



Attachment to Board Meeting Summary Paper

Subject: Approval of ASAE 3402 for release

Prepared by: AUASB Technical Group

Date: 1 June 2010

ATTACHMENT 1

Comments received on ED 01/10 and any amendments to the proposed ASAE 3402 recommended by the AUASB Technical Group as a result of those comments are summarised below:

Comments Received From:	Respondent's Key Comments:	Recommended amendments:
WHK Horwath	In favour of proposed standard. Suggest "Aus" insertion in Appendix 2 <i>Example Service Auditor's Assurance Reports</i> to provide information on the service auditor's professional competence and scope of work to enable the user auditor to meet requirements of ASA 402 paragraphs 17 & 21.	None. Consider that the matters are adequately addressed. The service auditor's scope of work is provided in the service auditor's report and the attached <i>Description of Tests of Controls</i> detailing tests of controls and results thereof. The claims with respect to the service auditor's competence in their report would not be sufficient if the auditing firm was not known to the user auditor.
Ernst & Young	Supportive of the proposed standard. Clarification needed for users of how GS 007 links to ASAE 3402.	None. GS 007 is on the 2011 work plan for revision to reference ASAE 3402 and clarify ASA 402 which will help to address this issue. This can be considered in information provided on the release of ASAE 3402.

Comments Received From:	Respondent’s Key Comments:	Recommended amendments:
Grant Thornton Australia Ltd	Support release of ASAE 3402 as drafted. Noted that benefits of the new standard would outweigh the costs of implementation.	None
Australian Council of Auditors-General	<p>Noted that there are not any significant costs from compliance with the ASAE and it is likely to benefit assurance practitioners and the business community.</p> <p>Noted some inconsistency with ASAE 3000 and GS 007.</p> <p>Noted inconsistency in definitions between ASAE 3402 and ASA 402.</p> <p>Considered that obtaining an understanding of internal control and suitability of the criteria needs further expansion.</p> <p>Identified a series of referencing errors and some formatting matters.</p>	<p>Noted that ASAE 3000 and GS 007 are to be revised.</p> <p>IAASB to be queried regarding inconsistency with ASA 402.</p> <p>Amendments recommended for all referencing errors but not for formatting which is due to clarity drafting conventions.</p>
PricewaterhouseCoopers	Suggest that the application of ASAE 3402 is expanded beyond “controls as they relate to financial reporting” or an alternative standard offered.	<p>None.</p> <p>This would need to be addressed in a new standard as ASAE 3402 is intended to support ASA 402 which relates solely to historical financial information.</p>
The Joint Accounting Bodies: CPA Australia, Institute of Chartered Accountants and the National Institute of Accountants	<p>Noted that the benefits to service auditors outweighs the costs associated with implementing them.</p> <p>Suggests amendments to:</p> <ol style="list-style-type: none"> 1. Para Aus 3.1 – add in examples from ISAE 3402 2. Para Aus 30.1 – guidance on direct assistance by internal auditor. 3. Appendix 0A – series of terminology changes suggested. 4. Appendix 2 – add “relevant 	<p>Recommend inserting to subparagraph Aus 3.1(b): <i>(for example, reports only on controls that affect user entities’ production or quality control)</i> adapted from the ISAE 3402 paragraph.</p> <p>Recommend amendments to address all terminology changes suggested for Appendix 0A and Appendix 2 examples 1 & 2.</p> <p>Qualified opinion consistent</p>

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.

Comments Received From:	Respondent's Key Comments:	Recommended amendments:
	<p>before "ethical" – consistent with para.11.</p> <p>5. Appendix 2 – change "the service auditor's" to "our".</p> <p>6. Appendix 2 – query sufficient and appropriate evidence for qualified opinion.</p>	<p>with ASA 705 so no change.</p>

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