



Subject: Highlights of the 34th meeting of the AUASB
Venue: Auditing and Assurance Standards Board, Melbourne
Date: 27-28 October 2008

1. ASA Redrafting (Clarity Format)

Project Update:

The Board noted that the project is on track for completion of the redrafting of the Australian Auditing Standards (ASAs) in October 2009, and that the AUASB's present intention is that the revised ASAs will be operative for reporting periods commencing on or after 1 January 2010.

Approval of the first group of redrafted Auditing Standards:

The Board considered:

- comments received in respect of exposure drafts, and
- final draft versions in "Clarity" format of the following proposed Auditing Standards:
 - (a) ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*
 - (b) ASA 260 *Communication with Those Charged with Governance*
 - (c) ASA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment*
 - (d) ASA 330 *The Auditor's Procedures in Response to Assessed Risk*

The Board cleared these standards for final approval at a later date.

It was noted that as the IAASB finalises its international standards on auditing, the Australian Auditing Standards may require conforming amendments.

Approval of release of the third group of Exposure Drafts:

The Board considered draft versions, in "Clarity" format, of the following exposure drafts (EDs) of proposed revised Auditing Standards:

- (a) ED 15/08 ASA 200 *Objective and General Principles Governing an Audit of a Financial Report*
- (b) ED 16/08 ASA 250 *Considerations of Laws and Regulations in an Audit of a Financial Report*
- (c) ED 17/08 ASA 320 *Materiality and Audit Adjustments*
- (d) ED 18/08 ASA 450 *Evaluation of Misstatements Identified During the Audit*

- (e) ED 19/08 ASA 510 *Initial Engagements- Opening balances*
- (f) ED 20/08 ASA 550 *Related Parties*
- (g) ED 21/08 ASA 580 *Management Representations*
- (h) ED 22/08 ASA 720 *Other Information in Documents Containing Audited Financial Reports*

The Board approved the issue of these EDs, which will be released early November with comments due by 12 December.

The Board also discussed a working document based on ASA 100 *Preamble to AUASB Pronouncements*. This interpretive document will be revised progressively as other standards are redrafted. Progressive versions are available on the AUASB website to assist constituents in responding to the EDs.

2. Amendments to Auditing Standards and Guidance Statements:

- (a) The Board considered various amendments to Guidance Statement GS 001 *Concise Financial Reports* comprising:
 - Consequential amendments to the illustrative auditor's reports following changes to AASB 1039.
 - Consequential amendments to independence requirements following changes to the Corporations Act.
 - Inclusion, where applicable, of reference to the auditor's report on the Remuneration Report in the illustrative auditor's reports.

The revised Guidance Statement will be circulated for out of session approval, with release anticipated in mid November.

- (b) The Board approved two minor editorial amendments to ASAE 3500 *Compliance Engagements*.

3. Other Projects

- (a) *National Greenhouse and Energy Reporting (NGER) Act 2007*

The Department of Climate Change has been in consultation with the AUASB in the development of auditing requirements for the NGER Scheme.

The Board agreed that a formal submission should be made to the Department on its "External Audit Consultation Paper", which was released on 17 October 2008.

- (b) *Engagements to Perform Agreed Upon Procedures*

The Board discussed the need to revise and reissue AUS 904 *Engagements to Perform Agreed Upon Procedures*.

The Board agreed with the recommendation to revise and reissue AUS 904, subject to the scope of this project being assessed further. It was recognised that the commencement of work on this project would be dependant on meeting other AUASB priorities and on resource availability, to enable a proposed revised standard to be developed for exposure in 2009. It was agreed that a project plan be developed and brought to the December meeting of the AUASB for further consideration, with a view to considering the overall framework with which Agreed Upon Procedures engagements are conducted.

(c) **Consultative Meeting**

The Board discussed the format of the consultative meeting to be held on 2 December 2008.

***The next AUASB meeting will be held on 1 December 2008
at Level 7, 600 Bourke Street, Melbourne.***

The meeting will be open to the public.

Details of the meeting agenda are posted on the AUASB web site www.auasb.gov.au in the week prior to the meeting.

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