changes that have been made recently or are currently under consideration. We believe the IAASB should take stock of these recent developments and ascertain the impact on the current projects on Auditor Reports, both ISA 700 and 701.</p>
	IOSCO	39	R		<p><i>Clarity of the Standard</i></p> <p>We have written you a number of times expressing concern regarding the need to clarify the requirements in ISAs. Required actions of the auditor are now expressed in ISAs through a combination of bold and gray lettering and use of drafting conventions, but we are concerned that the existing approaches are not consistently understood by auditors and others who use the standards. We have observed differences in interpretation of the present formats and conventions even among members of the IAASB in Board meeting discussions. It is also not always clear to us what is intended to be the requirement in a standard. For these and other reasons, we urge the Board to address the clarity of standards issue as a matter of priority.</p>
	BASEL	32	R	General	<p>The Basel Committee on Banking Supervision<sup>3</sup> has a strong interest in high quality and independent audits of banks and has carefully analysed the proposals. The Committee is pleased to note the efforts for clearer guidance on the form and content of the auditor's</p>

#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>report. We are comfortable with the two-stage approach to the revision of ISA 700 and the proposal to split the extant Standard into two ISAs, a revised ISA 700 when the auditor is able to express an unqualified opinion and no modification of the report is necessary and a new ISA 701, "Modifications to the Independent Auditor's Report". However, we would urge the Board to proceed with the project dealing with the new ISA 701 as quickly as possible. We support in particular the proposals that clarify the auditor's responsibility to consider the entity's compliance with specific requirements of the financial reporting framework and the fair presentation of the financial statements as a whole. We fully support the Board's proposal to impose a general duty on auditors to assess whether compliance with the financial reporting framework, by itself, may provide a misleading financial picture such that additional disclosures, and in extremely rare circumstances a departure from the financial reporting framework, may be warranted in the interest of achieving a true and fair presentation.</p> <p>Furthermore, we are pleased to see that the exposure draft allows for circumstances in which the financial reporting framework encompasses legal and regulatory requirements and allows the auditor to express an opinion on such requirements (ISA 200.42). The Committee also supports the introduction of guidance on the auditor's responsibilities with respect to supplementary information included with the financial statements that is not required by the financial reporting framework. In addition, the Committee supports the direction taken by the Board to expand and update the wording of the auditor's report to enhance understanding of the auditor's role and the auditor's report. In this regard, we are pleased to see that the auditor's report will be explicit about the auditor's responsibility with regard to fraud and error and encourage the Board to retain the report's proposed language referring to financial statements that "are free from material misstatement, whether due to fraud or error" as this relates to the planning and performance of the audit.</p>
	ICAP - Pakistan	14	MB	General	The requirement that an auditor should not accept an engagement for an audit of financial statements when the auditor concludes that the FRF identified is not acceptable should be deferred until separate standards on SME's are developed.
	ACCA	16	MB	General	<p>Reference is made to the fact that the auditor's responsibilities with respect to unaudited supplementary information are consistent with those described in ISA 720 Other Information in Documents Containing Audited Financial Statements. No amendment is proposed, however, to that ISA. As the proposed revised ISA 700 introduces several requirements which could apply equally to the information dealt with in ISA 720, we recommend amending ISA 720 as a minimum by inserting a cross-reference to the proposed revised ISA 700. Ideally, we would prefer to see supplementary and other information dealt with together and in a consistent manner. We also suggest that the IAASB provides guidance on the considerations arising from the presentation on the Internet of audited financial statements and supplementary and other information. This should address issues such as a possible inability to refer to page numbers to identify the financial statements. In this regard we draw attention to the United Kingdom APB Bulletin 2001/1 The Electronic Publication of Auditor's Reports.</p> <p>CONFORMITY WITH ISAE 3000 International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information deals with the content of an assurance report. We believe that the reporting aspects of that document are well considered and properly reflect the approach in the International Framework for Assurance Engagements. We recommend a review of the proposed revised ISA 700, therefore, to ensure that it is consistent with ISAE 3000 in those aspects where divergence is not necessary. For example, ISAE 3000 requires disclosure of the name of the firm or the practitioner (see our comment above). Paragraph 50 of ISAE 3000 is particularly relevant in this regard as it provides for expansion of the report to include other information and explanations that are not intended to affect the practitioner's conclusion but which may be significant to the needs of the intended users.</p>
	FSR	1	MB		<p>Comments on proposed amendments to ISA 200</p> <p>Our above comments on the terms "reasonable assurance" and "taken as a whole", applied in ED ISA 700 should be taken into consideration in connection with the wording of paragraph 17-18, and the section "Audit Risk and Materiality".</p>
	ICANZ	3	MB	General	1.1 The Professional Practices Board (PPB) of the Institute of Chartered Accountants of New Zealand (the Institute) has



#	Org	Org Number	Org Type	Other Paragraphs	Comments
					<p>considered the above named exposure draft. The PPB has overall responsibility for the development of Ethical and Professional Engagement Standards (including Auditing) for the Institute.</p> <p>1.2 Section B of our submission contains general comments regarding the Exposure Draft. This section includes support for most of the proposals and also raises two concerns that the PPB has, which are considered in more detail in Sections C and D. Section E raises other concerns and suggested amendments in relation to the Exposure Draft.</p> <p>1.3 The PPB hopes that this submission will assist IFAC in its finalisation of the ISA 700 (Revised) "The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements"; ISA 200 "Objective and General Principles Governing an Audit of Financial Statements"; Amendment to ISA 210 "Terms Of Audit Engagements" and Conforming Amendments.</p> <p>B General comments</p> <p>2.1 The PPB supports:</p> <ul style="list-style-type: none"> <li>• The new guidance included in ISA 700 in respect of forming the opinion at the conclusion of the audit and supplementary information included within the financial statements;</li> <li>• The proposed amendments to ISA 200 and ISA 210 in respect of the applicable financial reporting framework. This is particularly important in light of the European Union and some other jurisdictions requiring listed entities to comply with international financial reporting standards for annual reporting periods beginning on or after 1 January 2005;</li> <li>• Clarification regarding the date of the auditor's report;</li> <li>• The requirement for the audit report to specifically state that the audit was conducted in accordance with a relevant set of auditing standards, be it the International Standards on Auditing (ISAs) or a national set of standards; and</li> <li>• The amended wording in the audit report, which clearly identifies the respective responsibilities of management and the auditor.</li> </ul> <p>2.2 The PPB also supports the proposed amendments to ISA 200, ISA 210 and ISA 560.</p> <p>2.3 However, the PPB does not support the proposal to split extant ISA 700 into two standards dealing with unqualified audit reports and modified audit reports. This concern is discussed further in Section C below.</p> <p>2.4 The PPB also has concerns regarding the terminology used in the Exposure Draft. These concerns are discussed in Section D below.</p>
	EYN	40	FIRM	General	<ul style="list-style-type: none"> <li>• Overall, we are supportive of the proposals contained in the exposure draft. We support a more explicit description of the responsibility of management and the auditor, especially in relation to internal control. However, we recommend that IAASB fully debates and approves the scope of the revision to ISA 800 before ISA 700 is issued, in order to ensure that all relevant reporting matters are duly considered and no important issues are omitted. In the proposed ISA 700, modifications to the auditor's report have been deleted from ISA 700 and placed in a separate ISA 701. We would prefer that both unmodified and modified auditor's reports will be dealt with in the revised ISA 700. We also urge the IAASB to provide timely reporting guidance on the first time adoption of IFRS, such guidance to be issued concurrently with revised ISA 700.</li> <li>• We believe that it would be useful to clarify how ISA 200, ISA 700 and the "to be revised" ISA 800 relate to the recently issued assurance framework and the need for "suitable criteria".</li> <li>• We believe that it would be useful to clarify in ISA 700 the meaning ascribed to the expressions "auditor's report" and "auditor's opinion" to ensure that they are not used interchangeably if this was not intended to be the case.</li> <li>• In addition we suggest to obtain more consistency between ISAE 100 and ISA 700. ISAE 100 uses the wording "assurance report" rather than "auditor's report". Also various other terminology such as "conclusion" rather than "opinion" is used. Since ISAE provides an overall framework we suggest.</li> </ul>