



International Update

Subject: AUASB International Update

Introduction

This sixth edition of the AUASB International Update summarises the significant news and activities for the month of *November* 2009 of the following standards-setting bodies, and professional organisations:

- the International Auditing and Assurance Standards Board (IAASB);
- the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA);
- the Auditing and Assurance Standards Board (AASB) of the Canadian Institute of Chartered Accountants (CICA); and
- the Professional Standards Board (PSB) of the New Zealand Institute of Chartered Accountants (NZICA).

We would like to know what you think about the content being provided in the international updates; please send your feedback to enquiries@auasb.gov.au.

International Auditing and Assurance Standards Board (IAASB)

1. Staff Practice Alert on Effective Use of External Confirmations

The IAASB has released a [Staff Practice Alert](#) entitled *Emerging Practice Issues Regarding the Use of External Confirmations in an Audit of Financial Statements*, which underscores the emerging issues that impact the reliability and relevance of audit evidence obtained by auditors from external confirmations. This Alert aims to assist auditors when deciding whether to request external confirmations, and when performing confirmation procedures, including evaluating the responses received.

2. Ongoing Projects

The IAASB considered the following projects at their [December 2009 meeting](#):

- Proposed ISAE 3420 *Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses* – A draft for exposure was considered.
- Assurance Engagements Other than Audits or Reviews of Historical Financial Information - Issues and proposals relating to the revision of ISAE 3000 were discussed.
- Research on Auditor's Report – The IAASB considered the report of the Auditor's Report Working Group on the results of its research regarding user perceptions of the unqualified auditor's report, including possible actions that the IAASB may consider regarding auditor's reporting and auditor communications in general.
- Review of status and authority of IAPs – Possible options as to whether to revise or withdraw extant International Auditing Practice Statements (IAPs) were considered.
- XBRL – A proposed consultation plan was considered, and an update on the development of an IAASB Q&A was provided.
- ISA 720 – A proposal to revise ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements* was considered.
- Revision of ISRS 4410 *Engagements to Compile Financial Statements* – Issues and the Task Force's preliminary views and recommendations on the issues were discussed.

Further information regarding the above are found at the [IAASB website](#).

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

1. 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:

Comments due by 31 December 2009

- Reporting on Financial Statements Prepared in Accordance with a Financial Reporting Framework Generally Accepted in Another Country
- Engagements to Report on Summary Financial Statements
- Special Considerations—Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks
- Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement
- Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements
- Forming an Opinion and Reporting on Financial Statements
- Modifications to the Opinion in the Independent Auditor's Report
- Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

Comments due by 15 January 2010

- Terms of Engagement – comments are due by 15 January 2010
- Written Representations – comments are due by 15 January 2010

Further details on the above are available at the [AICPA website](#).

Canadian Auditing and Assurance Standards Board (AASB)

1. Reporting on Internal Controls

The AASB considered a [project proposal](#) to develop a Standard on Assurance Engagements for reporting on internal controls that are not related to financial reporting. The AASB requested its staff to obtain additional information regarding certain matters which the Board would consider further before approving the project proposal.

2. Assurance Reports on Controls at a Third Party Service Organisation

The AASB considered a draft of the [Standard](#) on Assurance Engagements on *Reporting on Controls at a Service Organisation*. An exposure draft for review and approval will be presented at the January 2010 AASB meeting.

For more information, please see the [CICA website](#).

Professional Standards Board (PSB) of the New Zealand Institute of Chartered Accountants (NZICA)

1. Report from the AUASB Chairman

Ms Merran Kelsall, AUASB Chairman, provided the PSB with an [update](#) on the major activities of the AUASB which included the release of the suite of 41 "Clarity" Auditing Standards. Ms Kelsall and the PSB also discussed ways by which the two Boards could work more closely.

2. Assurance Engagement Standard on Controls at a Service Organisation

The PSB approved for exposure the draft of the [Assurance Standard](#) on *Assurance Reports on Controls at a Service Organisation*, subject to release of ISAE 3402 by the IAASB. The comment period ends on 31 March 2010.

Further details on the above are found at the [NZICA website](#).

Other Standards-Setters

No relevant significant activities were reported by the Auditing Practices Board (UK) and Public Company Accounting Oversight Board (USA) for the month of November 2009.

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