

**Proposed Auditing Standard**  
**ASA 101 Preamble to Australian Auditing Standards**  
**(Revised and Redrafted)**

**Revised Draft (April 2009)**

**IMPORTANT NOTES**

1. This work-in-progress document, ASA 101 (Revised and Redrafted) is provided for information only and is not an Exposure Draft. It contains draft proposals to be considered by the AUASB and does *not* reflect the final decisions and/or proposals to be contained in a published Exposure Draft or Auditing Standard.
2. The AUASB is currently revising and redrafting the Australian Auditing Standards (ASAs) in “clarity” format. This document is prepared by AUASB technical staff for consideration by the AUASB. It will be updated from time to time as the AUASB progressively considers the ASA Exposure Drafts
3. This document is made available on the AUASB website, in draft form only, so as to assist interested parties in their consideration of the revised and redrafted Auditing Standards.
4. An Exposure Draft of ASA 101 will be released for comment along with the last group of “clarity” format Exposure Drafts—scheduled for mid 2009. The Standard will be an Auditing Standard made under sec 336 of the *Corporations Act 2001*.

Revised Draft

[22 April 2009]

WORKING DOCUMENT ONLY

**ED 00/00**

(June 2009)

# Proposed Auditing Standard ASA 101 *Preamble to Australian Auditing Standards (Revised and Redrafted)*

Issued for Comment by the Auditing and Assurance Standards Board

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This document contains draft proposals to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions and/or proposals to be contained in a published Exposure Draft or Auditing Standard. No responsibility is taken by the AUASB for the results of reliance, actions or omissions to act on the basis of any information contained in this document (including appendices), or for any errors or omissions in it.



**Australian Government**

**Auditing and Assurance Standards Board**

# Draft

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**AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 101 *Preamble to Australian Auditing Standards (Revised and Redrafted)* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with the Australian Auditing Standards operative on or after 1 January 2010.

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## AUDITING STANDARD ASA 101

### *Preamble to Australian Auditing Standards (Revised and Redrafted)*

#### Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit or review of a financial report for a half-year, in accordance with the *Corporations Act 2001*;
  - (b) an audit of a financial report, or a complete set of financial statements for any other purpose;
  - (c) a review, by the independent auditor of the entity, of an interim or other financial report for any other purpose; and
  - (d) a firm<sup>1</sup> required to comply with ASQC 1 (Revised and Redrafted) *Quality Control for Firms that Perform Audits and Reviews of Financial Reports, Other Financial Information and Other Assurance Engagements*.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit or review of other historical financial information.

#### Operative Date

- Aus 0.3 This Auditing Standard is operative for engagements with financial reporting periods commencing on or after 1 January 2010 and for firms required to establish systems of quality control in compliance with ASQC 1 by 1 January 2010.

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<sup>1</sup> See ASQC 1 paragraphs 12 (g) and Aus 12.1: A firm means a sole practitioner, partnership or corporation or other entity of professional accountants. For purposes of the *Corporations Act 2001*, a firm means an individual auditor, audit firm and audit company.

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Aus 0.4 This Auditing Standard supersedes interpretive information contained in ASA 100 *Preamble to AUASB Standards* (04/06) to the extent that ASA 100 applies to the Australian Auditing Standards.

## **Introduction**

### **Scope of this ASA**

Aus 1.1 The purpose of this Auditing Standard is to set out mandatory components not otherwise included in the Australian Auditing Standards operative on or after 1 January 2010.

Aus 1.2 ASA 100 *Preamble to AUASB Standards* (04/06) applies to all AUASB Standards other than the Australian Auditing Standards operative on or after 1 January 2010.

### **Objective**

Aus 2.1 The objective of the auditor and the firm is to use this Auditing Standard in order to understand, interpret and apply the Australian Auditing Standards operative on or after 1 January 2010.

### **Definitions**

Aus 3.1 For purposes of this Auditing Standard, the following terms have the meanings attributed below:

- (a) Australian Auditing Standards means the entire suite of Auditing Standards issued by the AUASB, including:
- ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*; and
  - ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports, Other Financial Information and Other Assurance Engagements*.
- (b) Auditing Standard means a single auditing standard within the suite of Australian Auditing Standards.

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The title of each Auditing Standard contains the prefix “ASA” with the exception of ASRE 2410 and ASQC 1.

- (c) Auditing Standards means Australian Auditing Standards made under section 336 of the *Corporations Act 2001* (the Act).

## **Requirements**

### **Authority of the Paragraphs in Australian Auditing Standards**

Aus 4.1 The auditor shall apply the mandatory components of the Australian Auditing Standards when conducting an audit or review in accordance with those standards. The mandatory components are included in each Auditing Standard under the headings listed below:

- (i) Application (paragraph Aus 0.1).
- (ii) Operative Date.
- (iii) Objective(s).
- (iv) Definition(s).
- (v) Requirements.

Aus 5.1 The auditor shall consider the whole text of an Auditing Standard to understand, interpret and apply the mandatory components. The explanatory material is included in each Auditing Standard under the headings listed below:

- (i) Application (paragraph Aus 0.2).
- (ii) Introduction.
- (iii) Application and Other Explanatory Material.
- (iv) Conformity with International Standards on Auditing.
- (v) Appendices.

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Explanatory material does not create or extend mandatory requirements.

**Engagements under the *Corporations Act 2001***

Aus 6.1 The Application paragraph, identified as “Aus 0.1”, in each Auditing Standard refers to audits or reviews conducted in accordance with the *Corporations Act 2001* (the “Act”). Accordingly, the Auditing Standards made under section 336 of the Act apply specifically to:

- (a) an audit or a review conducted under Part 2M.3 of the Act; and
- (b) an audit of a profit and loss statement and balance sheet conducted under Part 7.8 of the Act.

**Compliance with Requirements**

Aus 7.1 When a Requirement is not relevant under ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards (Revised and Redrafted)*, the auditor need not document the reason(s) why the Requirement is not relevant. (Ref: Aus A1.1)

\* \* \*

## **Application and Other Explanatory Material**

### **Compliance with Requirements (Ref: Aus 7.1)**

Aus A1.1 An auditor need not document the reasons why a Requirement is not relevant under ASA 200 (Revised and Redrafted). However, where in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant mandatory Requirement, the auditor is required under ASA 230<sup>2</sup> to document:

- (a) The circumstances surrounding the inability to comply;
- (b) The reasons for the inability to comply; and
- (c) Justification of how alternative audit procedures achieve the objectives of the mandatory Requirement.

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<sup>2</sup> See ASA 230 *Audit Documentation* (Revised and Redrafted), paragraph Aus 12.1

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**Conformity with International Standards on Auditing**

There is no corresponding Standard issued by the International Auditing and Assurance Standards Board.

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