



## Agenda Item 6C

### Extant AU-C 810 *Engagements to Report on Summary Financial Statements* Marked to Show Proposed AU-C 810

Certain paragraphs from ISA 810 (Revised) are inserted in green so that the ASB can provide input on whether these paragraphs should be included in the proposed SAS (or whether the extant paragraph should be revised to conform with the language in ISA 810 [Revised]).

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<b>Introduction</b>	
<p><b>Scope of This <del>Section</del> Proposed SAS</b></p> <p><b>.1 <del>.01</del></b> This <del>section</del> proposed SAS addresses the auditor's responsibilities relating to an engagement to report separately on summary financial statements derived from financial statements audited in accordance with generally accepted auditing standards (GAAS) by the same auditor. In such an engagement, the auditor forms an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements from which they have been derived, in accordance with the applied criteria.</p>	
<p><b>.2 <del>.02</del></b> This section does not apply to condensed financial statements or summarized financial information presented as comparative information.<sup>1</sup> <del>Proposed SAS-Section 700, Forming an Opinion and Reporting on Financial Statements</del>, addresses the auditor's responsibility for comparative information.<sup>2,3</sup> (Ref: par. <del>A1</del>.A1)</p>	<p><b>Scope of This Section (Ref: par. <del>.202</del>)</b></p> <p><b>.A1 <del>A1</del></b> Financial statements may present comparative information in the form of condensed financial statements or summarized financial information. For example, entities such as state and local governmental units may present prior period</p>

<sup>1</sup> Paragraph ~~.0844~~ of ~~proposed section 700~~ SAS *Forming an Opinion and Reporting on Financial Statements*, defines the terms *condensed financial statements* and *comparative information*.

<sup>2</sup> Paragraphs ~~.46-5544-51~~ of ~~proposed section 700~~ SAS *Forming an Opinion and Reporting on Financial Statements*

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
	<p>financial information in their government-wide financial statements only for the total reporting entity rather than disaggregated by governmental activities, business-type activities, total primary government, and discretely presented component units. Also, not-for-profit organizations frequently present certain information for the prior period in total rather than by net asset class. As described in paragraph <del>2.02</del>, this section does not apply to reporting on financial statements containing such comparative information. Summary financial statements differ from comparative information. Summary financial statements may be presented in a document containing financial statements or in a separate document, whereas comparative information is presented within the financial statements. Refer to <a href="#">proposed SAS Forming an Opinion and Reporting on Financial Statements section 700</a> for the auditor's responsibilities for reporting on comparative information.<sup>53</sup></p>
<p><del>3.03</del> Summary financial statements may be required by a designated accounting standards setter (for example, the Governmental Accounting Standards Board) to accompany the basic financial statements. This section does not apply in such circumstances. <a href="#">AU-C Section 730, Required Supplementary Information</a>, addresses the auditor's responsibilities relating to information supplementary to the basic financial statements that is required by a designated accounting standards setter to accompany such financial statements.</p>	
<p><b>Effective Date</b> <del>4.04</del> This <a href="#">proposed SAS</a> will be <del>section</del> effective for <a href="#">audits of engagements to report on summary</a> financial statements for periods ending on or after December 15, 20<del>20</del><del>12</del><sup>2</sup>. <a href="#">Early implementation is</a></p>	

Commented [DM1]: Note to ASB – consider deleting last sentence as this is already addressed in par 2.

<sup>3.5</sup> Paragraphs ~~46-55~~~~45-52~~ of [proposed SAS Forming an Opinion and Reporting on Financial Statements section 700](#).

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p><u>not permitted.</u></p> <p><b>Objectives</b>  <del>4.5</del> <del>.05</del> The objectives of the auditor are</p> <ul style="list-style-type: none"> <li>a. to determine whether it is appropriate to accept the engagement to report on summary financial statements and,</li> <li>b. if engaged to report on summary financial statements, to               <ul style="list-style-type: none"> <li>i. perform the procedures necessary as the basis for the auditor's opinion on the summary financial statements;</li> <li>ii. form an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements from which they have been derived, in accordance with the applied criteria, based on an evaluation of the conclusions drawn from the evidence obtained; and</li> <li>iii. express clearly that opinion through a written report that also describes the basis for that opinion.</li> </ul> </li> </ul>	
<p><b>Definitions</b>  <del>5.6</del> <del>.06</del> For purposes of this section, the following terms have the meanings attributed as follows:</p> <p><b>Applied criteria.</b> The criteria applied by management in the preparation of the summary financial statements.</p> <p><b>Summary financial statements.</b> Historical financial information <sup>43</sup> that is derived from financial statements but that contains less detail than the financial statements, while still providing a structured representation consistent with that provided by the financial statements of the entity's economic resources or obligations at a point in time or the changes therein for a period of time. Summary financial</p>	

<sup>43</sup> Paragraph .14 of **AU-C** section 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*, defines the term *historical financial information*.

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
statements are separately presented and are not presented as comparative information	
<del>.6.7</del> <del>.07</del> In this section, the term <i>audited financial statements</i> refers to those financial statements <sup>5</sup> audited by the auditor in accordance with GAAS and from which the summary financial statements are derived.	
<b>Requirements</b>	
<p><b>Engagement Acceptance</b> <del>.7.8</del> <del>.08</del> The auditor should not accept an engagement to report on summary financial statements in accordance with this <del>section</del> <u>proposed SAS</u> unless the auditor has been engaged to conduct an audit in accordance with GAAS of the financial statements from which the summary financial statements are derived. (Ref: par. <del>A2</del>.A2)</p>	<p><b>Engagement Acceptance (Ref: par. <del>.8-08</del>)</b> <del>.A2</del> <del>.A2</del> The audit of the financial statements from which the summary financial statements are derived provides the auditor with the necessary knowledge to discharge the auditor's responsibilities regarding the summary financial statements, in accordance with this section. Application of this section will not provide sufficient appropriate evidence on which to base the opinion on the summary financial statements if the auditor also has not audited the financial statements from which the summary financial statements are derived.</p>
<p><del>.8.9</del> <del>.09</del> Before accepting an engagement to report on summary financial statements, the auditor should</p> <ol style="list-style-type: none"> <li>a. determine whether the applied criteria are acceptable, including determining that the applied criteria (Ref: par. <del>A3</del>-.A5-<del>A3</del> <del>A5</del>) <ol style="list-style-type: none"> <li>i. are free from bias so that the summary financial statements are not misleading.</li> <li>ii. permit reasonably consistent qualitative or quantitative measurements so that the information in the summary financial statements agrees with or can be recalculated from the related information in the audited financial statements.</li> </ol> </li> </ol>	<p><b>Criteria (Ref: par. <del>.909a</del>)</b> <del>.A3</del> <del>.A3</del> The preparation of summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with the audited financial statements. 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 that they are not misleading in the circumstances. This risk increases when established criteria for the preparation of summary financial statements do not exist.</p>

<sup>5</sup> Paragraph .14 of AU-C section 200 defines the term *financial statements*.



AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>iv. to include the auditor's report on the summary financial statements in any document that contains the summary financial statements and indicates the auditor has reported on them.</p> <p>c. obtain the agreement of management, in writing, about the expected form and content of the report on the summary financial statements, including the agreement that there may be circumstances in which the report may differ from its expected form and content. (Ref: par. .A8-<del>A8</del>)</p>	<p>to make the audited financial statements readily available to the intended users of the summary financial statements, when the summary financial statements will not be accompanied by the audited financial statements.</p> <p><del>.A7</del> <del>.A7</del> Audited financial statements are deemed to be readily available if a third-party user can obtain the audited financial statements without any further action by the entity (for example, financial statements on an entity's website may be considered readily available but being available upon request is not considered readily available).</p> <p><b><i>Agreement on the Expected Form and Content of the Report (Ref: par. .9.09c)</i></b></p> <p><del>.A8</del> <del>.A8</del> Agreement with management about the expected form and content of the report on the summary financial statements may include a description of the types of opinions the auditor may express. It is not necessary to describe the type of opinion expected to be issued. The auditor also may indicate that circumstances may arise in which it is necessary for the auditor to withdraw from the engagement.</p>
<p><del>.9.10</del> <del>.10</del> If the auditor concludes that the applied criteria are unacceptable or is unable to obtain the agreement of management set out in paragraph .9.9b-c, the auditor should not accept the engagement to report on the summary financial statements.</p>	
<p><b>Nature of Procedures</b> <del>.10.11</del> <del>.11</del> The auditor should perform the following procedures, and any other procedures that the auditor may consider necessary, as the basis for the auditor's opinion on the summary financial statements:</p> <p>a. Evaluate whether the summary financial statements adequately disclose their summarized nature and identify the</p>	<p><b>Nature of Procedures (Ref: par. <del>.11</del>.11)</b></p> <p><del>.A9</del> <del>.A9</del> Adequate disclosure of the summarized nature of summary financial statements and the identity of the audited financial statements, as referred to in paragraph .11.<del>11</del>a, may, for example, be provided by a title such as "Summary Financial Statements Prepared From the Audited Financial Statements as of</p>

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>audited financial statements. (Ref: par. .A9-<del>A9</del>)</p> <p>b. When the summary financial statements are not accompanied by the audited financial statements, evaluate</p> <ul style="list-style-type: none"> <li>i. whether the summary financial statements clearly describe where the audited financial statements are available and</li> <li>ii. whether the audited financial statements are readily available to the intended users of the summary financial statements. (Ref: par. .A7-<del>A7</del>)</li> </ul> <p>c. Evaluate whether the summary financial statements adequately disclose the applied criteria.</p> <p>d. Compare the summary financial statements with the related information in the audited financial statements to determine whether the summary financial statements agree with or can be recalculated from the related information in the audited financial statements.</p> <p>e. Evaluate whether the summary financial statements are prepared in accordance with the applied criteria.</p> <p>f. Evaluate, in view of the purpose of the summary financial statements, whether the summary financial statements contain the information necessary, and are at an appropriate level of aggregation, so that they are not misleading in the circumstances</p>	<p>and for the Year Ended December 31, 20X1."</p>
<p><b>Written Representations</b></p> <p><del>11.12</del> <del>12</del> The auditor should request management to provide written representations, in the form of a representation letter addressed to the auditor, for the following matters:</p> <ul style="list-style-type: none"> <li>a. Management has fulfilled its responsibility for the preparation of the summary financial statements in accordance with the applied criteria and believes the applied criteria are acceptable</li> <li>b. Management has made the audited financial statements readily available to the intended users of the summary financial statements, when the summary financial statements will not be</li> </ul>	

**Commented [DM2]:** Note to Judith and Linda – ISA 810 (Revised) has a sub-requirement g to evaluate whether the audited FS are available to intended users. Was that added as part of the auditor reporting revisions or has it always been there and we decided in Clarity not to pick it up?

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>accompanied by the audited financial statements</p> <p>c. If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements,</p> <ol style="list-style-type: none"> <li>i. whether any information has come to management's attention that would cause management to believe that any of the previous representations on the audited financial statements need to be modified</li> <li>ii. whether any events have occurred subsequent to the date of the audited financial statements that may require adjustment of, or disclosure in, the audited financial statements</li> </ol>	
<p><del>.12, .13, .13</del> The date of the written representations should be as of the date of the auditor's report on the summary financial statements. The written representations should be for all summary financial statements and period(s) referred to in the auditor's report on the summary financial statements.</p>	
<p><b>Form of Opinion</b> (<del>Ref: par. Error! Reference source not found. .A10-.A11</del>)</p> <p><del>.13, .14, .14</del> When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion should state that the <u>accompanying</u> summary financial statements are consistent, in all material respects, with the audited financial statements from which they have been derived.</p>	<p><del>Opinion</del> (<del>Ref: par. .14-.16</del>)</p> <p>[Extant par. A10 was moved to new par. .A18]</p>
<p>[Extant par. .15 was moved to new par. .20]</p>	<p>[Extant par. A11 was moved to new par. .A17]</p>
<p>[Extant par. .16 was moved to new par. .19]</p>	
<p><b>Auditor's Report on Summary Financial Statements</b> <i>Elements of the Auditor's Report</i> (Ref: par. .A10-.A12)</p> <p><del>.14, .15, .17</del> The auditor's report on summary financial statements should include the following elements:</p>	<p><b>Auditor's Report on Summary Financial Statements</b> <i>Elements of the Auditor's Report</i> (Ref: par. .15-.17)</p> <p><del>.A10 .A12</del> An auditor who is engaged to report on summary financial statements does not report in the same manner as the auditor reported on the complete set of financial statements from</p>

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>a. <del>A</del> <del>(Title that includes the word <i>independent</i> to</del> clearly indicates that it is the report of an independent auditor (Ref: par. <del>.A11</del><del>A13</del>)</p> <p>b. <del>An</del> <del>a</del> Addressee</p> <p>c. <del>Introductory paragraph that</del> <del>identifications of</del> the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements (Ref: par. <del>.A12</del><del>A14</del>)</p> <p><del>de</del> <del>ii</del>. <del>Identifications of</del> the audited financial statements from which the summary financial statements have been derived</p> <p><del>fe</del>. <del>Subject to paragraphs</del> <del>19-20,</del> <del>a paragraph that</del> clearly expresses <del>ion</del> of an opinion, as described in paragraph <del>.15</del><del>09</del>.</p> <p><del>fe</del>. <del>A statement</del> <del>indicatinges</del> that the summary financial</p>	<p>which they are derived. To do so might lead users to assume, erroneously, that the summary financial statements include all the disclosures necessary for the complete set of financial statements. For the same reason, summary financial statements need to adequately disclose their summarized nature, as referred to in paragraphs <del>.11</del><del>11a</del> and <del>.A9</del><del>A9</del>.</p> <p><i>Title (Ref: par. <del>.15</del><del>17a</del>)</i> <del>.A11</del> <del>A13</del> A title that includes the word <i>independent</i> to clearly indicate the report is the report of an independent auditor (for example, <i>Report of the Independent Auditor</i>) affirms that the auditor has met all of the relevant ethical requirements regarding independence. This distinguishes the report of the independent auditor from reports issued by others.</p> <p><del>Identification of the Summary Financial Statements</del><del>Introductory Paragraph</del> (Ref: par. <del>.15</del><del>17c</del>)</p> <p><del>.A12</del> <del>A14</del> When the auditor is aware that the summary financial statements will be included in a document that contains <del>other</del> information <u>other than the summary financial statements and the auditor's report thereon</u>, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the summary financial statements are presented. This helps readers identify the summary financial statements that relate to the auditor's report.</p> <p><i>Date of the Auditor's Report on the Summary Financial Statements and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Statements (Ref: par. <del>17e</del><del>(iv)</del>. 15g)</i></p>

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>statements do not contain all the disclosures required by the [financial reporting framework applied in the preparation of the financial statements] and that reading the summary financial statements <u>and the auditor's report thereon</u> is not a substitute for reading the audited financial statements <u>and the auditor's report thereon</u>.</p> <p><i>g</i> <del>iv</del> if the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements, <u>a states-statement</u> that the summary financial statements and the audited financial statements do not reflect the effects of events, if any, that occurred subsequent to the date of the auditor's report on the audited financial statements (see paragraph .17-<del>19</del>) (Ref: par. .A13-<del>A15</del>)</p> <p><i>ii</i> <del>h</del>. <u>Where References</u> to the auditor's report on the audited financial statements, the date of that report, and, subject to paragraphs .19-<del>20-15-16</del>, the fact that an unmodified opinion is expressed on the audited financial statements</p> <p><i>d</i> <del>i</del> A <u>d</u>escription of management's responsibility for the summary financial statements, explaining that management is responsible for the preparation of the summary financial statements in accordance with the applied criteria</p> <p><i>e</i> <del>j</del>. A <u>S</u>tatement that the auditor is responsible for expressing an</p>	<p><b>.A13 <del>A15</del></b> The auditor's report on the summary financial statements may be dated as of the same date or later than the date of the auditor's report on the audited financial statements, depending on when the procedures in paragraph <del>11</del>.11 are performed and, as required by paragraph .18, when the auditor has obtained sufficient appropriate evidence on which to base the opinion. When the auditor reports on the summary financial statements after the completion of the financial statement audit, the auditor is not required to obtain additional audit evidence on the audited financial statements, or report on the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements because the summary financial statements are derived from the audited financial statements and do not update them. In such cases, however, paragraph .15 <del>g-17e(i)</del> <u>g-17e(i)</u> requires the auditor's report to state that the summary financial statements and the audited financial statements do not reflect the effects of events, if any, that occurred subsequent to the date of the auditor's report on the audited financial statements.</p>

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>opinion, <del>based on the auditor's procedures conducted in accordance with this proposed SAS, about</del> on whether the summary financial statements are consistent, in all material respects, with the audited financial statements. <del>based on the procedures required by GAAS and an identification of the United States of America as the country of origin of those standards, including the following:</del></p> <p><del>ei</del> The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived and evaluating whether the summary financial statements are prepared in accordance with the applied criteria</p> <p><del>eii</del> If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements, the auditor did not perform any audit procedures regarding the audited financial statements after the date of the report on those financial statements.</p> <p><del>f.</del> A paragraph that clearly expresses an opinion, as described in paragraphs <del>14</del> <del>15</del></p> <p><del>kg.</del> The Auditor's signature</p> <p><del>lh.</del> The Auditor's city and state</p> <p><del>mi.</del> The Date of the auditor's report</p>	
<p><del>15, 16, 18</del> The auditor should date the auditor's report on the summary financial statements no earlier than</p> <p>a. the date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, including evidence that</p>	

AU-C 810, Engagements to Report on Summary Financial Statements  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>the summary financial statements have been prepared and that management and, when appropriate, those charged with governance, have asserted that they have taken responsibility for them; and</p> <p>b. the date of the auditor's report on the audited financial statements.</p>	
<p><del>.16, .17, .19</del> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements, the auditor may become aware of <i>subsequently discovered facts</i> as defined in <a href="#">AU-C</a> section 560, <i>Subsequent Events and Subsequently Discovered Facts</i>. In such cases, the auditor should not release the auditor's report on the summary financial statements until the auditor's consideration of subsequently discovered facts in relation to the audited financial statements, in accordance with section 560, has been completed</p>	
<p><del>Modifications Reference to the Opinion, Emphasis of Matter Paragraph, or Other Matter Paragraph in the Auditor's Report on the Audited Financial Statements (Ref: par. .A14-.A16 .A16)</del></p> <p><del>.17, .18, .20</del> If the auditor's report on the audited financial statements contains a qualified opinion, an emphasis-of-matter paragraph, or an other-matter paragraph, <a href="#">a Going Concern section, or communication of key audit matters</a>, and the auditor expresses an unmodified opinion (see paragraph .14.<del>14</del>) <del>or an adverse opinion (see paragraph .15)</del> on the summary financial statements, in addition to the elements in paragraph .15.<del>17</del>, the auditor's report on the summary financial statements should</p> <p>a. state that the auditor's report on the audited financial</p>	<p><del>Modifications Reference to the Opinion, Emphasis of Matter Paragraph, or Other Matter Paragraph in the Auditor's Report on the Audited Financial Statements (Ref: par. .18 .20)</del></p> <p><del>.A14 .A16</del> If the auditor's report on the audited financial statements contains a qualified opinion, the auditor may determine that, due to the effect on the summary financial statements, it is inappropriate to express an opinion on the summary financial statements. In such circumstances, the auditor may adapt and apply the requirement in paragraph <b>Error! Reference source not found.</b><del>.19-16.</del></p> <p><del>.A15 Paragraph .18</del> <u>a requires the auditor to include a statement in the auditor's report on the summary financial statements when the</u></p>

**Commented [DM3]:** Note to ASB – ISA 810 (Revised) also includes a reference in this paragraph to a statement that describes an uncorrected misstatement of the other information. No reference to OI has been included herein pending further discussion on that standard by the ASB.

AU-C 810, Engagements to Report on Summary Financial Statements  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>statements contains a qualified opinion, an emphasis-of-matter paragraph, or an other-matter paragraph, <a href="#">a Going Concern section or communication of key audit matters</a> and</p> <p><i>b</i> Describe</p> <p><i>i.</i> the basis for the qualified opinion on the audited financial statements and <a href="#">the effect thereof, if any, on the summary financial statements</a><del>that qualified opinion</del>; or</p> <p><i>ii.</i> <a href="#">the matter referred to in the emphasis-of matter or other-matter paragraph, or the Going Concern section</a>, in the auditor's report on the audited financial statements and <del>ii</del> the effect(s) thereof, if any, on the summary financial statements, <del>if any.</del></p>	<p><a href="#">auditor's report on the audited financial statements includes communication of one or more key audit matters in accordance with SAS <i>Communicating Key Audit Matters in the Independent Auditor's Report</i>. However, the auditor is not required to describe the individual key audit matters in the auditor's report on the summary financial statements.</a></p> <p><del>.A16</del> <a href="#">The statement(s) and description(s) required by paragraph .18a are intended to draw attention to those matters and are not a substitute for reading the auditor's report on the audited financial statements. The required descriptions are intended to convey the nature of the matter(s), and need not repeat the corresponding text in the auditor's report on the audited financial statements in its entirety.</a></p>
<p><del>.19</del> <a href="#">.16</a> <del>[Moved here from extant par. 16]</del> When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion, the auditor should withdraw from the engagement to report on the summary financial statements, when withdrawal is possible under applicable law or regulation. If it is not possible for the auditor to withdraw from the engagement, the auditor's report on the summary financial statements should, <a href="#">in addition to the elements in paragraph .15</a>.</p> <p><i>a.</i> state that the auditor's report on the audited financial statements contains an adverse opinion or disclaimer of opinion.</p> <p><i>b.</i> describe the basis for that adverse opinion or disclaimer of opinion.</p> <p><i>c.</i> state that, as a result of the adverse opinion or disclaimer of opinion, it is inappropriate to express, and the auditor does not express, an opinion on the summary financial statements.</p> <p><del>d.</del> <a href="#">include the reporting elements in paragraph .A17, except for</a></p>	<p><del>.A17</del> <del>.A11</del> <a href="#">[Moved here from extant par. .A11] When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion, paragraph .19 requires the auditor to withdraw from the engagement to report on the summary financial statements, when withdrawal is possible under applicable law or regulation. When an entity is required by law or regulation to provide a report on summary financial statements, the auditor is neither precluded from withdrawing, nor required to withdraw, from the engagement.</a></p>

AU-C 810, Engagements to Report on Summary Financial Statements  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<del>paragraph .17f-g.</del>	
<u><i>Modified Opinion on the Summary Financial Statements</i></u>	<u><i>Modified Opinion on the Summary Financial Statements</i></u>
<del>.20</del> <del>15</del> <b>[Moved here from extant par .15]</b> <u>If the summary financial statements are not consistent, in all material respects, with the audited financial statements, in accordance with the applied criteria, and management does not agree to make the necessary changes, the auditor should express an adverse opinion on the summary financial statements. The auditor should state in the opinion paragraph that, in the auditor's opinion, because of the significance of the matter(s) described in the basis for adverse opinion section, the summary financial statements are not consistent, in all material respects, with the audited financial statements from which they have been derived, in accordance with the applied criteria.</u>	<del>.A18</del> <del>A10</del> <b>[Moved here from extant par. .A10]</b> <u>If the summary financial statements are not consistent, in all material respects, with the audited financial statements in accordance with the applied criteria, and management does not agree to make the necessary changes, the auditor is required by paragraph .20 to express an adverse opinion on the summary financial statements. Due to the summarized nature of the summary financial statements, a qualified opinion would not be appropriate; the summary financial statements either are or are not consistent, in all material respects, with the audited financial statements, in accordance with the applied criteria.</u>
<b>Restriction on Use or Alerting Readers to the Basis of Accounting</b> <del>.18</del> <del>.21</del> <del>.21</del> <u>When use of the auditor's report on the audited financial statements is restricted or the auditor's report on the audited financial statements alerts readers that the audited financial statements are prepared in accordance with a special purpose framework, the auditor should include a similar restriction or alert in the auditor's report on the summary financial statements.</u>	
<b>Comparatives</b> <del>.19</del> <del>.22</del> <del>.22</del> <u>If the audited financial statements contain comparative financial statements but the summary financial statements do not, the auditor should determine whether such omission is reasonable in the circumstances of the engagement. The auditor should determine the effect of an unreasonable omission on the auditor's report on the summary financial statements. (Ref: par. .A19-.A20. <del>A17</del> <del>A18</del>)</u>	<b>Comparatives (Ref: par. .22-22)</b> <del>.A14</del> <del>A19</del> <del>A17</del> <u>If the audited financial statements contain comparative financial statements, a presumption exists that the summary financial statements also would contain comparatives. <i>Proposed SAS Forming an Opinion and Reporting on Financial Statements Section 700</i> addresses the auditor's responsibilities regarding comparative financial statements in an audit of financial statements.<sup>66</sup></u>

<sup>66</sup> Paragraphs ~~.4645~~ ~~.55~~ ~~.52~~ of proposed SAS *Forming an Opinion and Reporting on Financial Statements section 700*.

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
	<p><del>A15, A20, A18</del> Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include:</p> <ul style="list-style-type: none"> <li>• The nature and objective of the summary financial statements</li> <li>• The applied criteria</li> <li>• The information needs of the intended users of the summary financial statements</li> </ul>
<p><del>20, 23, 23</del> Unless the predecessor auditor's report on the prior period's summary financial statements is reissued with the summary financial statements, if the summary financial statements contain comparatives that were reported on by another auditor, the auditor's report on the summary financial statements should state</p> <ol style="list-style-type: none"> <li>a. that the summary financial statements of the prior period were audited by a predecessor auditor.</li> <li>b. the type of opinion expressed by the predecessor auditor and, if the opinion was modified, the reasons therefore.</li> </ol>	
<p><del>21, 24, 24</del> If the summary financial statements contain comparatives that were not reported on by the auditor or another auditor, the auditor's report on the summary financial statements should state that the comparative summary financial statements were not reported on by the auditor and, accordingly, the auditor does not express an opinion on the comparative summary financial statements.</p>	
<p><b>Unaudited Information Presented With Summary Financial Statements (Ref: par. .A21, <del>A19</del>)</b></p> <p><del>22, 25, 25</del> The auditor should evaluate whether any unaudited</p>	<p><b>Unaudited Information Presented With Summary Financial Statements (Ref: par. .25, <del>25</del>)</b></p> <p><del>A16, A21, A19</del> <i>Proposed SAS Forming an Opinion and Reporting on Financial Statements Section 700</i> contains a</p>

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p>information presented with the summary financial statements is clearly differentiated from the summary financial statements. If the auditor concludes that the entity's presentation of the unaudited information is not clearly differentiated from the summary financial statements, the auditor should ask management to change the presentation of the unaudited information. If management refuses to do so, the auditor should explain in the auditor's report on the summary financial statements that such information is not covered by that report and accordingly, the auditor does not express an opinion on the information</p>	<p>requirement and guidance related to information presented in the financial statements that is not required by the applicable financial reporting framework.<sup>7</sup> Such requirement and guidance, adapted as necessary in the circumstances, may be helpful in applying the requirement in paragraph <del>25.25</del>.</p>
<p><b>Other Information in Documents Containing Summary Financial Statements (Ref: par..A22-<del>A20</del>)</b></p> <p><del>.23,26,26</del> The auditor should read other information included in a document containing the summary financial statements and related auditor's report to identify material inconsistencies, if any, with the summary financial statements and the audited financial statements.</p> <p><b>ISA 810.14 The auditor shall read the information included in a document containing the summary financial statements and the auditor's report thereon and consider whether there is a material inconsistency between that information and the summary financial statements.</b></p>	<p><b>Other Information in Documents Containing Summary Financial Statements (Ref: par. .26.27.<del>26-27</del>)</b></p> <p><del>.A17,A22,A20</del> <i>Proposed SAS The Auditor's Responsibilities Relating to Other Information Included in Annual Reports</i> <del>Section 720, Other Information in Documents Containing Audited Financial Statements</del>, contains requirements and guidance relating to reading other information included in a document containing the audited financial statements and related auditor's report and responding to material inconsistencies and material misstatements of fact. Adapted as necessary in the circumstances, these requirements and related guidance may be helpful in applying the requirements in paragraphs <del>..26.2726-27</del>.</p>
	<p><b>ISA 810.A11 ISA 720 (Revised) deals with the auditor's responsibilities relating to other information in an audit of financial statements. In the context of ISA 720 (Revised), other information is financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. An annual report contains or accompanies the financial statements and the auditor's report thereon.</b></p>

<sup>7</sup> Paragraph ~~.6059~~ of *proposed* section 700.

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
	<p><b>ISA 810 A12.</b> In contrast, paragraphs 14–15 deal with the auditor’s responsibilities relating to information included in a document that also contains the summary financial statements and the auditor’s report thereon. This information may include:</p> <ul style="list-style-type: none"> <li>• Some or all of the same matters as those dealt with in the other information included in the annual report (e.g., when the summary financial statements and the auditor’s report thereon are included in a summary annual report); or</li> <li>• Matters that are not dealt with in the other information included in the annual report.</li> </ul>
	<p><b>IS 810. A15.</b> When an uncorrected material misstatement of the other information has been identified in the auditor’s report on the audited financial statements and that uncorrected material misstatement relates to a matter that is dealt with in the information in a document containing the summary financial statements and the auditor’s report thereon, a material inconsistency between the summary financial statements and that information may exist or the information may be misleading.</p>
<p><del>.27</del> <del>.27</del> If, upon reading the other information, the auditor identifies a material inconsistency or becomes aware of an apparent material misstatement of fact, the auditor should discuss the matter with management and should consider appropriate further action in the circumstances. For an identified material inconsistency, the auditor should also determine whether the summary financial statements or the other information needs to be revised</p> <p><b>ISA 810.15.</b> If the auditor identifies a material inconsistency, the auditor shall discuss the matter with management and determine whether the summary financial statements or the information included in the document containing the summary financial statements and the auditor’s report thereon needs to be revised. If the auditor determines that the information needs to be revised and management refuses to revise the information as necessary, the auditor shall take appropriate</p>	

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

Introduction, Effective Date, Objective, Definitions, and Requirements	Application and Other Explanatory Material
<p style="color: green;">action in the circumstances, including considering the implications for the auditor's report on the summary financial statements. (Ref: Para. A11–A16)</p>	
<p><b>Auditor Association (Ref: par. .A23-<del>A21</del>)</b> <del>.24,28</del> <del>.28</del> If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor should request management to include the auditor's report in the document. If management does not do so, the auditor should determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document.</p>	<p><b>Auditor Association (Ref: par. .28.29.<del>28</del>-<del>29</del>)</b> <del>A18,A23</del> <del>A21</del> Other appropriate actions the auditor may take when management does not take the requested action may include informing the intended users and other known third-party users of the inappropriate reference to the auditor, including that the auditor did not report, and does not express an opinion on, the summary financial statements. The auditor's course of action depends on the auditor's association with misleading information and the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.</p>
<p><del>.25,29</del> <del>.29</del> The auditor may be engaged to report on the financial statements of an entity, while not engaged to report on the summary financial statements. If, in this case, the auditor becomes aware that the entity plans to make a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the financial statements audited by the auditor, the auditor should be satisfied that</p> <ul style="list-style-type: none"> <li>a. the reference to the auditor is made in the context of the auditor's report on the audited financial statements, and</li> <li>b. the statement does not give the impression that the auditor has reported on the summary financial statements.</li> </ul> <p>If either <i>a</i> or <i>b</i> is not met, the auditor should request management to change the statement to meet both of the criteria in <i>a</i> and <i>b</i>, or not to refer to the auditor in the document. Alternatively, the entity may engage the auditor to report on the summary financial statements and include the related auditor's report in the document. If management does not change the statement, delete the reference to the auditor, or</p>	

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

<b>Introduction, Effective Date, Objective, Definitions, and Requirements</b>	<b>Application and Other Explanatory Material</b>
include an auditor's report on the summary financial statements in the document containing the summary financial statements, the auditor should advise management that the auditor disagrees with the reference to the auditor, and the auditor should determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document.	

~~A19.A24~~

## Exhibit—Illustrations of Reports on Summary Financial Statements

The illustrative reports have not been revised.

Illustration 1—An Unmodified Opinion Is Expressed on the Summary Financial Statements (the Auditor's Report on the Summary Financial Statements Is Dated Later Than the Date of the Auditor's Report on the Financial Statements From Which the Summary Financial Statements Are Derived)

Illustration 2—An Unmodified Opinion Is Expressed on the Summary Financial Statements and a Qualified Opinion Is Expressed on the Audited Financial Statements

Illustration 3—An Adverse Opinion Is Expressed on the Audited Financial Statements (as a Result of the Adverse Opinion on the Audited Financial Statements, It Is Inappropriate to Express, and the Auditor Does Not Express, an Opinion on the Summary Financial Statements)

Illustration 4—An Adverse Opinion Is Expressed on the Summary Financial Statements Because They Are Not Consistent, in All Material Respects, With the Audited Financial Statements, in Accordance With the Applied Criteria

### **Illustration 1—An Unmodified Opinion Is Expressed on the Summary Financial Statements (the Auditor's Report on the Summary Financial Statements Is Dated Later Than the Date of the Auditor's Report on the Financial Statements From Which the Summary Financial Statements Are Derived)**

Circumstances include all of the following:

- An unmodified opinion is expressed on the audited financial statements.
- Criteria are developed by management for the preparation of the summary financial statements and are adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.
- An unmodified opinion is expressed on the summary financial statements.
- The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial statements from which the summary financial statements are derived. Independent Auditor's Report on Summary Financial Statements

[Appropriate Addressee]

The accompanying summary financial statements, which comprise the summary balance sheet as of December 31, 20X1, the summary income statement, summary statement of changes in stockholders' equity, and summary cash flow statement for the year then ended, and the related notes, are derived from the audited financial statements of ABC Company as of and for the year ended December 31, 20X1. We expressed an

AU-C 810, *Engagements to Report on Summary Financial Statements*  
ASB Meeting, January 2019

unmodified audit opinion on those audited financial statements in our report dated February 15, 20X2. The audited financial statements, and the summary financial statements derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements.

The summary financial statements do not contain all the disclosures required by [*describe financial reporting framework applied in the preparation of the financial statements of ABC Company*]. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of ABC Company.

*Management's Responsibility for the Summary Financial Statements*

Management is responsible for the preparation of the summary financial statements on the basis described in Note X.

*Auditor's Responsibility*

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived, and evaluating whether the summary financial statements are prepared in accordance with the basis described in Note X. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

*Opinion*

In our opinion, the summary financial statements of ABC Company as of and for the year ended December 31, 20X1 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived, on the basis described in Note X.

[*Auditor's signature*]

[*Auditor's city and state*]

[*Date of the auditor's report*]