

MEMO# 31592

February 4, 2019

Draft Letter to PCAOB Recommending Changes to Multi-Fund Audit Options

[31592]

February 4, 2019 TO: Accounting/Treasurers Committee RE: Draft Letter to PCAOB Recommending Changes to Multi-Fund Audit Options

Recently effective requirements in AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* have caused certain auditor reports to be unduly complex. The audit standard requires the auditor's report to state the date of, or period covered by, each financial statement identified in the report. When the periods covered by each periodic financial statement of each fund included in the shareholder report book are identical, the requirement to identify the period covered by each periodic financial statement works well.

However, in instances where the periods audited for each fund included in the shareholder report book vary due to different commencement dates, the report quickly becomes awkward and unwieldy. To comply with the new standard, some auditors have incorporated a table or chart into their reports listing the different funds and the dates for the periodic statements (i.e., the statement of operations, statement of changes in net assets, and statement of cash flows).

Prior to the recently effective amendments, audit standards (AU 508) did not specifically require the auditor's report to state the date of, or periods covered by, each financial statement. Under that standard the auditor's report referenced the dates included on the financial statements themselves, rather than stating them in the opinion. For example, for periodic statements, the auditor's report typically referenced the "periods indicated therein."

The attached draft letter to the PCAOB recommends that the board permit fund auditors to comply with AS 3101 by referencing in their reports "the periods indicated therein" or similar language. Please let me know (smith@ici.org or 202/326-5851) if you have any comments on the attached draft letter or if you would be willing to send a similar letter to the PCAOB by February 15.

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[Attachment](#)

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