



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**

Meeting Date: 24 February 2013

Subject: Revised Assurance Framework ED 06/13 and ASAE 3000 ED 05/13

Date Prepared: 17 February 2014

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To provide the AUASB with a summary paper on significant matters to consider and a comments received and proposed disposition paper on [ED 05/13](#) ASAE 3000, [ED 06/13](#) Assurance Framework and [ED 07/13](#) Conforming Amendments for consideration and critical assessment at the 24 February meeting.

Background

1. At the 2 December 2013 meeting, the AUASB was presented with three exposure drafts which mirrored ISAE 3000, International Assurance Framework and conforming amendments except for the following:
 - Term ‘practitioner’ was changed to ‘assurance practitioner’ and minor changes to the definition were made to ensure consistency with ASQC 1. This change also reflects the current position in extant ASAE 3000 where the term ‘assurance practitioner’ has been used to accommodate a broader application of the AUASB standards to professionals from disciplines other than professional accountants.
 - Where there was a reference to “Parts A and B of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements or requirements in law or regulation, that are at least as demanding” these were changed to be consistent with the suite of Australian Auditing Standards and ASAE’s which use the terminology “relevant ethical requirements related to assurance engagements” (as defined in *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*).

No other changes were proposed in the initial EDs presented to the AUASB at this meeting.

2. In addition to the recommendations made by the Technical Group (as noted above at 1) to the AUASB at the meeting on 2December 2013, the following changes were made at the request of the
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AUASB which resulted in the additional Aus paragraphs being included in ED 05/13 ASAE 3000 with some minor flow on to ED 06/13 Assurance Framework, having taken into account the proposed changes to be made by the NZAuASB, as reflected in the ED NZAuASB 2014-1.

- Use of the term “lead assurance practitioner” in place of the “engagement partner” to accommodate a broad application of the AUASB standards to professionals from other disciplines in addition to professional accountants.
- For limited assurance engagements, the assurance practitioner is required to:
 - Aus 46L.1(a): “identify and assess the risks of material misstatement in the subject matter information”, rather than “identify areas where a material misstatement of the subject matter information is likely to arise”. The AUASB considered that a risk assessment is necessary in both a limited and reasonable assurance engagement to provide a basis for designing and performing procedures.
 - Aus 46L.1(b): “respond to assessed risks”, rather than “address the areas identified”. The AUASB considered that the procedures performed need to respond to assessed risks even if the procedures are more limited in nature and extent in a limited assurance engagement as compared to a reasonable assurance engagement.
 - Aus 47L.1 “obtain an understanding of internal control over the preparation of the subject matter information”, rather than “consider the process used to prepare the subject matter information”. The AUASB considered that internal control needs to be understood in both a limited assurance engagement and a reasonable assurance engagement in order to understand the underlying subject matter and other engagement circumstances.
- 3. Refer to the attached table at 5.1 to compare the proposed ASAE 3000 (key changes noted above Aus 46L.1, Aus 47L.1, Aus 48L.1 and Aus 49L.1), proposed changes by NZAuASB in ED NZAuASB 2014-1 compared to Revised ISAE 3000 (issued Dec 13), Extant ASAE 3000 (issued 2007) and Extant ISAE 3000 (issued 2005).

The NZAuASB proposed that ED 2014-1 reflect the same wording as the proposed ASAE 3000 has used in Aus 46L.1, Aus 47L.1, Aus 48L.1 and Aus 49L.1. This is highlighted in the comparison table at agenda item 5.3 which also includes a comparison to extant ASAE 3000.

- 4. The AUASB recommendations as noted above at point 2 were adopted and reflected in ED 05/13 ASAE 3000, ED 06/13 Assurance Framework and ED 07/13 Conforming Amendments which were finalised and issued on 11 December 2013 with a comment period open until 3rd February 2014. Ten submissions were received by the AUASB from ACAG, Deloitte, E&Y, Grant Thornton, ICAA and CPA, IIA-Australia, KPMG, Macquarie University, PwC and IPA.

Matters to Consider

Part A – General

- 1. Refer to summarised comments in the attachment on submissions received at agenda item 5.1. Refer attached comparison table at agenda item 5.2 and the comments received and proposed disposition paper at agenda item 5.3 for matters to consider.

Part B – NZAuASB

- 2. Refer attached comparison table at agenda item 5.2 and the comments received and proposed disposition paper at agenda item 5.3 for matters to consider.

Part C – “Compelling Reasons” Assessment

3. Refer attached comparison table at agenda item 5.2 and the comments received and proposed disposition paper at agenda item 5.3 for matters to consider.

The proposed changes conform with IAASB modification guidelines for NSS? Y N

AUASB Technical Group Recommendations

1. The AUASB Technical Group recommends retention of the changed definition of assurance practitioner and the drafting construct and references to ASA 102 and ASQC 1 for all assurance practitioners undertaking assurance engagements.
2. In light of the significant issues raised by respondents in relation to the inclusion of proposed amendments to ISAE 3000 in relation to limited assurance requirements in proposed revised ASAE 3000, being inclusion of the assessment of risk and the response to assessed risk, and to require an understanding of internal controls and related application material. The Technical Group recommends the AUASB reverse the decision made at the 2 December AUASB meeting to reflect these amendments in ASAE 3000, Assurance Framework and conforming amendments and adopt the ISAE 3000 wording for paragraphs 46L.1, 47L.1, 48L.1, 49L.1, A103.1, A104.1, A106.1 and A111.1 subject to final consultation with NZAuASB on its final position.

Material Presented

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	Attachment to Board Meeting Summary Paper
Agenda Item 5.2	Comparison table – Proposed ASAE 3000, ISAE 3000, NZ 3000, Extant ISAE 3000 and Extant ASAE 3000 [Confidential]
Agenda Item 5.3	AUASB comments received and proposed disposition paper [Confidential]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Decision by the AUASB as to the final wording to be reflected in ASAE 3000, Framework and conforming amendments	Decision on final wording to be reflected in ASAE 3000, Framework and conforming amendments	AUASB	24 February 2013	
