



AUASB International Update

This Update summarises the significant news of the IAASB and other national auditing standards-setting bodies for the period *15 April 2010 to 31 May 2010*.

International Auditing and Assurance Standards Board (IAASB)

1. Exposure Draft on ISAE 3420 *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*

The IAASB has issued an Exposure Draft on the proposed ISAE 3420 *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*. The proposed ISAE deals with the assurance practitioner's responsibilities when performing and reporting on a reasonable assurance engagement, in respect of the process to compile pro forma financial information included in a prospectus. The comment period ends on 30 September 2010.

Auditing and Assurance Standards Board (AASB) (Canada)

1. Invitation to Comment on the Exposure Draft on ISAE 3420

The Canadian AASB has invited its stakeholders to comment on the IAASB's proposed ISAE 3420 *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*. The AASB has encouraged its stakeholders to send their comments directly to the IAASB, with a copy to be furnished to the AASB. The AASB, however, does not intend to adopt ISAE 3420 in Canada at this time, due to its significant concerns about the proposed Standard.

Public Company Accounting Oversight Board (PCAOB) (USA)

1. PCAOB's Investor Advisory Group and Standing Advisory Group

Investor Advisory Group

The PCAOB's Investor Advisory Group (IAG) held its first public meeting on 4 May 2010. The IAG was formed to provide the PCAOB with a forum to obtain views from the broad investor community regarding matters relating to auditor oversight and their impact on investors.

Standing Advisory Group

The PCAOB is seeking nominations for its Standing Advisory Group for the two-year term of 2011-2012. This group provides the PCAOB with diverse perspectives relating to its standard-setting process. The group's current members are experts in various fields, such as accounting, auditing, corporate finance, governance, and investments in public companies. Submissions of nominations are due by 17 June 2010.

Auditing Practices Board (United Kingdom)

1. Exposure Draft on Practice Note 20 (Revised) *The Audit of Insurers in the United Kingdom*

The UK Auditing Practices Board has issued an Exposure Draft on the Revised Practice Note (PN) 20 *The Audit of Insurers in the United Kingdom*. The revised PN incorporates updates due to the issuance of Clarity ISAs (UK and Ireland), and changes in the legislative and regulatory framework. The comment period ends on 16 August 2010.

Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA)

1. Issuance of SSAE No. 16 *Reporting on Controls at a Service Organization* and Clarified Auditing Standard on *Audit Considerations Relating to an Entity Using a Service Organization*

The Auditing Standards Board has issued the following standards:

- (a) Statement on Standards for Attestation Engagements (SSAE) No. 16 *Reporting on Controls at a Service Organization*, which establishes the requirements and provides guidance for an auditor of a service organisation reporting on a service organisation's controls. It replaces the guidance for service auditors in SAS No. 70 *Service Organizations* and is effective for service auditors' reports for periods ending on or after 15 June 2011.
- (b) Clarified Statement on Auditing Standards (SAS) *Audit Considerations Relating to an Entity Using a Service Organization*, which addresses the responsibilities of an auditor of a user organisation when auditing an organisation that uses one or more service organisations. This clarified SAS replaces the requirements and guidance for user auditors in SAS No. 70 *Service Organizations*.

2. Issuance of Clarified Auditing Standard on *Consideration of Laws and Regulations in an Audit of Financial Statements*

The Auditing Standards Board has issued the Clarified Statement on Auditing Standards (SAS) *Consideration of Laws and Regulations in an Audit of Financial Statements*, which addresses the auditor's responsibility to consider laws and regulations in a financial statements audit. This clarified SAS is effective for audits of financial statements for periods ending on or after 15 December 2012.

Professional Standards Board (PSB) (New Zealand)

1. April 2010 PSB Meeting

The PSB covered the following at its April 2010 meeting:

- (a) Revised AGS 1003 *Audit Issues Relating to the Electronic Presentation of Financial Reports*
The PSB has approved the revised AGS 1003 *Audit Issues Relating to Electronic Presentation of Financial Reports*, which provides guidance to auditors of entities that use the internet for presenting their audited financial reports.
- (b) ISAE (NZ) 3402 *Assurance Reports on Controls at a Service Organisation*
The PSB has approved ISAE (NZ) 3402 *Assurance Reports on Controls at a Service Organisation*, for final approval of the Board of the Institute of Chartered Accountants of New Zealand. The PSB has recommended that the standard be effective for service auditor's assurance reports covering periods ending on or after 15 June 2011.