

## TABLES OF DIFFERENCES

### ASA 210 [Revised and Redrafted]

#### AGREEING THE TERMS OF AUDIT ENGAGEMENTS

**Extant ASA:**            *ASA 210 Terms of Audit Engagements*  
**ISA:**                    *ISA 402 [Redrafted] Agreeing the Terms of Audit Engagements*

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<i>Key Statistics</i>			
<b>Exhibit</b>		<b>No.</b>	
1	New Requirements [Elevation of Guidance]	<b>2</b>	
1	New Requirements [no previous Equivalent in extant ASA]	<b>9</b>	
N/A	Total number of New Requirements	<b>11</b>	
2	Extant ASA Requirements covered in another standard[s]	—	

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### Changes to this Table from the Last Board meeting

Item #	Para. #	Change Description	ATG Commentary	Accept in ASA Y/N?
<b>Exhibit X</b>				
		First time consideration at April 09 meeting.		

**Requirements in ISA not in Extant ASA**

- *Exhibit 1 identifies Requirements in the redrafted ISA that are not present in the equivalent extant ASA*
- *Exhibit 1 does not identify Requirements that are identical; or similar but for differences in expression/wording*

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
<b>Objectives</b>				
1	3	The objective of the auditor is to accept or continue an audit engagement only when the basis upon which it is to be performed has been agreed, through:  (a). Establishing whether the preconditions for an audit are present; and  (b). Confirming that there is a common understanding between the auditor and management and, where appropriate, those charged with governance of the terms of the audit engagement.	New Objectives  Part (a) consistent with acceptance and continuance requirements under extant ASA 220 (Quality Control)  Part (b) consistent with extant	Y
<b>Definitions</b>				
2	4	For purposes of the ISAs, the following term has the meaning attributed below:  Preconditions for an audit – The use by management of an acceptable financial reporting framework in the preparation of the financial statements and the agreement of management and, where appropriate, those charged with governance to the premise on which an audit is conducted.	New Definition	Y
3	5	For the purposes of this ISA, references to “management” should be read hereafter as “management and, where appropriate, those charged with governance.”	New Definition	Y
<b>Preconditions for an Audit</b>				
4	6	In order to establish whether the preconditions for an audit are present, the auditor shall:  (a). Determine whether the financial reporting framework to be applied in the	Shaded text has no extant ASA equivalent.	Y

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Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>preparation of the financial statements is acceptable; and (Ref: Para. A2-A10)</p> <p>(b). Obtain the agreement of management that it acknowledges and understands its responsibility: (Ref: Para A11-A14, A20)</p> <p>(i) For the preparation of the financial statements in accordance with the applicable financial reporting framework, including where relevant their fair presentation; (Ref: Para. A15)</p> <p>(ii) For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and (Ref: Para. A16-A19)</p> <p>(iii) To provide the auditor with:</p> <p>a. Access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;</p> <p>b. Additional information that the auditor may request from management for the purpose of the audit; and</p> <p>c. Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.</p>	<p>Although new requirement to <i>obtain management's agreement</i>, unshaded text is elevation of equivalent extant guidance:</p> <p>Extant ASA 210 para. 10</p> <p>Extant ASA 200 para. 45 (see also paras 42 -45)</p> <p>Extant ASA 210 para. 10</p> <p>Extant ASA 210 para. 11</p> <p>Extant ASA 210 para. 12</p>	
5	7	<p>If management or those charged with governance impose a limitation on the scope of the auditor's work in the terms of a proposed audit engagement such that the auditor believes the limitation will result in the auditor disclaiming an opinion on the financial statements, the auditor shall not accept such a limited engagement as an audit engagement, unless required by law or regulation to do so.</p>	New Requirement	Y
6	8	<p>If the preconditions for an audit are not present, the auditor shall discuss the matter with management. Unless required by law or regulation to do so, the auditor shall not accept the proposed audit engagement:</p> <p>(a) If the auditor has determined that the financial reporting framework to be applied in the preparation of the financial statements is unacceptable, except as provided in paragraph 19; or</p> <p>(b) If the agreement referred to in paragraph 6(b) has not been obtained</p>	New Requirement	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
<b>Agreement on Audit Engagement Terms</b>				
7	10	<p>Subject to paragraph 11, the agreed terms of the audit engagement shall be recorded in an audit engagement letter or other suitable form of written agreement and shall include: (Ref: Para. A22-A25)</p> <ul style="list-style-type: none"> <li>(a) The objective and scope of the audit of the financial statements;</li> <li>(b) The responsibilities of the auditor;</li> <li>(c) The responsibilities of management;</li> <li>(d) Identification of the applicable financial reporting framework for the preparation of the financial statements; and</li> <li>(e) Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content.</li> </ul>	<p>Shaded text: equivalent extant requirement at para 5 (see also extant guidance at para 6).</p> <p>Elevation of extant guidance, para 10</p> <p>Elevation of extant guidance, para 9</p> <p>Elevation of extant guidance, para 10</p> <p>Equivalent requirement extant para 17</p> <p>Elevation of extant guidance, para 9</p>	Y
8	11	<p>If law or regulation prescribes in sufficient detail the terms of the audit engagement referred to in paragraph 10, the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that management acknowledges and understands its responsibilities as set out in paragraph 6(b). (Ref: Para. A22, A26-A27)</p>	<p>New Requirement</p> <p>See also extant requirement at para 5</p>	Y
9	12	<p>If law or regulation prescribes responsibilities of management similar to those described in paragraph 6(b), the auditor may determine that the law or regulation includes responsibilities that, in the auditor's judgment, are equivalent in effect to those set out in that paragraph. For such responsibilities that are equivalent, the auditor may use the wording of the law or regulation to describe them in the written agreement. For those responsibilities that are not prescribed by law or regulation such that their effect is equivalent, the written agreement shall use the description in paragraph 6(b). (Ref: Para. A26)</p>	<p>New Requirements</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
<b>Additional Considerations in Engagement Acceptance</b>				
10	18	<p>If financial reporting standards established by an authorized or recognized standards setting organization are supplemented by law or regulation, the auditor shall determine whether there are any conflicts between the financial reporting standards and the additional requirements. If such conflicts exist, the auditor shall discuss with management the nature of the additional requirements and shall agree whether:</p> <ul style="list-style-type: none"> <li>(a) The additional requirements can be met through additional disclosures in the financial statements; or</li> <li>(b) The description of the applicable financial reporting framework in the financial statements can be amended accordingly.</li> </ul> <p>If neither of the above actions is possible, the auditor shall determine whether it will be necessary to modify the auditor’s opinion in accordance with ISA 705. (Ref: Para. A34)</p>	New Requirements	Y
11	19	<p>If the auditor has determined that the financial reporting framework prescribed by law or regulation would be unacceptable but for the fact that it is prescribed by law or regulation, the auditor shall accept the audit engagement only if the following conditions are present: (Ref: Para. A35)</p> <ul style="list-style-type: none"> <li>(a) Management agrees to provide additional disclosures in the financial statements required to avoid the financial statements being misleading; and</li> <li>(b) It is recognized in the terms of the audit engagement that: <ul style="list-style-type: none"> <li>(i) The auditor’s report on the financial statements will incorporate an Emphasis of Matter paragraph, drawing users’ attention to the additional disclosures, in accordance with ISA 706-<del>(Revised and Redrafted)</del>; and</li> <li>(ii) Unless the auditor is required by law or regulation to express the auditor’s opinion on the financial statements by using the phrases “present fairly, in all material respects,” or “give a true and fair view” in accordance with the applicable financial reporting framework, the auditor’s opinion on the</li> </ul> </li> </ul>	New Requirements	Y

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Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		financial statements will not include such phrases.		
12	20	<p>If the conditions outlined in paragraph 19 are not present and the auditor is required by law or regulation to undertake the audit engagement, the auditor shall:</p> <p>(a) Evaluate the effect of the misleading nature of the financial statements on the auditor's report; and</p> <p>(b) Include appropriate reference to this matter in the terms of the audit engagement.</p>	New Requirement	Y
13	21	<p>In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the auditor's report in a form or in terms that are significantly different from the requirements of ISAs. In these circumstances, the auditor shall evaluate:</p> <p>(a) Whether users might misunderstand the assurance obtained from the audit of the financial statements and, if so,</p> <p>(b) Whether additional explanation in the auditor's report can mitigate possible misunderstanding.</p> <p>If the auditor concludes that additional explanation in the auditor's report cannot mitigate possible misunderstanding, the auditor shall not accept the audit engagement, unless required by law or regulation to do so. An audit conducted in accordance with such law or regulation does not comply with ISAs. Accordingly, the auditor shall not include any reference within the auditor's report to the audit having been conducted in accordance with ISAs. (Ref: Para. A36-A37)</p>	New Requirement	Y

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**Requirements in Extant ASA not in ISA**

- *Exhibit 2 identifies Requirements in the extant ASA that are not present in the equivalent redrafted ISA*
- *Exhibit 2 does not identify Requirements that are identical; or similar but for differences in expression [wording]*

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary	Accept in ASA Y/N?	
<b>Not Retained in ASA [Revised &amp; Redrafted]</b>					
<Insert Standard section heading here>					
		N/A			
<b>Retained in ASA [Revised &amp; Redrafted]</b>					
<b>Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]</b>					
<Insert Standard section heading here>					
		N/A			
<b>Retained in ASA [Revised &amp; Redrafted]</b>					
<b>Reason 2: [Only when requirement necessary for legislative instrument reasons]</b>					
<Insert Standard section heading here>					
		N/A			

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Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary	Accept in ASA Y/N?
<b>Retained in ASA [Revised &amp; Redrafted]</b> <b>Reason 3: [Only when requirement necessary for public interest reasons and no inconsistency with the ISA]</b>				
<Insert Standard section heading here>				
		N/A		

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**Significant Differences in Guidance — ISA and Extant ASA**

- *Exhibit 3 identifies significant differences between the Application and Other Explanatory Material (guidance) in the redrafted ISA and the Explanatory Guidance in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 3 does not identify guidance that is identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Guidance	Commentary	Accept in ASA Y/N?
<b>PART A – ISA</b>				
<Insert Standard section heading here>				
		N/A		

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<b>PART B – ASA</b>				
<b>Retained in ASA [Revised &amp; Redrafted]</b> <b>Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]</b>				
<Insert Standard section heading here>				
		N/A		
<b>Retained in ASA [Revised &amp; Redrafted]</b> <b>Reason 2: [Only when requirement necessary for legislative instrument reasons]</b>				
<Insert Standard section heading here>				
		N/A		
<b>Retained in ASA [Revised &amp; Redrafted]</b> <b>Reason 3: [Only when Requirement is deemed necessary for public interest reasons and is not inconsistent with the ISA]</b>				
<Insert Standard section heading here>				
		N/A		

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**Significant Differences in Appendices — ISA and Extant ASA**

- *Exhibit 4 identifies significant differences between the Appendices in the redrafted ISA and the Appendices in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 4 does not identify Appendices that are identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Appendix	Commentary	Accept in ASA? Y/N
<b>Part A – ISA</b>				
<Insert Standard section heading here>				
		N/A		
<b>Part B – ASA</b>				
<Insert Standard section heading here>				
		N/A		

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