

EXPOSURE DRAFT

ED 10/05
(October 2005)

Proposed Auditing Standard: Quality Control for Audits of a Financial Report (Re-issuance of AUS 206)

Prepared and Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

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A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

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PREFACE

Reasons for Issuing ED 10/05

The Auditing and Assurance Standards Board (AUASB) is proposing to re-issue Auditing Standard (AUS 206) *Quality Control for Audits of a Financial Report* due to the requirements of the legislative provisions explained below.

The *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (the CLERP 9 Act) established the AUASB as an independent statutory body under section 227A of the *Australian Securities and Investments Commission Act 2001*, as from 1 July 2004. Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards will be legislative instruments under the *Legislative Instruments Act 2003*.

Proposed Auditing Standard: *Quality Control for Audits of a Financial Report (Re-issuance of AUS 206)*

Main Proposals

This proposed Auditing Standard establishes standards and provides guidance on specific responsibilities of firm personnel regarding quality control procedures for audits of a financial report. This proposed Auditing Standard:

- (a) requires the engagement team to implement quality control procedures that are applicable to the individual audit engagement;
- (b) emphasises the engagement partner's leadership responsibilities in relation to the quality of audits;
- (c) explains the ethical requirements, including independence, of the engagement team in relation to the audit engagements;
- (d) emphasises the engagement partner's responsibility regarding acceptance and continuance of client relationships and specific audit engagements;
- (e) requires the appropriate assignment of engagement teams;
- (f) explains the requirements of the engagement team regarding engagement performance, including appropriate consultation and policies and procedures to follow when differences of opinions arise;
- (g) emphasises the requirement for an engagement quality control review; and
- (h) requires the engagement partner to consider information circulated by the firm on its monitoring process, and whether any deficiencies noted and rectifying measures taken by the firm have implications for the audit engagement.

Proposed Operative Date

It is intended that this proposed Auditing Standard will be operative for financial reporting periods commencing on or after 1 July 2006.

Main changes from existing AUS 206 (June 2004)

The main differences between this proposed Auditing Standard and the Auditing Standard issued by the former Auditing & Assurance Standards Board of the Australian Accounting Research Foundation that it supersedes, AUS 206 *Quality Control for Audits of Historical Financial Information* (June 2004), is that in this proposed Auditing Standard:

1. the word 'shall', in the **bold-type** paragraphs, is the terminology used to describe an auditor's mandatory requirements, whereas an auditor's degree of responsibility was previously described by the word 'should';
2. the explanatory paragraphs provide guidance and illustrative examples to assist the auditor in fulfilling the mandatory requirements, whereas previously some obligations were implied within certain explanatory paragraphs. Accordingly, such paragraphs have been redrafted to clarify that the matter forms part of the explanatory guidance;
3. the following implied obligation, previously in AUS 206, has been elevated and re-stated as specific mandatory requirement:
 - (a) for other audit engagements, where an engagement quality control review is performed, the engagement partner shall follow the requirements set out in subparagraphs (a) to (c) (paragraph 40).

A Table of Proposed Changes is provided as an attachment to the Exposure Draft.

Request for Comments

Comments are invited on this Exposure Draft of the proposed re-issuance of Auditing Standard (AUS 206) *Quality Control for Audits of a Financial Report* by 15 December 2005. The AUASB would prefer that respondents express a clear overall opinion on whether the proposed Auditing Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. The AUASB regards both critical and supportive comments as essential to a balanced review of the proposed Auditing Standard.

Proposed Auditing Standard: *Quality Control for Audits of a Financial Report (Re-issuance of AUS 206)*

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes Auditing Standard << >> *Quality Control for Audits of a Financial Report* as set out in paragraphs 1 to 47, pursuant to section 227B of the *Australian Securities and Investment Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with the *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Auditing Standards are to be understood, interpreted and applied.

The mandatory requirements of this Auditing Standard are set out in **bold-type** paragraphs.

AUDITING STANDARD

Quality Control for Audits of a Financial Report

Application

- 1 **This Auditing Standard applies to:**
 - (a) **an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with Part 2M.3 of the *Corporations Act 2001*; and**
 - (b) **an audit of a financial report for any other purpose.**
- 2 This Auditing Standard also applies, as appropriate, to an audit of other financial information.

Operative Date

- 3 **This Auditing Standard is operative for financial reporting periods commencing on or after 1 July 2006.**

Introduction

- 4 The purpose of this Auditing Standard is to establish requirements and to provide guidance on specific responsibilities of firm personnel regarding quality control procedures for audits of a financial report.
- 5 **The engagement team shall implement quality control procedures that are applicable to the individual audit engagement.**
- 6 Under the quality control requirements for firms issued by a professional accounting body, a firm has an obligation to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with Auditing Standards and that the auditor's reports issued by the firm or engagement partners are appropriate in the circumstances.
- 7 In accordance with paragraph 5 of this Auditing Standard, engagement teams are required to implement quality control procedures that are applicable to the audit engagement. Ordinarily engagement teams:

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- (a) provide the firm with relevant information to enable the functioning of that part of the firm’s system of quality control relating to independence; and
- (b) are entitled to rely on the firm’s systems (for example in relation to capabilities and competence of personnel through their recruitment and formal training; independence through the accumulation and communication of relevant independence information; maintenance of client relationships through acceptance and continuance systems; and adherence to regulatory and legal requirements through the monitoring process), unless information provided by the firm or other parties suggests otherwise.

Definitions

8 In this Auditing Standard, the following terms have the meanings attributed below:

- (a) “Engagement partner” – the partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
- (b) “Engagement quality control review” – a process designed to provide an objective evaluation, before the auditor’s report is issued, of the significant judgements the engagement team made and the conclusions they reached in formulating the auditor’s report.
- (c) “Engagement quality control reviewer” – a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, with sufficient and appropriate experience and authority to objectively evaluate, before the auditor’s report is issued, the significant judgements the engagement team made and the conclusions they reached in formulating the auditor’s report.
- (d) “Engagement team” – all personnel performing an audit engagement, including any experts contracted by the firm in connection with that audit engagement.
- (e) “Firm” – a sole practitioner, partnership, corporation or other entity of professional accountants.

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- (f) “Inspection” – in relation to completed audit engagements, procedures designed to provide evidence of compliance by engagement teams with the firm’s quality control policies and procedures.
- (g) “Listed entity” – an entity whose shares, stock or debt are quoted or listed on a recognised stock exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.
- (h) “Monitoring” – a process comprising an ongoing consideration and evaluation of the firm’s system of quality control, including a periodic inspection of a selection of completed engagements, designed to enable the firm to obtain reasonable assurance that its system of quality control is operating effectively.
- (i) “Network firm” – an entity under common control, ownership or management with the firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally.
- (j) “Partner” – any individual with authority to bind the firm with respect to the performance of a professional auditing engagement.
- (k) “Personnel” – partners and engagement team.
- (l) “Professional accounting body” includes:
- The Institute of Chartered Accountants in Australia;
 - CPA Australia; and
 - National Institute of Accountants.
- (m) “Reasonable assurance” – in the context of this Auditing Standard, a high, but not absolute, level of assurance.
- (n) “Suitably qualified external person” – an individual outside the firm with the capabilities and competence to act as an engagement partner, for example a partner of another firm, or an employee (with appropriate experience) of either a professional accounting body whose members may perform

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audits of a financial report or of an organisation that provides relevant quality control services.

Leadership Responsibilities for Quality on Audits

9 The engagement partner shall take responsibility for the overall quality on each audit engagement to which that partner is assigned.

10 Ordinarily the engagement partner sets an example regarding audit quality to the other members of the engagement team through all stages of the audit engagement. Ordinarily, this example is provided through the actions of the engagement partner and through appropriate messages to the engagement team. Such actions and messages emphasise:

- (a) The importance of:
 - (i) performing work that complies with Auditing Standards and regulatory and legal requirements;
 - (ii) complying with the firm's quality control policies and procedures as applicable; and
 - (iii) issuing auditor's reports that are appropriate in the circumstances.
- (b) The fact that quality is essential in performing audit engagements.

Ethical Requirements

11 The engagement partner shall consider whether members of the engagement team have complied with relevant ethical requirements relating to audit engagements.

12 Ethical requirements relating to audit engagements ordinarily include the requirements of the applicable code of professional conduct of a professional accounting body¹ that establishes the fundamental principles of professional ethics, which include:

¹ In Australia, the codes of conduct of the professional accounting bodies, as issued from time to time, are:

- CPA Australia and The Institute of Chartered Accountants in Australia, *Joint Code of Professional Conduct*; and

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- (a) Integrity.
 - (b) Objectivity.
 - (c) Professional competence and due care.
 - (d) Confidentiality.
 - (e) Professional behaviour.
- 13 Ordinarily the engagement partner remains alert for evidence of non-compliance with relevant ethical requirements relating to audit engagements. Inquiry and observation regarding ethical matters amongst the engagement partner and other members of the engagement team occur as necessary throughout the audit engagement. If matters come to the engagement partner's attention through the firm's systems or otherwise that indicate that members of the engagement team have not complied with ethical requirements, the partner, in consultation with others in the firm, ordinarily determines the appropriate action.
- 14 The engagement partner and, where appropriate, other members of the engagement team, ordinarily document issues identified and how they were resolved.

Independence

- 15 **The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall:**
- (a) **obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence;**
 - (b) **evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement;**
 - (c) **take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards. The engagement partner shall promptly**

• National Institute of Accountants, *Pronouncements of the Board of Directors – Code of Ethics*.

report to the firm any failure to resolve the matter for appropriate action; and

- (d) document conclusions on independence and any relevant discussions with the firm that support these conclusions.**

- 16 The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, the engagement partner ordinarily consults within the firm to determine appropriate action, which may include eliminating the activity or interest that creates the threat, or withdrawing from the audit engagement. Pursuant to paragraph 15 (d) of this Auditing Standard such discussions and conclusions are required to be documented.

Acceptance and Continuance of Client Relationships and Specific Audit Engagements

- 17 **The engagement partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed, and that conclusions reached in this regard are appropriate and have been documented.**
- 18 The engagement partner may or may not initiate the decision-making process for acceptance or continuance regarding the audit engagement. Regardless of whether the engagement partner initiated that process, pursuant to paragraph 17 of this Auditing Standard the partner is required to determine whether the most recent decision remains appropriate.
- 19 Acceptance and continuance of client relationships and specific audit engagements include considering:
- The integrity of the principal owners, key management and those charged with governance of the entity.
 - Whether the engagement team is competent to perform the audit engagement and has the necessary time and resources.
 - Whether the firm and the engagement team can comply with ethical requirements.
- 20 Where issues arise out of any of these considerations, pursuant to paragraph 34 of this Auditing Standard the engagement team is

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required to conduct appropriate consultations and document how issues were resolved. Also refer to guidance set out in paragraphs 35 to 37 of this Auditing Standard.

- 21 Deciding whether to continue a client relationship ordinarily includes consideration of significant matters that have arisen during the current or previous audit engagements, and their implications for continuing the relationship. For example, a client may have started to expand its business operations into an area where the firm does not possess the necessary knowledge or expertise.
- 22 **Where the engagement partner obtains information that would have caused the firm to decline the audit engagement if that information had been available earlier, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.**

Assignment of Engagement Teams

- 23 **The engagement partner shall be satisfied that the engagement team collectively has the appropriate capabilities, competence and time to perform the audit engagement in accordance with Auditing Standards and regulatory and legal requirements, and to enable an auditor's report that is appropriate in the circumstances to be issued.**
- 24 The appropriate capabilities and competence expected of the engagement team as a whole include the following:
- An understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
 - An understanding of Auditing Standards and regulatory and legal requirements.
 - Appropriate technical knowledge, including knowledge of relevant information technology.
 - Knowledge of relevant industries in which the client operates.
 - Ability to apply professional judgement.
 - An understanding of the firm's quality control policies and procedures.

Engagement Performance

25 The engagement partner shall take responsibility for the direction, supervision and performance of the audit engagement in compliance with Auditing Standards and regulatory and legal requirements, and for the auditor’s report that is issued to be appropriate in the circumstances.

26 Ordinarily the engagement partner directs the audit engagement by informing the members of the engagement team of:

- (a) their responsibilities;
- (b) the nature of the entity’s business;
- (c) risk-related issues;
- (d) problems that may arise; and
- (e) the detailed approach to the performance of the engagement.

The engagement team’s responsibilities include maintaining an objective state of mind and an appropriate level of professional scepticism, and performing the work delegated to them in accordance with the ethical principle of due care. Members of the engagement team are ordinarily encouraged to raise questions with more experienced team members. Appropriate communication occurs within the engagement team.

27 It is important that all members of the engagement team understand the objectives of the work they are to perform. Appropriate team-working and training are necessary to assist less experienced members of the engagement team to clearly understand the objectives of the assigned work.

28 Supervision includes the following:

- Tracking the progress of the audit engagement.
- Considering the capabilities and competence of individual members of the engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the audit engagement.

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- Addressing significant issues arising during the audit engagement, considering their significance and modifying the planned approach appropriately.
 - Identifying matters for consultation or consideration by more experienced engagement team members during the audit engagement.
- 29 Review responsibilities are determined on the basis that more experienced team members, including the engagement partner, review work performed by less experienced team members. Ordinarily, reviewers consider whether:
- (a) the work has been performed in accordance with Auditing Standards and regulatory and legal requirements;
 - (b) significant matters have been raised for further consideration;
 - (c) appropriate consultations have taken place and the resulting conclusions have been documented and implemented;
 - (d) there is a need to revise the nature, timing and extent of work performed;
 - (e) the work performed supports the conclusions reached and is appropriately documented;
 - (f) the evidence obtained is sufficient and appropriate to support the auditor's report; and
 - (g) the objectives of the engagement procedures have been achieved.
- 30 **Before the auditor's report is issued, the engagement partner, through review of the audit documentation and discussion with the engagement team, shall be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.**
- 31 Ordinarily the engagement partner conducts timely reviews at appropriate stages during the engagement. This allows significant matters to be resolved on a timely basis to the engagement partner's satisfaction before the auditor's report is issued. Ordinarily the reviews cover critical areas of judgement, especially those relating to difficult or contentious matters identified during the course of the engagement, significant risks, and other areas the engagement

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partner considers important. The engagement partner need not review all audit documentation. However, the partner ordinarily documents the extent and timing of the reviews. Pursuant to paragraph 30 of this Auditing Standard issues arising from the reviews are required to be resolved to the satisfaction of the engagement partner.

- 32 A new engagement partner taking over an audit during the engagement ordinarily reviews the work performed to the date of the change. Ordinarily the review procedures are sufficient to satisfy the new engagement partner that the work performed to the date of the review has been planned and performed in accordance with Auditing Standards and regulatory and legal requirements.
- 33 Where more than one partner is involved in the conduct of an audit engagement, it is important that the responsibilities of the respective partners are clearly defined and understood by the engagement team.

Consultation

- 34 **The engagement partner shall:**
- (a) **be responsible for the engagement team undertaking appropriate consultation on difficult or contentious matters;**
 - (b) **be satisfied that members of the engagement team have undertaken appropriate consultation during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm;**
 - (c) **be satisfied that the nature and scope of, and conclusions resulting from, such consultations are documented and agreed with the party consulted; and**
 - (d) **determine that conclusions resulting from consultations have been implemented.**
- 35 Effective consultation with other professionals requires that those consulted be given all the relevant facts that will enable them to provide informed advice on technical, ethical or other matters. Where appropriate, the engagement team consults individuals with appropriate knowledge, seniority and experience within the firm or, where applicable, outside the firm. Pursuant to paragraph 34 of this Auditing Standard conclusions resulting from consultations are required to be appropriately documented and implemented.

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- 36 It may be appropriate for the engagement team to consult outside the firm, for example, where the firm lacks appropriate internal resources. They may take advantage of advisory services provided by other firms, professional and regulatory bodies, or commercial organisations that provide relevant quality control services.
- 37 Pursuant to paragraph 34 of this Auditing Standard the documentation of consultations with other professionals that involve difficult or contentious matters is required to be agreed by both the individual seeking consultation and the individual consulted. Ordinarily the documentation is sufficiently complete and detailed to enable an understanding of:
- (a) the issue on which consultation was sought; and
 - (b) the results of the consultation, including any decisions taken, the basis for those decisions and how they were implemented.

Differences of Opinion

- 38 Where differences of opinion arise within the engagement team, with those consulted and, where applicable, between the engagement partner and the engagement quality control reviewer, the engagement team shall follow the firm's policies and procedures for dealing with and resolving differences of opinion.**
- 39 As necessary, the engagement partner informs members of the engagement team that they may bring matters involving differences of opinion to the attention of the engagement partner or others within the firm as appropriate without fear of reprisals.

Engagement Quality Control Review

- 40 For audits of a financial report of listed entities, the engagement partner shall:**
- (a) **determine that an engagement quality control reviewer has been appointed;**
 - (b) **discuss significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer; and**

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- (c) **not issue the auditor's report until the completion of the engagement quality control review.**

For other audit engagements where an engagement quality control review is performed, the engagement partner shall follow the requirements set out in subparagraphs (a) to (c).

41 Where, at the start of the engagement, an engagement quality control review is not considered necessary, ordinarily the engagement partner is alert for changes in circumstances that would require such a review.

42 **An engagement quality control review shall include an objective evaluation of:**

- (a) **the significant judgements made by the engagement team; and**
- (b) **the conclusions reached in formulating the auditor's report.**

43 An engagement quality control review ordinarily involves:

- discussion with the engagement partner;
- a review of the financial information and the auditor's report;
- consideration of whether the auditor's report is appropriate; and
- a review of selected audit documentation relating to the significant judgements the engagement team made and the conclusions reached.

The extent of the review depends on the complexity of the audit engagement and the risk that the auditor's report might not be appropriate in the circumstances. The review does not reduce the responsibilities of the engagement partner.

44 An engagement quality control review for audits of a financial report of listed entities includes considering the following:

- The engagement team's evaluation of the firm's independence in relation to the specific audit engagement.

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- Significant risks identified during the engagement (in accordance with AUS 402, “Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement”), and the responses to those risks (in accordance with AUS 406, “Auditor’s Procedures in Response to Assessed Risks”), including the engagement team’s assessment of, and response to, the risk of fraud.
- Judgements made, particularly with respect to materiality and significant risks.
- Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations.
- The significance and disposition of corrected and uncorrected misstatements identified during the audit.
- The matters to be communicated to management and those charged with governance and, where applicable, other parties such as regulatory bodies.
- Whether audit documentation selected for review reflects the work performed in relation to the significant judgements and supports the conclusions reached.
- The appropriateness of the auditor’s report to be issued.

Engagement quality control reviews for audits of a financial report of listed entities may, depending on the circumstances, include some or all of these considerations.

Monitoring

45 The quality control requirements for firms issued by a professional accounting body, require the firm to establish policies and procedures designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, operating effectively and complied with in practice. The engagement partner ordinarily considers the results of the monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms. The engagement partner ordinarily considers whether:

- (a) deficiencies noted in that information may affect the audit engagement; and

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- (b) the measures the firm took to rectify the situation are sufficient in the context of the audit.

46 A deficiency in the firm's system of quality control does not indicate that a particular audit engagement was not performed in accordance with Auditing Standards and regulatory and legal requirements, or that the auditor's report was not appropriate.

Conformity with International Standards on Auditing

47 Except as noted below, this Auditing Standard conforms with International Standard on Auditing ISA 220, "Quality Control for Audits of Historical Financial Information", issued by the Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The difference between this Auditing Standard and the ISA 220 are:

- ISA 220 is titled "Quality Control for Audits of Historical Information". This Auditing Standard is titled "Quality Control for Audits of a Financial Report".
- ISA 220 refers to the International Standard on Quality Control (ISQC) 1 issued by the IAASB of IFAC. This Auditing Standard makes reference to the quality control requirements for firms issued by a professional accounting body.

Compliance with this Auditing Standard enables compliance with ISA 220.

Table of Proposed Changes from AUS 206 <i>Quality Control for Audits of a Financial Report</i>

Paragraph No. in Proposed Exposure Draft	Status (Requirement, Guidance, Footnote or Appendix)	Description of Proposed Change(s)
1	Requirement	New Application paragraphs.
3	Requirement	Re-position Operative Date paragraph.
	Appendix	Delete Public Sector Perspective as the proposed Auditing Standard will be sector neutral.
5, 9, 11, 15, 17, 22, 23, 25, 30, 34, 38, 40, 42	Requirement	Replace “should’ with “shall”.
40	Guidance	Elevated the guidance sentence included as part of the black letter requirements of paragraph 40
7, 10, 13, 14, 16, 21, 26, 29, 31, 32, 41, 45	Guidance	Insert “ordinarily” to clarify implied obligations.
3	Guidance	Removed the need to read this Auditing Standard to be read in conjunction with the “ <i>Joint Code of Professional Conduct of The Institute of Chartered Accountants in Australia and CPA Australia.</i> ”
7, 16, 18, 20, 31, 35, 37	Guidance	Inserted: “pursuant to paragraph X of this Auditing Standard the auditor is required to” or “pursuant to AUS X the auditor is required to”
4, name, 8(o), 44	Guidance	Amended the name of the Standard from <i>Quality Control for Audits of Historical Financial Information</i> to <i>Quality Control for Audits of a Financial Report</i> to be consistent with the requirements of the Application paragraphs. In addition removed reference to “historical information” to retain consistency.
8 and 8(n)	Guidance	Replaced reference to this AUS and general references to the AUSs with “Auditing Standard(s)”.

Paragraph No. in Proposed Exposure Draft	Status (Requirement, Guidance, Footnote or Appendix)	Description of Proposed Change(s)
12	Guidance	The ethical requirements include the code of conduct of each of the professional accounting bodies. Replaced reference to “ <i>Joint Code of Professional Conduct of The Institute of Chartered Accountants in Australia and CPA Australia.</i> ” with “applicable code of professional conduct of a professional accounting body”. This terminology is consistent with the <i>Corporations Act 2001</i> .
6, 45	Guidance	Replaced reference to “Miscellaneous Professional Statements APS 4 “ <i>Statement of Quality Control Standard</i> ” and APS 5 “ <i>Quality Control Policies and Procedures</i> ” issued by the Institute of Chartered Accountants in Australia and CPA Australia” with “the quality control requirements for firms issued by a professional accounting body”.
8(l)	Guidance	Inserted the definition of “Professional accounting body” pursuant to ASIC Regulation 2AC.
8(j)	Guidance	Clarify definition in order to apply to an “auditing engagement”
6, 8, 10, 23, 24, 25, 29(a), 32, 46	Requirements / Guidance	Replaced “Professional Standards” with “Auditing Standards” and removed definition for professional standard.
8(n) and 8(k)	Guidance	Remove definition of “staff” as it repeated the definition of “Engagement team”. The term engagement team is consistent with section 324AE of the <i>Corporations Act</i> .
11, 13	Requirements / Guidance	Inserted “relevant” in front of and “relating to audit engagements” after “ethical requirements” to align wording to AUS 202.
20	Guidance	Separated the reference to mandatory and guidance paragraphs and treated in line with drafting rules.
7	Guidance	Inserted: “in accordance with..... The auditor is required to”
43	Guidance	Removed implied obligation by using dot points.