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1 September 2008

Dear Ms Kelsall

**Comments on Exposure Draft's 05/08, 06/08, 07/08 & 08/08**

- **Proposed Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* (Revised and Redrafted)**
- **Proposed Auditing Standard ASA 260 *Communication with Those Charged with Governance* (Revised and Redrafted)**
- **Proposed Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment* (Revised and Redrafted)**
- **Proposed Auditing Standard ASA 330 *The Auditor's Responses to Assessed Risks* (Revised and Redrafted)**

We appreciate the opportunity to comment on the above mentioned Exposure Drafts (ED's) and to contribute to the continued improvement of the Australian Auditing Standards.

We are pleased to support the overall approach taken by the Auditing and Assurance Standards Board (AUASB) to the first group of proposed 'Clarity' format Auditing Standards and commend the AUASB on the progress made to date. Whilst we do not have any specific comments on the changes to the Requirements of these proposed standards we do wish to comment on two items which we believe are important to the overall 'Clarity' standard setting process below.

1) Revision/Update of ASA 100 *Preamble to AUASB Standards*

We urge the AUASB to consider revising Auditing Standard ASA 100 *Preamble to AUASB Standards* as soon as possible to reflect the new structure and format of the proposed 'Clarity' standards. ASA 100 currently provides constituents with guidance on how the existing ASA's are to be understood, interpreted and applied. It is vital that constituents clearly understand the intention of the AUASB with respect to the authority of the different paragraphs of the 'Clarity' standards in order for them to meaningfully comment on the EDs. Therefore, we believe that the review of future 'Clarity' format ED's issued by the AUASB will be enhanced by the reissuance or update of ASA 100 to reflect the approach to the requirements of the new 'Clarity' standards.

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2) Identification of mandatory requirements in bold-type

As noted in Paragraph 10 of Auditing Standard ASA 100 *Preamble to AUASB Standards*, the mandatory requirements of each ASA should currently be presented in bold-type. Notwithstanding the fact the new Clarity format lists the mandatory requirements of each standard in its own section we believe that it would enhance the visibility to practitioners if all mandatory requirements continue to be presented in bold-type.

We would be pleased to discuss our comments with you. Please contact Matthew Zappulla on (03) 8603 3220 or myself on (03) 8603 3285 should you require any further information.

Yours sincerely



Bill Edge  
Partner  
OneFirm Risk & Quality Leader

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