



AUASB International Update

This Update summarises the significant news and activities of the IAASB and other national auditing standards-setting bodies for the months of September - October 2009.

Note: This Paper does not include a discussion of the IAASB's ongoing projects as they have been addressed in the IAASB September 2009 Meeting Highlights included as Agenda Item 16(a).1.

International Auditing and Assurance Standards Board (IAASB)

1. New Tools to Support Clarity ISA Implementation

The IAASB has released a series of "ISA Modules" comprising short video presentations and slides aimed at providing support to those responsible for the implementation of clarified ISAs, such as practicing auditors and trainers. These modules explain the key principles of, and significant changes in, individual ISAs, as well as the audit implications of clarified ISAs for small and medium-sized entities. Emphasis is given on some of the new ISAs and those with major changes, such as the ISAs that cover related parties, auditing accounting estimates, including fair value estimates, communication with those charged with governance, and communicating deficiencies in internal control. These modules are available online at the IAASB Clarity Center at <http://web.ifac.org/clarity-center>.

2. Consultation Paper on Auditing Complex Financial Instruments

The IAASB has released a Consultation Paper entitled *Auditing Complex Financial Instruments* which seeks views on developing guidance on auditing complex financial instruments, including fair value auditing. The Consultation Paper is leveraged on the work of the UK Auditing Practices Board on the same topic. The commenting period ends on 15 January 2010.

Auditing and Assurance Standards Board in Canada (AASB)

1. Canadian Participation in IAASB Consultation Papers

The AASB of Canada has reviewed and approved its request for Canadian stakeholders to provide comments to IAASB Consultation Papers on the development of ISAE 3410 *Assurance on a Greenhouse Gas Statement*, and guidance on auditing complex financial instruments, respectively.

2. Consultation Paper on Review Engagements

The AASB has released a Consultation Paper that is aimed at helping the AASB to better understand how the current review standards is being used in practice. It is also intended to generate responses from stakeholders that will result in improvements in the current review standards.

3. Risk Alert CSQC1 - Transition Issues

The AASB Staff issued Risk Alert *CSQC1 – Transition Issues* to assist firms performing assurance engagements in dealing with issues related to the adoption of CSQC1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*. CSQC1 comes into effect on 15 December 2009, in preparation for the implementation of clarified Canadian Auditing Standards which will be effective for audits of financial periods ending on or after 15 December 2010.

4. CICA's Guide to New CASs in Canada

The Canadian Institute of Chartered Accountants (CICA), umbrella organisation of the AASB, has released the latest version of the *CICA's Guide to New CASs in Canada*. This publication is a reference guide to assist auditors and assurance practitioners in implementing the clarified Canadian Auditing Standards (CASs), together with CSQC1.

Auditing Practices Board (United Kingdom)

1. Issue of Clarified ISAs (UK and Ireland)

The APB has issued clarified International Standards on Auditing (UK and Ireland), as follows:

- (a) 33 new International Standards on Auditing (UK and Ireland) (ISAs (UK and Ireland));
- (b) A new International Standard on Quality Control (UK and Ireland) 1 (ISQC (UK and Ireland) 1); and
- (c) A revised Statement of the Scope and Authority of APB Pronouncements.

The above apply to audits of financial statements for periods ending on or after 15 December 2010.

2. Updated Interim Guidance on Auditing Complex Financial Instruments

The APB has issued the updated version of Practice Note (PN) 23 *Auditing Complex Financial Instruments* which provides guidance to auditors when auditing derivatives and other complex financial instruments. The APB has released this updated publication only as an interim version because:

- (a) related accounting standards are currently being reviewed and any changes in such accounting standards may have implications on the audit of complex financial instruments; and
- (b) changes have to be made on the interim PN 23 to reflect impact of relevant clarified ISAs (UK and Ireland), in particular, ISA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures*.

Public Company Accounting Oversight Board (PCAOB) (USA)

Report on First Year Implementation of Auditing Standard No. 5

The PCAOB has issued report on the results of the first year implementation of Auditing Standard No. 5 *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*. The report was based on the PCAOB's inspections of audits of internal control over financial reporting performed by the eight largest auditing firms in the US. The report also includes recommendations to auditors on how to improve integrated audits.

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

Exposure Drafts under the Clarity Project

The ASB has released the exposure drafts of the following Proposed Statements on Auditing Standards under its Clarity Project:

- (a) *Audits of Group Financial Statements (Including the Work of Component Auditors)* – Comments are due by 15 December 2009.
- (b) *Related Parties* – Comments are due by 15 December 2009.
- (c) *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures* – Comments are due by 30 November 2009.

Professional Standards Board (PSB) of New Zealand

1. Financial Advisory Engagements Standard

The PSB has approved the Financial Advisory Engagement Standard which will be applicable to engagements to provide financial advice existing or commencing on or after 1 July 2010.

2. Quality Control

The PSB has issued the Exposure Draft of the redrafted PS-1 *Quality Control*. Comments are requested by 15 December 2009.