



# Board Meeting Summary Paper

**Subject:** Proposed ED ASA 501 *Audit Evidence – Specific Considerations for Selected Items*  
**Date:** 6 February 2009

<b>AUASB AGENDA ITEM NO. 12(h)</b>
<b>Meeting Date: 23-24 February 2009</b>

**Action Required**

**For Information Purposes Only**

## Agenda Item Objectives

To review proposed Auditing Standard ASA 501 *Audit Evidence – Specific Considerations for Selected Items* (Revised and Redrafted) for final approval to issue as an exposure draft.

## Background

ASA 501 (Revised and Redrafted) is presented to the Board for the first time.

The underlying standard is ISA 501 (Redrafted). ISA 501 was “Redrafted” and not revised under the IAASB Clarity project.

ASA 501 (Revised and Redrafted) brings together two extant standards: ASA 501 *Existence and Valuation of Inventory* and ASA 508 *Enquiry Regarding Litigation and Claims*, and includes standardised changes in accordance with the AUASB Drafting Rules.

No other changes are proposed. Changes are shown as mark-ups (Agenda Item 12(h).2).

## Matters to Consider

The main changes to ASA 501 (Revised and Redrafted) include:

- (a) Inventory - the Requirements and guidance relating to the valuation of inventory, which were included in the extant ASA but not in the ISA, have been removed.
- (b) Litigation and Claims – the Requirements and guidance have been reduced, compared to the extant ASA, resulting in a standard that is clearer, which does not duplicate Requirements contained in other standards. The terminology has been changed, for consistency with the ISA (for example, “lawyer” has been changed to “external legal counsel”).

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*This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.*

- (c) Segment Information - the Requirement and guidance material relating to Segment Information, which were not included in extant ASA 501, but were included in the extant ISA, have been carried forward into ISA 501 (Redrafted) and have now been included in ASA 501 (Revised and Redrafted).

These changes are detailed in the attachment to this Board Meeting Summary Paper (Agenda Item 12(h).1).

The Board is requested to consider the Tables of Differences (Agenda Item 12(h).3) and approve the proposed treatment of each difference.

The clean version of the proposed ED, extant ASA 501, extant ASA 508 and ISA 501 (Redrafted) are included, in electronic form only, for the Board's information.

### **Staff Recommendations**

AUASB Technical Group recommends proposed ASA 501 (Revised and Redrafted) be approved for issue as an ED.

### **Material Presented**

- Agenda Item 12(h) Board Meeting Summary Paper
- Agenda Item 12(h).1 Attachment to Board Meeting Summary Paper
- Agenda Item 12(h).2 Proposed Exposure Draft (Marked Up Version)
- Agenda Item 12(h).3 Tables of Differences
- Agenda Item 12(h).4 Proposed Exposure Draft (Clean Version) [electronic copy only]
- Agenda Item 12(h).5 Extant ASA 501 *Existence and Valuation of Inventory* [electronic copy only]
- Agenda Item 12(h).6 Extant ASA 508 *Enquiry Regarding Litigation and Claims* [electronic copy only]
- Agenda Item 12(h).7 ISA 501 (Redrafted) *Audit Evidence – Specific Considerations for Selected Items* [electronic copy only]

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### **Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Approve the proposed standard for exposure	Board approval	AUASB	23-24 February 2009	O/S

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