



AUASB International Update

This Update summarises the significant news and activities of the IAASB and other national auditing standards-setting bodies for the period April - May 2009.

International Auditing and Assurance Standards Board (IAASB)

1. New Projects

The IAASB approved proposals for the following projects in March 2009:

- Revision of ISA 610 *Using the Work of Internal Auditors*;
- Revision of ISRE 2400 *Engagements to Review Financial Statements*, and ISRS 4410 *Engagements to Compile Financial Statements*;
- Revision of ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*; and
- Consideration of the auditor's responsibilities relating to XBRL financial information filed with audited financial statements.

Issues papers on the above projects will be discussed during the IAASB June and September 2009 meetings.

2. Projects in Progress

- *Assurance Engagements to Report on Pro Forma Financial Information in Prospectuses* – An initial draft of the proposed ISAE will be considered in the IAASB's September meeting.
- *Assurance Engagements on Carbon Emissions Information* – A draft of the proposed ISAE is going to be considered in the IAASB's June meeting.
- Proposed ISAE 3402 *Assurance Reports on Controls at a Third Party Service Organisation* – A revised draft ISAE will be discussed at the June 2009 IAASB meeting.
- *Guidance on Fair Value Auditing* – A proposal for this project (aimed at determining how best to develop any further guidance on fair value auditing) is expected to be presented at the IAASB June 2009 meeting.

Auditing Practices Board (United Kingdom)

The APB UK issued the following in April 2009:

1. Exposure drafts of:
 - (a) 33 clarified ISAs (UK and Ireland);

- (b) Clarified International Standards on Auditing (UK and Ireland);
- (c) Clarified International Standards on Quality Control (UK and Ireland);
- (d) APB Scope and Authority of Pronouncements (Revised).

The comment period ends on 22 July 2009.

- 2. Bulletin 2009/2 *Auditor's Reports on Financial Statements in the United Kingdom*, which provides illustrative examples of unmodified and modified auditor's reports on financial statements of UK-incorporated companies for years ending on or after 5 April 2009. The examples in this Bulletin take into consideration the requirements of ISA 700 (UK and Ireland) (Revised) *The Auditor's Report on Financial Statements* (issued in March 2009).

Public Company Accounting Oversight Board (USA)

- 1. New PCAOB Chief Auditor Named

Martin Baumann was appointed in April 2009 as the new PCAOB Chief Auditor and Director of Professional Standards. He previously worked in PricewaterhouseCoopers as audit partner and in Freddie Mac, where he led the company's restatement and improvements in financial reporting practices.

- 2. Issuance of Staff Practice Alert on *Auditor Considerations Regarding Fair Value Measurements, Disclosures, and Other-Than-Temporary Impairments*

This Alert is aimed to remind auditors of their responsibilities when performing reviews of interim financial information and annual audits, particularly in respect of auditing fair value measurements and other-than-temporary impairments. In particular, this Alert takes into consideration the implications on reviews and audits of newly issued FASB Staff Positions, namely:

- FAS 157-4 *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*;
- FAS 115-2 and FAS 124-2 *Recognition and Presentation of Other-Than-Temporary Impairments*; and
- FAS 107-1 and APB 28-1 *Interim Disclosures about Fair Value of Financial Instruments*.

American Institute of Certified Public Accountants (AICPA)

Issuance of Exposure Drafts

- 1. As part of its Clarity Project (convergence with International Auditing Standards), the Auditing Standards Board of the AICPA issued an exposure draft on Proposed Statement on Auditing Standards, *Subsequent Events and Subsequently Discovered Facts*. The commenting period ends 15 July 2009.

Disclaimer: This document contains preliminary views and/or staff 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.

2. The Accounting and Review Services Committee of the AICPA has issued an exposure draft in May 2009 on the proposed revision of Standards for Accounting and Review Services (SSARS). The proposed revision would allow an accountant to issue a review report on financial statements, even when the accountant's independence is impaired by performing non-attest services which assisted clients to improve the quality of their financial information. The proposed new SSARS is also aimed at aligning the SSARS with ISRE 2400 *Engagements to Review Financial Statements*, and permit an inclusion of a general description of the reasons for independence impairment in an accountant's compilation report. The commenting period ends on 15 July 2009.

Auditing and Assurance Standards Board (AASB) of Canada

1. The Canadian AASB issued an Exposure Draft on *Auditor's Consent to the Use of the Auditor's Report in Connection with Designated Documents* to replace its current section 7500 *Auditor Association with Annual Reports, Interim Reports and Other Public Documents* (of their CICA Assurance Handbook). The commenting period ends on 30 June 2009.

Professional Standards Board (PSB) of New Zealand

1. The PSB considered during its April 2009 meeting the comments received for an exposure draft of SAE 3100 *Compliance Engagements*. Proposed amendments to the draft SAE will be discussed in the PSB June 2009 meeting.
2. The PSB noted during its April 2009 meeting the comments submitted by stakeholders relating to an exposure draft on the *Financial Advisory Engagements Standard*. Proposed amendments to the Standard will be discussed in the PSB June 2009 meeting.