



# Board Meeting Summary Paper

<b>AUASB AGENDA ITEM NO. 10(b)(i)6</b>
<b>Meeting Date: 13 September 2010</b>

**Subject:** IAASB September 2010 meeting  
– Project update: ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

**Date:** 7 September 2010

**Action Required**

**For Information Purposes Only**

## Agenda Item Objectives

To consider a first read draft of International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

## Background

The project proposal was approved at the March 2009 IAASB meeting and Issues Papers or working drafts have been considered at the June 2009, December 2009, March 2010 and June 2010 meetings. The Task Force held a physical meeting in July 2010 and a series of conference calls in August 2010.

A summary of significant issues for the IAASB's deliberation at the September board meeting is below:

1. Definition of Limited Assurance has been changed from the extant ISAE 3000 to have more emphasis on procedures and less emphasis on risk. Both definitions can be viewed as conceptually correct, with the choice being largely one of emphasis or rhetoric because, in fact, the level of assurance obtained is the converse of the reduction in engagement risk, and both of these are an expression of the strength (the combination of sufficiency and appropriateness) of the evidence obtained.
2. The term "planned level of assurance" has been introduced in the most recent version of the draft. The most fundamental distinction between a reasonable assurance engagement and a limited assurance engagement is, of course, the level of assurance the practitioner obtains.
3. The basic work-flow to obtain reasonable assurance differs from that to obtain limited assurance. In a reasonable assurance engagement the practitioner needs to reduce engagement risk to a level that is low enough to express a conclusion in the positive form, the appropriate trigger for performing additional procedures is the evaluation, after planned procedures have

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been performed, of whether the practitioner's assessment of risks remains appropriate. A limited assurance engagement, on the other hand, the work-flow is more direct and procedural, as is the trigger for performing additional procedures.

4. Non-accountants: ISAE 3000 to acknowledge that it is written for professional accountants, but to not attempt to limit its application to only professional accountants and their public sector equivalents, as does extant ISAE 3000. The proposal under this draft of ISAE 3000 is that anyone who uses ISAE 3000 should:
  - (a) Apply quality control and ethical standards that are at least as demanding as ISQC 1 and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code).
5. Split between ISAE 3000 and the ISAs: retain the current position in ISAE 3000 that this standard applies to assurance engagements other than audits or reviews of historical financial information.
6. Direct Engagements: The extant ISAE 3000 and the Framework have very little material about direct engagements. The Task Force has attempted to capture the salient points and embed them in the current draft thereby clarifying some of the more significant implications of direct engagements, and better balancing the treatment of direct engagements versus attestation engagements in the ISAE.

### **Implications for the AUASB**

The AUASB considers that the issues currently raised with the development of revised ISAE 3000 are appropriate.

The AUASB will continue to monitor the development of the revised ISAE 3000 and participate in the Exposure Draft comment process.

### **Material Presented**

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|-------------------------|--------------------------------|
| Agenda Item 10(b)(i)6   | Board Meeting Summary Paper    |
| Agenda Item 10(b)(i)6.1 | IAASB Issues paper – ISAE 3000 |
| Agenda Item 10(b)(i)6.2 | ISAE 3000 (Clean Version)      |

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