



International Update

Subject: AUASB International Update

Introduction

This fourth edition of the AUASB International Update summarises the significant news and activities for the months of July-August 2009 of the following standards-setting bodies, and professional organisations:

- the International Auditing and Assurance Standards Board (IAASB);
- the Canadian Institute of Chartered Accountants;
- the Public Company Accounting Oversight Board (USA);
- the American Institute of Certified Public Accountants; and
- the Auditing Practices Board (UK).

We would like to know what you think about the content being provided in the updates; please send your feedback to enquiries@auasb.gov.au.

International Auditing and Assurance Standards Board (IAASB)

1. Q & A Publication *Applying ISAs Proportionately with the Size and Complexity of an Entity*

The IAASB Staff issued in August 2009 a [Question and Answer Publication *Applying ISAs Proportionately with the Size and Complexity of an Entity*](#). This publication recognises that ISAs apply to audits of entities of all sizes and complexities, but highlights the provisions within ISAs that may be particularly relevant to audits of small and medium-sized entities (SMEs). It is specifically aimed at assisting small and medium practices, and auditors of SMEs in effectively implementing the clarified ISAs.

2. Current Projects

(a) Revision of ISRE 2400 *Engagements to Review Financial Statements* - The IAASB Task Force for the revision of ISRE 2400 will present a [Paper](#) at the September 2009 IAASB Meeting. This Paper will highlight the issues the Task Force has identified relative to the revision of ISRE 2400, including its preliminary views and recommendations.

(b) Proposed ISAE on Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses - The first draft of the Proposed ISAE on [Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses](#) is expected to be presented for consideration at the IAASB September 2009 Meeting. Some of the issues that have been considered by the IAASB Prospectuses Task Force and which have been addressed in this proposed ISAE are: (i) definition of "properly compiled" as it relates to pro forma financial information that is included prospectuses; (ii) extent of work effort in respect of the "unadjusted financial information" which forms part of the basis for preparing pro forma financial information; (iii) whether profit forecasts can be considered as "unadjusted financial information"; and (iv) interaction of this proposed ISAE with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

(c) Proposed ISAE 3410 on Assurance on Greenhouse Gas Statement - A [Paper](#) from the task force for Proposed ISAE 3410 will be presented at the September 2009 IAASB meeting, to request the Board to agree on the issue of an Invitation to Comment (or a similar form of consultation paper) on matters relevant to the development of Proposed ISAE 3410 to a wide range of external parties.

(d) Proposed ISAE 3402 Assurance Reports on Controls at a Service Organisation - A revised draft of the Proposed [ISAE 3402](#) will be presented at the IAASB September 2009 meeting for consideration and approval as a final standard.

(e) XBRL - A [Paper](#) on XBRL will be discussed at the September 2009 IAASB meeting, including the issues relating to auditor association to XBRL data.

For further information, please see the IAASB website at www.ifac.org/IAASB.

Canadian Institute of Chartered Accountants (CICA)

(CICA is the umbrella organisation of the Auditing and Assurance Standards Board in Canada.)

1. Issue of CICA's [Guide](#) to New CASs in Canada

The Canadian Institute of Chartered Accountants has developed a reference guide to assist auditors and assurance practitioners in implementing the new clarified Canadian Auditing Standards (CASs), together with the clarified *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* (CSQC1). The Guide highlights the similarities and differences between the extant Canadian Standards and CSQC *Canadian Standards on Quality Control*, and the clarified CASs and CSQC1, respectively. CASs will be effective for audits of financial statements for periods ending on or after 14 December 2010. Firms that provide assurance services are required to comply with CSQC1 by 15 December 2009.

2. Video and Webinar Presentations Relative to Implementation of New CASs and CSQC1

CICA has organised a video presentation and a webinar discussion in July 2009 that were aimed at assisting auditors and assurance practitioners in effectively implementing the new CASs and CSQC1. The video presentation focused on providing an overview, a discussion of the timing and implications of the transition to clarified CASs. The webinar, on the other hand, highlighted some of the practical considerations for firms when implementing the requirements of CSQC1.

For further information, please refer to the CICA website at www.cica.ca.

Public Company Accounting Oversight Board (PCAOB) (USA)

1. Concept Release Requiring Engagement Partners to Sign Audit Reports

The PCAOB has issued a [Concept Release](#) that considers the possible implications of requiring engagement partners to sign audit reports, in addition to the current requirement of the firm signature on audit reports. This concept release is open for comment for 45 days.

2. New Auditing Standard on Engagement Quality Review

The PCAOB approved the adoption of a new [Standard on Engagement Quality Review](#), subject to final approval by the US Securities and Exchange Commission. The new EQR Standard aims to focus the attention of the engagement quality reviewer on areas that are most susceptible to engagement deficiencies, with a view of addressing these deficiencies before the audit reports are issued.

For further information, please refer to the PCAOB website at <http://www.pcaobus.org>.

American Institute of Certified Public Accountants (AICPA)

(The AICPA is the umbrella organisation of the Auditing Standards Board in the USA.)

1. Alert for Auditors Regarding XBRL Assurance on SEC Filings

The AICPA's affiliate, Center for Audit Quality, has issued the [Alert Potential Audit Firm Service Implications Raised by the SEC Final Rule on XBRL](#). This Alert discusses the services that auditors may potentially be requested to perform relative to XBRL financial data filed with the SEC, and the implications of performing audits of public companies reporting financial data in XBRL.

2. Proposed Standards for Compilation and Review Engagements

The AICPA's Accounting and Review Services Committee is currently reviewing stakeholders' comments on the [Exposure Draft](#) for the Proposed Standards for Compilation and Review Engagements. The expected changes to the extant standards, which are addressed in the proposed standards, would allow a practitioner to issue a review report on an entity's financial statements while concurrently performing non-attest services, (for example, compilations) that were intended to improve reliability of the entity's financial information. The proposed revision of the Review Standard will align such standard with ISRE 2400.

For further information, please refer to AICPA's website at www.aicpa.org.

Auditing Practices Board (United Kingdom)

Issue of Exposure Drafts and a Bulletin Update

The APB UK has issued in July and August 2009 the following:

(a) [Bulletin 2009/3 Auditor's Reports - Supplementary Guidance for Auditors of Charities with Accounting Periods Commencing on, or after, 6 April 2008](#). This Bulletin updates the

example auditor's reports on audits of charities.

(b) **Exposure Draft of a Revision of Practice Note 26 *Guidance on Smaller Entity Audit Documentation***. The revision addresses the changes in the proposed clarified ISAs (UK and Ireland).

(c) **Exposure Draft of a Revision to Practice Note 15 (I) *The Audit of Occupational Pension Schemes in Ireland***. The revision addresses the changes in the regulations in Ireland relative to pension schemes.

For further information, please see the APB website at www.frc.org.uk/apb.

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