

TABLES OF DIFFERENCES

ASA 505 [Revised and Redrafted]

EXTERNAL CONFIRMATIONS

Extant ASA: *ASA 505 External Confirmations*

ISA *ISA 505 (Revised and Redrafted)*

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<i>Key Statistics</i>		
Exhibit		No.
1	New Requirements [Elevation of Guidance]	3
1	New Requirements [no previous Equivalent in extant ASA]	1
N/A	Total number of New Requirements	4
2	Extant ASA Requirements covered in another standard[s]	0

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Changes to this Table from the Last Board meeting [NA]

Item #	Para. #	Change Description	ATG Commentary	Accept in ASA Y/N?
ASA 505 (Revised and Redrafted) is presented to the Board for the first time.				
		NA		

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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?	Rule No.
Objective					
1	5	The objective of the auditor, when using external confirmation procedures, is to design and perform such procedures to obtain relevant and reliable audit evidence.	New Objective.	Y	A24
Definitions					
2	6	For purposes of the ISAs, the following terms have the meanings attributed below: (a) External confirmation – Audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium. (b) Positive confirmation request – A request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information. (c) Negative confirmation request – A request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.	New Definitions.	Y	A26

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Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?	Rule No.
		(d) Non-response – A failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered. (e) Exception – A response that indicates a difference between information requested to be confirmed, or contained in the entity’s records, and information provided by the confirming party.			
Results of the External Confirmation Process					
<i>When a Response to a Positive Confirmation Request Is Necessary to Obtain Sufficient Appropriate Audit Evidence</i>					
3	10	If the auditor identifies factors that give rise to doubts about the reliability of the response to a confirmation request, the auditor shall obtain further audit evidence to resolve those doubts. (Ref: Para. A11-A16)	Elevation of extant ASA Explanatory Guidance [Extant ASA 505 para 38—equivalent Explanatory Guidance].	Y	A2
4	13	If the auditor has determined that a response to a positive confirmation request is necessary to obtain sufficient appropriate audit evidence, alternative audit procedures will not provide the audit evidence the auditor requires. If the auditor does not obtain such confirmation, the auditor shall determine the implications for the audit and the auditor’s opinion in accordance with ISA 705 (Revised and Redrafted). (Ref: Para A20)	New requirement.	Y	A1
5	14	The auditor shall investigate exceptions to determine whether or not they are indicative of misstatements. (Ref: Para. A21-A22)	Elevation of extant ASA Explanatory Guidance [Extant ASA 505 para 41—equivalent Explanatory Guidance].	Y	A2

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Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?	Rule No.
6	15	<p>Negative confirmations provide less persuasive audit evidence than positive confirmations. Accordingly, the auditor shall not use negative confirmation requests as the sole substantive audit procedure to address an assessed risk of material misstatement at the assertion level unless all of the following are present: (Ref: Para. A23)</p> <p>(a) The auditor has assessed the risk of material misstatement as low and has obtained sufficient appropriate audit evidence regarding the operating effectiveness of controls relevant to the assertion;</p> <p>(b) The population of items subject to negative confirmation procedures comprises a large number of small, homogeneous, account balances, transactions or conditions;</p> <p>(c) A very low exception rate is expected; and</p> <p>(d) The auditor is not aware of circumstances or conditions that would cause recipients of negative confirmation requests to disregard such requests.</p>	<p>Elevation of extant ASA Explanatory Guidance</p> <p>[Extant ASA 505 para 26-27—equivalent Explanatory Guidance].</p>	Y	A2

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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?	Rule No.
Not Retained in ASA [Revised & Redrafted]					
Introduction					
1	5	The auditor shall determine whether the use of external confirmations is necessary to obtain sufficient appropriate audit evidence at the assertion level. In making this determination, the auditor shall consider the assessed risk of material misstatement at the assertion level and how the audit evidence from other planned audit procedures will reduce the risk of material misstatement at the assertion level to an acceptably low level.	No equivalent Requirement in ISA 505 (Revised and Redrafted). However, the Requirement is covered by ISA 330 <i>The Auditor's Responses to Assessed Risks</i> [ASA 330 paragraphs 6, 22, A5 and A49] The auditor's responsibilities are not diminished.	N	A5
Retained in ASA [Revised & Redrafted]					
Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]					
NA					
Retained in ASA [Revised & Redrafted]					
Reason 2: [Only when requirement necessary for legislative instrument reasons]					
NA					
Retained in ASA [Revised & Redrafted]					
Reason 3: [Only when requirement necessary for public interest reasons and no inconsistency with the ISA]					
NA					

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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?	Rule No.
PART A – ISA					
NA					
PART B – ASA					
Retained in ASA [Revised & Redrafted] Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]					
NA					
Retained in ASA [Revised & Redrafted] Reason 2: [Only when requirement necessary for legislative instrument reasons]					
NA					
Retained in ASA [Revised & Redrafted] Reason 3: [Only when Requirement is deemed necessary for public interest reasons and is not inconsistent with the ISA]					
NA					

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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	Rule No.
Part A – ISA					
NA					
Part B – ASA					
NA					

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