

6 February 2014

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007

Via email: edcomments@auasb.gov.au

Dear Ms Kelsall

ED 05/13 Proposed Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Review of Historical Financial Information
ED 06/13 Proposed Framework for Assurance Engagements
ED 07/13 Proposed Conforming Amendments to ASAE 3402, ASAE 3410 and ASAE 3420 as a result of Proposed Re-issuance of ASAE 3000 (the EDs)

Thank you for the opportunity to comment on the EDs. The Institute of Chartered Accountants in Australia (the Institute) and CPA Australia have considered the EDs and our comments follow.

CPA Australia and the Institute represent over 200,000 professional accountants in Australia and abroad. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

As requested our comments are limited to whether we believe that additional paragraphs marked 'Aus' in the EDs are appropriate. These 'Aus' paragraphs relate to areas where the Auditing and Assurance Standards Board (AUASB) believes it is necessary to change the equivalent international assurance standards and framework.

Unless there are compelling reasons, we do not support divergence from international assurance standards issued by the International Auditing and Assurance Standards Board (IAASB). Our following comments are based on this principle.

1. Limited assurance engagements and risk assessment

We agree with the proposition that all assurance engagements including limited assurance engagements require a risk assessment in order to provide a basis for designing and performing appropriate procedures. We note that this is a divergence from the international assurance standard but accept the AUASB's proposed change to the requirement from 'identify areas where a material misstatement of the subject matter information is likely to arise' to 'assess the risks of material misstatement in the subject matter information'.

2. Limited assurance engagements and risk response

For the same reasons stated above we accept the proposed change to the requirement in the standard from 'address the areas identified' to 'respond to assessed risks'.

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3. Limited assurance engagements and understanding internal controls

We do not support changing the wording contained in the international standard from 'consider the process used to prepare the subject matter information' to 'obtain an understanding of internal control over the preparation of the subject matter information'.

We consider this requirement to be inappropriate or excessive for many limited assurance engagements, including some small limited assurance engagements where practitioners undertake a substantive approach, for example rent payment reviews.

We can see no compelling reason to diverge from the international standard as we believe that 'consider the process' encompasses appropriately the work required in order to understand the underlying subject matter and other engagement circumstances. In most engagements this will involve "obtaining an understanding of internal controls".

4. Other

We agree with the use of the terms 'assurance practitioner' and 'lead assurance practitioner' in order to accommodate a broad application of the AUASB standards to professions from other disciplines in addition to professional accountants. We also agree with references being made to relevant ethical requirements contained in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Review and other Assurance Engagements*. This maintains consistency with other AUASB standards.

The Institute and CPA Australia are committed to assisting where possible in the development and implementation of the highest quality Australian auditing and assurance standards. We are of the view that the comments provided would be of assistance to the AUASB. If you have any questions regarding this submission, please do not hesitate to contact either

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Liz Stamford (the Institute) at Liz.Stamford@charteredaccountants.com.au.

Yours sincerely



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