



Board Meeting Summary Paper

Subject: Proposed ISRE 2400 – Exposure Draft
Date: 27 January 2011

AUASB AGENDA ITEM NO. 11(c)
Meeting Date: 28 February 2011

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To consider proposed ISRE 2400 and issues to be included in response to the exposure draft.
2. To consider issues arising from proposed ISRE 2400 that will/may impact on the AUASB's existing *Standards on Review Engagements* (ASRE 2400, ASRE 2405, ASRE 2410 and ASRE 2415).

Background

In its 2009-2011 Work Program, the IAASB agreed to revise and redraft ISRE 2400. The project history, significant issues and links to relevant documentation are found on the IAASB website:

<http://www.ifac.org/IAASB/ProjectHistory.php?ProjID=0096>

The Explanatory Memorandum that accompanies the ISRE 2400 Exposure Draft (see Agenda Item 11(c).2) also contains background information.

Matters to Consider

1. Preliminary comments (see Attachment to Board Summary Paper, **PART A** - Agenda Item 11(c).1) to specific questions contained in the Explanatory Memorandum that accompanies the ISRE 2400 Exposure Draft - see Agenda Item 11(c).2.
2. First-draft comments other than in response to specific questions (see Attachment to Board Meeting Summary Paper, **PART B** - Agenda Item 11(c).1)
3. First-draft listing of issues that will/may impact existing AUASB pronouncements (see Attachment to Board Meeting Summary Paper, **PART C** - Agenda Item 11(c).1)

This document contains preliminary views and/or AUASB Technical Group 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.

Note: The preliminary comments and first-draft issues have been developed from examination of the requirements paragraphs only of proposed ISRE 2400. Detailed review of the Application and Other Guidance Material paragraphs is yet to be completed.

AUASB Technical Group Recommendations

1. Proposed ISRE 2400 (the ED) is an improvement on previous iterations from the task force and is a significant improvement on the existing ISRE 2400 which originates in the 1990s. Aside from the issues raised in the attachment (Agenda Item 11(c).1) and in the absence of any major changes to the ED, it is suggested that the AUASB support, in principle, the issuance of the proposed standard.

Of the issues identified to date, the most significant is that proposed ISRE 2400 is to be used, “adapted as necessary”, for reviews of historical financial information *other than historical financial statements* (see paragraph 3 of the ED). The issues are detailed in the attachment (Agenda Item 11(c).1 – see Part B, paragraph 2 and Part C, paragraph 1).

2. As a course of action, the AUASB will hold a “round-table” discussion of the proposed standard on **29 March 2011**. The objective of the meeting will be to identify issues and collect suggestions from practitioners and the Professional Accounting Bodies to incorporate into the AUASB’s formal response to the IAASB. In particular to be able to respond to the IAASB’s specific question:

Do respondents who are practitioners believe that proposed ISRE 2400 will result in engagements that can be understood and performed by practitioners in a cost-effective manner in a way that clearly distinguishes the engagements from an audit? (See Agenda Item 11(c).1 – Part A, question 2)

It is proposed that attendees will be asked to provide the AUASB with written points by the **15 April 2011** – this will enable attendees to add any additional points not discussed at the “round-table” meeting and will allow the AUASB Technical Group to confirm their understanding of the points raised at the meeting.

This proposed schedule is designed to allow the AUASB time to consider and approve the formal response to the ED. Comments to the IAASB are required by 20 May 2011.

Material Presented

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| Agenda Item 11(c) | Board Meeting Summary Paper |
| Agenda Item 11(c).1 | Attachment to Board Meeting Summary Paper |
| Agenda Item 11(c).2 | Proposed ISRE 2400 (Revised), <i>Engagements to Review Historical Financial Statements</i> |
| Agenda Item 11(c).3 | ASRE 2400 <i>Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity</i> [Electronic] |
| Agenda Item 11(c).4 | ASRE 2405 <i>Review of Historical Financial Information Other than a Financial Report</i> [Electronic] |
| Agenda Item 11(c).5 | ISRE 2410 <i>Review of a Financial Report Performed by the Auditor of the Entity</i> |

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[Electronic]

Agenda Item 11(c).6 ISRE 2415 *Review of a Financial Report – Company Limited by Guarantee*
[Electronic]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Consider proposed ISRE 2400 and first-draft issues	Comments on matters raised and additional direction	AUASB	28 February	
2.	Consider issues that will/may impact existing AUASB pronouncements	Comments on matters raised and additional direction	AUASB	28 February	

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