



Attachment to Board Meeting Summary Paper

Subject: Monitoring Implementation of "Clarity" Auditing Standards

Prepared by: AUASB Technical Staff

Date: 13 July 2010

ATTACHMENT A

The following draft plan is presented as an outline only. The Board is requested to consider the approach and provide suggestions for completion of the plan so that it may be finalised and approved.

In particular, the Board is requested to consider using the services of an external marketing consultant or experienced research academic.

Draft Plan to Monitor the Implementation of the "Clarity" Auditing Standards at the Firm and Engagement Level

1. Objectives

The objectives of the plan are to establish an approach to:

- a. Determine the monitoring objectives and outputs;
- b. Obtain implementation data in a consistent and meaningful way;
- c. Enable appropriate evaluation of data;
- d. Report findings; and
- e. Facilitate action by the AUASB (where necessary).

2. Procedures

Planning

- a. Clarify the purpose of the monitoring exercise, the expected outputs and action to be taken on the results.
- b. Determine the sources of input and obtain agreements to co-operate. Representation should be considered from:
 - i. large, medium and small sized firms;
 - ii. Auditors General;

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- iii. Accounting Bodies;
 - iv. IAASB Task Forces on Audit Quality and ISA Implementation Monitoring; and
 - v. Clients (private and public sectors)
- c. Determine the information needs. Consideration should be given to:
- i. Defining and differentiating benefits and costs - direct and indirect.
 - ii. Establishing common descriptors.
 - iii. Costs associated with training, amending manuals and programs and setting up files
 - iv. Comparisons of specific audit tasks with those performed in the prior year
 - v. Impact of new requirements such as determining the acceptability of the financial reporting framework.
 - vi. Classifying information needs according to the source of input (see a. above).
- d. Plan the method(s) of data collection and timing.
- i. Questionnaires
 - ii. Interviews (live, telephone)
 - iii. On-line facilities
 - iv. Timing for each collection method
- e. Determining an appropriate method of evaluating data.
- f. Plan reporting process.
- i. Addressees – FRC, IAASB, JABs;
 - ii. Form and content;
 - iii. Timing:
 - ◇ 2nd half 2010 or 1st half of 2011 [reporting on the half-year to 30 June 2010 and first interim visits to 30 June 2011]; and
 - ◇ 2nd half 2011 [reporting on year ending 30 June 2011].
 - iv. Action to be taken with conclusions

Performance

- a. Expand on the steps listed above and implement the plan.
- b. Report progress to the Board at every meeting.

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