



International Update

Subject: AUASB International Update

Introduction

This edition of the AUASB International Update summarises the significant news and activities for the period of mid-August 2010 to September 2010 of the following standards-setting bodies and professional organisations:

- International Auditing and Assurance Standards Board (IAASB)
- American Institute of Certified Public Accountants (AICPA)
- Auditing and Assurance Standards Board (AASB) (Canada)
- Auditing Practices Board (APB) (UK)
- Canadian Institute of Chartered Accountants (CICA)
- Professional Standards Board (PSB) (New Zealand)
- Public Company Accounting Oversight Board (PCAOB) (USA)

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International Auditing and Assurance Standards Board (IAASB)

1. Prof. de Beer Appointed Chairman of IAASB Consultative Advisory Group

Prof. Linda de Beer has been appointed [Chairman](#) of the IAASB Consultative Advisory Group (CAG) for a three-year term, effective 1 October 2010. Prof. de Beer is the representative of the Johannesburg Stock Exchange in the World Federation of Exchanges, a member organisation of the IAASB CAG. The IAASB CAG is an independent body that provides advice on technical and public interest matters relating to the IAASB's strategy and work on developing standards. Its members are regulators, professional bodies, financial institutions and other organisations that have interest in matters relating to international auditing and assurance.

2. Key Topics Discussed at the IAASB September 2010 Meeting

The IAASB September 2010 [meeting](#) included a discussion of key issues relating to the development and/or revision of the following pronouncements:

- Proposed ISAE 3410 *Greenhouse Gas Statement*;
- Proposed revised ISRE 2400 *Engagements to Review Financial Statements*;
- Proposed IAPS 1000 *Special Considerations in Auditing Complex Financial Instruments*;
- Proposed revised ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*;
- Proposed revised ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

The IAASB also discussed the following matters at its September 2010 meeting:

- Draft Consultation Paper on *IAASB Proposed Strategy and Work Program for 2012-2014*; and
- Proposed project relating to auditor's responsibilities regarding disclosures in financial statements.

Please click [here](#) for further details.

American Institute of Certified Public Accountants (AICPA)

1. AICPA and CIMA Paper on Enterprise Risk Management (ERM)

The AICPA and Chartered Institute of Management Accountants (CIMA) jointly published [Enterprise Risk Oversight: A Global Analysis of its Current State](#), a paper based on the U.S. and global surveys undertaken by the ERM Initiative at North Carolina State University. This paper provides an insight

into the state of enterprise risk management in the U.S. and around the globe in light of the recent global financial crisis.

Please click [here](#) for further information.

Auditing and Assurance Standards Board (AASB) (Canada)

1. Proposed revised CAS 610 and CAS 315

The Canadian AASB has issued a joint [exposure draft](#) on the proposed revised Canadian Auditing Standards (CAS) 610 *Using the Work of Internal Auditors* and CAS 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*. In the exposure draft, the Canadian AASB has:

- proposed, subject to changes after public exposure, to adopt the proposed revised ISA 610 and ISA 315 as CAS 610 and CAS 315;
- requested their stakeholders to submit their comments directly to the IAASB regarding the EDs on ISA 610 and ISA 315, and furnish a copy to the AASB; and
- requested their stakeholders to provide comments to the AASB regarding any changes that need to be made to the proposed revised ISA 610 and ISA 315 before they are adopted as Canadian Auditing Standards.

The comment period for the exposure draft ended on 6 October 2010.

Please click [here](#) for further information.

Auditing Practices Board (APB) (UK)

1. Revised Practice Note on UK Anti-Money Laundering Legislation

The UK APB has issued Practice [Note 12](#) (Revised) *Money Laundering - Guidance for Auditors on UK Legislation*, which provides guidance to auditors to enable them to meet their anti-money laundering responsibilities when auditing and reporting on financial statements.

2. Exposure Drafts of Revised Standards

The UK APB has issued exposure drafts of the following proposed revised standards:

- SIR 2000 *Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information*, which reflects conforming amendments arising from the adoption of Clarity ISAs (UK and Ireland).
- ISA (UK and Ireland) 700 *The Auditor's Report on Financial Statements*, which describes the proposed addition to the short-form description of an audit of the auditor's responsibility to read narrative information in annual reports to identify material inconsistencies with audited financial statements.

The comment periods for both exposure drafts end on 26 November 2010.

Please click [here](#) for further information.

Canadian Institute of Chartered Accountants (CICA)

1. Reporting Implications of New Auditing and Accounting Standards

CICA has published the second edition of [Reporting Implications of New Auditing and Accounting Standards](#), to promote consistency in audit reporting by providing guidance to auditors on audit reporting issues that may arise from the adoption of new accounting and auditing standards. This publication is updated periodically to address any further reporting issues identified.

Please click [here](#) for further information.

Professional Standards Board (PSB) (New Zealand)

1. Code of Ethics and Code of Ethics: Independence in Assurance Engagements

At its September [meeting](#), the PSB considered the following:

- responses to the exposure draft of the proposed revised *Code of Ethics: Independence in Assurance Engagements*;
- a further revised draft of the *Code of Ethics*;
- its approach to convergence of its *Code of Ethics* with the *International Code of Ethics*; and
- whether to combine its *Code of Ethics* and *Code of Ethics: Independence in Assurance Engagements* into one Code.

Please click [here](#) for further information.

Public Company Accounting Oversight Board (PCAOB)(USA)

1. Roundtable on Auditor Communications with Audit Committees

The PCAOB hosted a public [roundtable](#) relating to its proposed Auditing Standard on *Auditor Communications with Audit Committees*, and has reopened the comment period for its exposure draft until 21 October 2010. The original exposure draft for this proposed standard was issued early this year, and its comment period ended on 28 May 2010. The PCAOB has decided to host the roundtable and reopen the comment period to explore further the comments received during the original public exposure period. The proposed standard is intended to "enhance the substance of communications between the auditor and audit committees".

2. Inspection Observations During the Economic Crisis

The PCAOB has issued its [Report on Observations of PCAOB Inspectors Related to Audit Risk Areas Affected by the Economic Crisis](#), which highlights its observations regarding audit risks and deficiencies identified through its inspection program during the economic crisis. Some of the key areas addressed in the report are as follows:

- apparent non-compliance of auditors with PCAOB auditing standards, particularly those relating to audits of fair value measurements, valuation of intangibles and long-lived assets, off-balance sheet structures, revenue recognition and income taxes;
- the need for firms to continue improving their quality control systems; and
- PCAOB inspectors to continue focusing on audit firms' quality control systems, particularly those that address risks posed by the ongoing economic difficulties.

Please click [here](#) for further information.

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