



Attachment to Board Meeting Summary Paper

Subject: Proposed ASAE XXX Assurance Engagements in Connection with Proposed Fundraisings

Prepared by: AUASB Technical Group

Date: 9 February 2010

Issues

The AUASB is requested to consider and resolve the following issues:

Item #	Issues	Approve? Y/N
1	<p>Background: The proposed ASAE is applicable to assurance engagements in connection with proposed fundraisings, takeover or schemes of arrangement which involve the examination of financial information (including prospective) incorporated in public documents. In addition, the proposed ASAE is intended to replace AUS 804 <i>The Audit of Prospective Financial Information</i>.</p> <p>Issue: As such, is it appropriate to include in the scope of the ASAE the examination of prospective financial information for other purposes (not connected with fundraisings, takeovers, schemes of arrangement)?</p> <p>Recommendation: Yes, it is appropriate in the scope of the ASAE.</p>	Y
2	<p>Background: Assurance practitioners ordinarily provide a Materiality Advice Letter (MAL) to the Due Diligence Committee (DDC) when performing and reporting on fundraising engagements. A MAL is advisory in nature, and no assurance is provided. It is prepared by practitioners to recommend to the DDC the materiality thresholds to be used in the due diligence exercise relating to the preparation of public documents. The PAG has differing views regarding this matter, as follows:</p> <ul style="list-style-type: none">• The MAL is consulting in nature, and therefore should not be included in the ASAE.• The MAL is an engagement planning consideration as it references to ASA 320 <i>Materiality in Planning and Performing an Audit</i>. Practitioners consider the materiality thresholds approved by the DDC (which are ordinarily based on the MAL thresholds) when setting their own engagement materiality levels.• MAL is an integral part of the fundraising engagement even though it is advisory in nature; therefore, it should be covered in the ASAE. <p>Issue: Should MALs be addressed in the proposed ASAE?</p> <p>Recommendation: Yes, it should be covered as a planning consideration.</p>	Y

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Item #	Issues	Approve? Y/N
3	<p>Background: There is a question as to the scope of the responsibilities of the assurance practitioner for subsequent events. These are events discovered by the practitioner after the date of the Independent Accountant's Report.</p> <p>Issue: The PAG requests for guidance on this matter from a legal point of view.</p> <p>Recommendation: Seek legal advice regarding this matter.</p>	Y

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