*Practice Note to International Standard on Auditing (ISA) 810*

Engagements to Report on Summary

Financial Statements

**Background**

This Practice Note provides supplementary guidance on ISA 810 – Engagements to Report on Summary Financial Statements. It is read together with the ISA. ISA 810 is effective for engagements to report on summary financial statements for periods ending on or after December 15, 2016. The Practice Note is effective the same date as the ISA.

**Introduction to the ISA**

ISA 810 deals with the auditor’s responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with ISAs by that same auditor.

**Content of the Practice Note**

P1. The Practice Note provides additional guidance for public sector auditors related to:

 (a) Auditor’s Report on Summary Financial Statements

 (b) Restriction on Distribution or Use or Alerting Readers to the Basis of Accounting

 (c) Auditor Association

**Applicability of the ISA in Public Sector Auditing**

P2. ISA 810 is applicable to auditors of public sector entities when engaged to report on summary financial statements.

**Additional Guidance on Public Sector Issues**

Auditor’s Report on Summary Financial Statements

P3. In reporting on the financial statements from which the summary financial statements have been derived, public sector auditors might have expressed an opinion in addition to the opinion whether the financial statements have been prepared, in all material respects, in accordance with the applicable financial reporting framework. For example, public sector auditors might have reported on whether they have found any instances of non-compliance with authorities including budget and accountability, or expressed an opinion on the effectiveness of internal control. In such cases, in addition to the requirements set out in paragraph 16 of the ISA, public sector auditors include a reference to such an additional opinion in the auditor’s report on the summary financial statements.

P4. In the public sector, the elements of the auditor’s report, including the form and wording of the opinion may be prescribed by law or regulation or defined by the audit mandate. In such circumstances, public sector auditors apply the prescribed wording, taking into account paragraph 10 of the ISA.

P5. Paragraph 19 of the ISA also applies in circumstances where the public sector auditor’s report on the financial statements from which the summary financial statements have been derived includes a qualified opinion, an Emphasis of Matter paragraph, an Other Matter paragraph, a Material Uncertainty Related to Going Concern section, communication of key audit matters or a statement that describes an uncorrected material misstatement of the other information.

Restriction on Distribution or Use or Alerting Readers to the Basis of Accounting

P6. Taking into account paragraph 22 of the ISA, restricting the distribution or use of a public sector auditor’s report normally is not an option as the auditor’s report ordinarily is a public document.

Auditor Association

P7. Paragraphs 26 to 27 of the ISA require the auditor to take action to avoid being associated with summary financial statements on which the auditor has not reported. Public sector auditors may also take other action depending on relevant legislation and the audit mandate. Such action may include formal reports to the legislature.