



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **16**
Meeting Date: 28 November 2011
Subject: FEE Paper on SMP Audits
Date Prepared: 10 November 2011

Action Required

For Information Purposes Only

Agenda Item Objectives

To note the Federation of European Accountants (FEE) Briefing Paper No.7 *Proportionality and ISAs* and consider adaptation of the paper as a joint initiative by the AUASB and the NZAuASB.

Background

Recently, FEE issued a Briefing Paper on *Proportionality and ISAs* to address some common questions about the suitability of ISAs for SME audits and for use by SMPs.

Similar questions have arisen in Australia about the application of the clarified Australian auditing standards and the Board has previously discussed whether guidance should be issued on this topic.

At the same time, in the spirit of closer co-operation with the newly formed NZAuASB, it is considered that guidance on this topic could form the basis of a joint project with the NZAuASB.

Matters to Consider

FEE have granted permission for the AUASB and the NZAuASB to use, and adapt, FEE Briefing Paper No.7 for release in Australia and New Zealand, subject to the condition that we clearly acknowledge the original FEE Briefing Paper in the joint adapted publication. Implicit in FEE's approval for us to use their document, is an understanding we would also be expected to remain faithful to the concepts and structure of the FEE paper in the Australian and New Zealand adaptation.

This document contains preliminary views and/or AUASB Technical Group 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.

Staff of the AUASB and the NZAuASB have jointly prepared a draft document, adapted from the FEE Briefing Paper, for the Board's consideration.

It is proposed that the document be issued as an AUASB Bulletin in Australia and as an Explanatory Guide in New Zealand, in accordance with the respective pronouncement types available in each country.

If approved for publication, the AUASB Bulletin would be professionally issued in the same format as previous AUASB Bulletins.

AUASB Technical Group Recommendations

That the Board consider and approve the draft AUASB Bulletin (NZAuASB Explanatory Guide) for publication, subject to approval by the NZAuASB at its meeting on 28th November 2011.

Material Presented

Agenda Item 16	AUASB Board Meeting Summary Paper
Agenda Item 16.1	Draft Bulletin/Explanatory Guide: <i>Proportionality and the Australian and New Zealand Auditing Standards</i>
Agenda Item 16.2	FEE Briefing Paper No.7 <i>Proportionality and ISAs</i>

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve the draft AUASB Bulletin	Approval	AUASB	28 November 2011	

This document contains preliminary views and/or AUASB Technical Group 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.