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Description of content of ISSAI 1700

Forming an Opinion and Reporting on Financial Statements

Reading this description is not a substitute for reading the ISA or ISSAI itself.

ISSAI 1700 is comprised of International Standard on Auditing (ISA) 700 – Forming an Opinion and Reporting on Financial Statements, and a corresponding Practice Note. The ISA and the Practice Note are read together.

Authority

Public Sector auditors using the ISAs or ISSAIs as the authoritative standard shall comply with all ISAs or ISSAIs relevant to the audit. An ISA or ISSAI is relevant to the audit when the ISA or ISSAI is in effect and the circumstances addressed by the ISA or ISSAI exist. The auditor shall not represent compliance with ISAs or ISSAIs in the auditor's report unless the auditor has complied with the requirements of all ISAs or ISSAIs relevant to the audit.

Description of the ISA

ISA 700 deals with the auditor's responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor's report issued as a result of an audit of financial statements.

ISA 705¹ and ISA 706² deal with how the form and content of the auditor's report are affected when the auditor expresses a modified opinion or includes an Emphasis of Matter paragraph or an Other Matter paragraph in the auditor's report.

ISA 700 is written in the context of a complete set of general purpose financial statements. ISA 800³ deals with special considerations when financial statements are prepared in accordance

¹ ISA 705, Modifications to the Opinion in the Independent Auditor's Report.

² ISA 706, Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report.

³ ISA 800, Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.

with a special purpose framework. ISA 805⁴ deals with special considerations relevant to an audit of a single financial statement or of a specific element, account or item of a financial statement.

ISA 700 promotes consistency in the auditor's report. Consistency in the auditor's report, when the audit has been conducted in accordance with ISAs, promotes credibility in the global marketplace by making more readily identifiable those audits that have been conducted in accordance with globally recognized standards. It also helps to promote the user's understanding and to identify unusual circumstances when they occur.

Objective of the auditor in terms of the ISA

The objectives of the auditor are:

- a. To form an opinion on the financial statements based on an evaluation of the conclusions drawn from the audit evidence obtained; and
- b. To express clearly that opinion through a written report that also describes the basis for that opinion.

Among other matters, the requirements in this ISA deal with:

- a. The need for the auditor to conclude as to whether reasonable assurance has been obtained about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.
- b. The form of the opinion.
- c. Detailed requisites for the audit report itself.
- d. Supplementary information presented with the financial statements.

Description of the Practice Note

The Practice Notes provides supplementary guidance for auditors applying ISA 700 when conducting financial audits of public sector entities.

Content of the Practice Note

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

- a. Overall considerations relating to additional objectives or public expectations concerning the opinion on the financial statements.
- b. Scope of the ISA with reference to reporting.
- c. Auditor's report.
- d. Disclosure of the effect of material transactions and events on the information conveyed in the financial statements.

⁴ ISA 805, Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement.