

November 30, 2007

Mr. James Sylph
Executive Director, IAASB
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017

Re: Exposure Draft: *Proposed Redrafted International Standard on Auditing (ISA) 805 (Revised), “Engagements to Report on Summary Financial Statements”*

Dear Mr. Sylph:

The American Institute of Certified Public Accountants (AICPA) is pleased to have the opportunity to comment on the above referenced exposure draft.

We would like to commend the International Auditing and Assurance Standards Board (IAASB) on the issuance of this exposure draft. We believe that, in general, the exposure draft clarifies the auditor’s responsibilities and we support its issuance. We believe the objective to be achieved by the auditor and the related requirements are appropriate.

In some jurisdictions and in some industries, the current year financial information is presented in detail along with comparative financial information that is presented in summary form. It is not clear how proposed ISA 805 would apply in such a situation.

Our detailed comments and recommendations are included in the accompanying appendix.

If you have any questions regarding the comments in this letter, please contact Sharon Walker at +1-212-596-6026, swalker@aicpa.org.

Respectfully submitted,

/s/ Harold L. Monk, Jr.
Chair, AICPA Auditing Standards Board

APPENDIX – PARAGRAPH LEVEL COMMENTS

We offer the following paragraph level comments for your consideration. Suggested new language is shown in boldface; suggested deleted language is shown by strikethrough. Italicized text is used to add emphasis.

Paragraph 7 – We recommend redrafting paragraph 7 as follows:

If management refuses to provide either the acknowledgment or confirmations in paragraph 6, the auditor shall not accept the engagement **to report on summary financial statements**, unless law or regulation prohibits the auditor from declining **such** an engagement ~~to report on summary financial statements~~. When law or regulation prohibits the auditor from declining such an engagement, the auditor shall:

- (a) Disclaim an opinion on the summary financial statements **when management refuses to provide the acknowledgment required by** ~~in the case of~~ paragraph 6(a);
or
- (b) Consider seeking legal advice to assist in determining the appropriate course of action if the **auditor is unable to obtain the confirmations required by** ~~circumstances in~~ paragraphs 6(b) or 6(c) ~~arise~~.

Paragraph 19(c) and illustrative reports –We recommend changing “it would be inappropriate” to “it is inappropriate” as this is a statement of fact.

Paragraph 20 – We recommend changing *appropriate* to *necessary*. The changes need to be made. Appropriate implies changes that are suitable.

Paragraph A3, second sentence – we recommend the following change to the second sentence so that the statement in the third sentence that the risk increases when established criteria do not exist logically follows :

Because summary financial statements by their nature contain aggregated information and limited disclosure there is ~~an increased~~ risk that they may not contain the information necessary so as not to be misleading in the circumstances.

Paragraphs A15-A17 – To remove unnecessary duplication, we recommend redrafting paragraph A15 as follows and deleting paragraphs A16 and A17:

The Appendix to this ISA contains illustrations of auditor’s reports on summary financial statements that:

- (a) contain unmodified opinions;
- (b) **are derived from audited financial statements on which the auditor issued modified opinions; and**
- (c) **contain modified opinions.**

Paragraph A18 – We recommend deleting *would*. We believe that there is a presumption that the summary financial statements also contain comparatives.