



Board Meeting Summary Paper

AUASB
AGENDA
ITEM NO.
8(b)

Meeting Date:
6-7 April

2009

Subject: ASA 265 (Revised and Redrafted)
Communicating Deficiencies in Internal Control to those Charged with Governance and Management

Date: 16 March 2009

Action Required

For Information Purposes Only

Agenda Item Objectives

To review proposed Auditing Standard ASA 265 (Revised and Redrafted) for final approval to issue as an exposure draft.

Background

ASA 265 (Revised and Redrafted) is presented to the Board for the first time. The underlying standard is ISA 265. It is a new Auditing Standard. ASA 265 (Revised and Redrafted) includes standardised changes in accordance with the AUASB Drafting Rules. No other changes are proposed. Changes are shown as mark-ups (Agenda Item 8(b).3).

The Standard is a companion standard to ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*. ASA 315 has a focus on overall audit risks, and in particular risks that may cause material misstatements in the financial report, such as material weaknesses in internal controls. ASA 330 *The Auditor's Responses to Assessed Risks* deals with responding to such risks and requires communication of any material weaknesses in interim control per ASA 260 *Communication with Those Charged with Governance*.

ASA 265 covers the communication of deficiencies in internal control – essentially weaknesses in internal control that are not material, but which have been identified by the auditor through the conduct of the audit process.

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.

Matters to Consider

ISA 265 is included, in electronic form only, for the Board's information.

AUASB Technical Group Recommendations

AUASB Technical Group recommends proposed ASA 265 (Revised and Redrafted) be approved for issue as an ED.

Material Presented

- Agenda Item 8(b) Board Meeting Summary Paper
- Agenda Item 8(b).2 Proposed Exposure Draft (Clean Version) [electronic copy only]
- Agenda Item 8(b).3 Proposed Exposure Draft (Marked Up Version)
- Agenda Item 8(b).6 ISA 265 [electronic copy only]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Approve the proposed standard for exposure	Board approval	AUASB	6-7 April 2009	O/S

Notes

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