



Board Meeting Summary Paper

AUASB
AGENDA
ITEM NO.
8(c)

Meeting Date:
6-7 April

2009

Subject: ASA 402 (Revised and Redrafted)
*Audit Considerations Relating to an Entity
Using a Service Organisation*

Date: 23 March 2009

Action Required

For Information Purposes Only

Agenda Item Objectives

Review proposed Auditing Standard ASA 402 (Revised and Redrafted) for final approval to issue as an exposure draft.

Background

ASA 402 (Revised and Redrafted) is presented to the Board for the first time. The proposed standard is based on ISA 402 (Revised and Redrafted). The ISA was “Revised and Redrafted” under the IAASB Clarity project.

ASA 402 (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(c).3).

IAASB – ISAE 3402

The IAASB is currently undertaking a project to issue ISAE 3402, *Assurance Reports on Controls at a Third-Party Service Organization*. The IAASB timetable lists ISAE 3402 for discussion of issues at the June 09 meeting and plans to approve the standard at the September 09 meeting. The operative date of the proposed standard has yet to be determined by the IAASB. As the standard is complementary to ISA 402, it is recommended that the Australian version, ASAE 3402, be processed with a view to its operative date being in line with the redrafted ASAs—i.e. for financial reporting periods commencing on or after 1 January 2010.

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.

Guidance Statement GS 007

Guidance Statement GS 007 was issued in March 2008 and linked to extant ASA 402 (among other ASAs). Accordingly, GS 007 will require updating in line with the new ASA 402 (Revised and Redrafted). At this point in time, it is expected GS 007 will be updated for:

- changes in references to the ASAs;
- deletions of material that duplicates material in the new ASA 402 (R&R) [and in turn, the new ASAE 3402]; and
- changes in terminology and other editorial amendments.

A brief review of GS 007 against ISA 402 (R&R) and ISAE 3402 (Exposure Draft) indicates no significant differences in the underlying principles used in GS 007. Accordingly, there shouldn't be any major changes in practical application arising from the future update of GS 007.

Matters to Consider

The Board is requested to consider the Table of Differences (Agenda Item 8(c).4) and approve the proposed treatment of each difference.

Extant ASA 402 and ISA 402 (Revised and Redrafted) are included for the Board's information, in electronic form only.

Staff Recommendations

AUASB Technical Group recommends proposed ASA 402 (Revised and Redrafted) be approved for issue as an ED.

Material Presented

Agenda Item 8(c)	Board Meeting Summary Paper
Agenda Item 8(c).1	N/A
Agenda Item 8(c).2	Proposed Exposure Draft (Clean Version) [electronic copy only]
Agenda Item 8(c).3	Proposed Exposure Draft (Marked Up Version)
Agenda Item 8(c).4	Tables of Differences

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Agenda Item 8(c).5 Extant ASA 402 *Audit Considerations Relating to Entities Using Service Organisations* [electronic copy only]

Agenda Item 8(c).6 ISA 402 (Revised and Redrafted) *Audit Considerations Relating to an Entity Using a Service Organisation* [electronic copy only]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Approve the proposed standard for exposure	Board approval	AUASB	6 April 2009	o/s

Notes

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