



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **6**

**Meeting Date:**           17 June 2013

**Subject:**                 Revision of ASA 610 *Using the Work of Internal Auditors* and Consequential Amendments to ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* and other ASAs

**Date Prepared:**         5 June 2013

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

The objectives of this agenda item are:

1. To inform the AUASB of the outcome of discussions with the APESB and ASIC; and
2. To obtain the AUASB's direction on the matter of direct assistance, as well as how the revised standard ASA 610 is to be drafted in relation to direct assistance.

## Background

### **IAASB**

The IAASB has completed its revision of ISA 610 *Using the Work of Internal Auditors*. The revision principally addresses how the external auditor interacts with the internal audit function (when there is one), including both using the work of the internal audit function and using internal auditors to provide direct assistance on an audit engagement. The revised standard is operative for periods ending on or after 15 December 2013, except for the direct assistance provisions, which are operative for periods ending on or after 15 December 2014.

In revising ISA 610, the IAASB decided that a new requirement for the external auditor to make enquiries of appropriate individuals within the internal audit function was more appropriately placed in ISA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*. In addition, the IAASB added guidance in ISA 315 to clarify that, because such enquiries may provide useful information relevant to the external auditor's risk assessments, they should be made even if the auditor does not expect to use the work of the internal audit function to modify the nature or timing, or reduce the extent, of audit procedures to be performed.

The revision of ISA 610 and changes to ISA 315 resulted in minor conforming amendments to other Internationals Standards on Auditing (ISAs).

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Following the release of ISA 610 (Revised 2013), the IAASB published a Basis for Conclusions prepared by staff explaining the more significant issues raised by respondents during the exposure process on the proposals in the standard pertaining to direct assistance, and how the IAASB has addressed those issues. [A copy of the Basis for Conclusions is provided at Agenda Item 6.1]

**AUASB**

At its meeting on 29 April 2013, the AUASB agreed to defer finalisation of the draft exposure drafts until the 17 June 2013 meeting, at which time it should be known what position the APESB has taken in relation to any related changes to APES 110 *Code of Ethics for Professional Accountants*, which may impact on the revision of ASA 610, and what was the outcome of further consultation with ASIC.

**Matters to Consider**

Matters to consider are detailed in the attachment to this Board Meeting Summary Paper.

**AUASB Technical Group Recommendations**

It is recommended that the AUASB consider the matters presented in Agenda Item 6.1 and decide:

1. whether direct assistance is to be permitted in audits conducted in accordance with the Australian Auditing Standards, subject to the final views of ASIC and the APESB being communicated; and
2. how the revised standard ASA 610 should be drafted in respect of direct assistance, subject to the final views of ASIC and the APESB being communicated.

**Material Presented**

Agenda Item 6	AUASB Board Meeting Summary Paper
Agenda Item 6.1	Attachment to AUASB Board Meeting Summary Paper
Agenda Item 6.2	ISA 610 (Revised 2103) <i>Using the Work of Internal Auditors</i>
Agenda Item 6.3	Basis for Conclusions Prepared by the Staff of the IAASB relating to <i>ISA 610 Revised 2013) Using the Work of Internal Auditors</i>
Agenda Item 6.4	Draft ED ASA 610 (Revised) <i>Using the Work of Internal Auditors</i> – drafted according to Options 1and 2(b) in Agenda Item 6.1
Agenda Item 6.5	Draft ED ASA 2013-2 <i>Amendments to Australian Auditing Standards</i> – drafted according to Options 1and 2(b) in Agenda Item 6.1

**Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Decide whether direct assistance is permitted	AUASB decision on direct assistance	AUASB	17 June 2013	
2.	Decide how ASA 610 (Revised) should be drafted	AUASB decision on how ASA 610 (Revised) should be drafted	AUASB	17 June 2013	

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