



Board Meeting Summary Paper

Subject: Review Engagements
Date: 8 February 2008

AUASB AGENDA ITEM NO. 7
Meeting Date: 25-26 February
2008

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider and approve the proposed changes to ASRE 2400, ASRE 2405 and ASRE 2410.

Background

AUS 902, issued in 1995 and based on ISRE 2400 (formally ISA 910), was the only standard dealing with review engagements. Application was very wide and covered the review of financial information, both historical and prospective, and non-financial information. A key feature of AUS 902 was that the auditor was required to conduct a review “in accordance with Australian Auditing Standards applicable to review engagements” (paragraph .05).

In 2006, the AUASB issued ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* as a “self-contained” Auditing Standard made under sec 336 of the *Corporations Act 2001* (the Act). The primary (not sole) purpose of the standard was focussed on the review of a half-year report required under the Act.

In 2007, the AUASB issued ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The purpose of this standard was to provide requirements and guidance for assurance engagements other than historical financial information.

With ASRE 2410 and ASAE 3000 operative, there was a degree of overlap with AUS 902 and accordingly it was necessary to revise and replace AUS 902. The result of the revision was a proposed standard comprising two parts—one dealing with reports and the other dealing with financial information other than reports.

At its December 2007 meeting, the AUASB considered constituents’ responses to the exposure draft and decided, among other matters, that a two-part standard was inappropriate and accordingly approved the issue of two separate standards—one dealing with reports and the other dealing with financial information other than reports (proposed ASRE 2400 and ASRE 2405) to be operative from 1 April 2008.

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.

At its December 2007 meeting, the IAASB approved changes to ISRE 2400 and ISRE 2410 to correct anomalies in the scopes of these standards. Effectively the changes address the practical implementation issues with AUS 902 that are outlined above. The IAASB amendments were made operative for financial reporting periods commencing on or after 1 January 2008.

The IAASB amendments impacted the proposed Australian standards ASRE 2400 and ASRE 2405 and accordingly, their issuance was deferred.

Consequential changes have been made to the proposed standards ASRE 2400 and ASRE 2405 and form the centre of this agenda item.

Matters to Consider

The AUASB is requested to:

1. Consider and resolve the issues detailed in Attachment A to this Board Meeting Summary Paper;
2. Consider and approve the proposed changes to ASRE 2400, ASRE 2405 and ASRE 2410;
3. Approve the proposed operative date as 1 July 2008.
4. Consider the draft Explanatory Guide

Staff Recommendations

The Board approve the proposed amendments.

Material Presented

Agenda Item 7	Board Meeting Summary Paper
Agenda Item 7.1	Issues paper—Attachment A
Agenda Item 7.2	Proposed Changes to ASRE 2410 (Marked Up Version)
Agenda Item 7.3	Proposed ASRE 2400 (Revised) (Marked Up Version)
Agenda Item 7.4	Proposed ASRE 2405(Marked Up Version)
Agenda Item 7.5	IAASB Amendments to ISREs 2400 and 2410
Agenda Item 7.6	Draft Explanatory Guide

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Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Consider and approve the proposed amendments to ASRE 2400 and ASRE 2410	Board approval	AUASB	25-26 Feb. 2008	

Notes

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