



Subject: Highlights of the 36th meeting of the AUASB
Venue: Auditing and Assurance Standards Board, Melbourne
Date: 23-24 February 2009

1. Going Concern Issues in the Current Economic Environment

The Board considered and agreed on the need for further guidance to auditors on going concern issues in periods of economic uncertainty.

Whilst it was agreed that the Auditing Standards adequately address going concern issues, the Board considered that further guidance in the current economic environment, will assist in raising auditors' awareness of their responsibilities in assessing an entity's ability to continue as a going concern.

The Board agreed that this guidance will be in the form of a Bulletin to be released next month.

The AUASB is also working with the Australian Institute of Company Directors to develop a publication focusing on the responsibilities of directors, in relation to going concern issues.

2. ASA Redrafting (Clarity Format)

Project Update:

The Board noted a progress report on the "Clarity" project and noted that the project is still on track for completion, as planned, for October 2009.

Approval of redrafted Auditing Standards:

The Board considered final draft versions in "Clarity" format of the following proposed Auditing Standards:

- (a) ASA 260 *Communication with Those Charged with Governance*
- (b) ASA 570 *Going Concern*
- (c) ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*
- (d) ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report*
- (e) ASA320 *Materiality in Planning and Performing an Audit*
- (f) ASA 450 *Evaluation of Misstatements Identified During the Audit*
- (g) ASA 510 *Initial Audit Engagements – Opening Balances*
- (h) ASA 550 *Related Parties*

- (i) *ASA 580 Written Representations*
- (j) *ASA 720 The Auditor's Responsibility in Relation to Other Information in Documents Containing an Audited Financial Report*

The Board cleared these Standards for final approval later this year.

Approval of release of Group 5 Exposure Drafts:

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

- (a) ED 01/09 ASA 500 *Audit Evidence*
- (b) ED 02/09 ASA 501 *Audit Evidence – Specific Considerations for Selected Items*
- (c) ED 03/09 ASA 700 *Forming an Opinion and reporting on a Financial Report*
- (d) ED 04/09 ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*
- (e) ED 05/09 ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*
- (f) ED 06/09 ASA 800 *Special Considerations – Audits of a Financial Report Prepared in Accordance with Special Purpose Frameworks*
- (g) ED 07/09 ASA 805 *Special Considerations – Audits of a Single Financial Statement and Specific Elements, Accounts or Items of a Financial Statement*
- (h) ED 08/09 ASA 810 *Engagements to Report on Summary Financial Statements*

The Board approved the issue of the above EDs, which will be released with a one month comment period ending 6 April 2009.

3. Approval of Project Plans

Engagements to perform Agreed-upon Procedures

The Board considered and approved a project plan to revise AUS 904 *Engagements to Perform Agreed-upon Procedures*. The proposed standard will be reissued as ASRS 4400 with a view to release for exposure in mid year and release of the standard later in the year.

4. Other Projects

- (a) ***National Greenhouse and Energy Reporting (NGER) Act 2007 and Carbon Pollution Reduction Scheme (CPRS)***

The Department of Climate Change is drafting amendments to the NGER Act, and an additional legislative instrument concerning the conduct of audits, reporting and regulations for the registration of auditors under the NGER Act. The AUASB is being consulted on the development of these documents which are due for public exposure over the next few months.

- (b) **Authorised Deposit Taking Institutions**

A Project Advisory Group (PAG), including practitioners from large and mid sized audit firms, has been formed to provide industry and specific technical advice to the AUASB on issues relating to the project. The AUASB and PAG met during February to discuss working drafts of the proposed new Guidance Statement.

The AUASB will consult further with the PAG and APRA in the coming months. A first draft of the proposed new Guidance Statement will be tabled at the 6-7 April AUASB meeting for Board consideration and comment.

(c) **Responding to Questions at AGMs**

The Board considered a proposed revision of AGS 1046 *Responding to Questions at an Annual General Meeting*. A final version of the proposed Guidance Statement will be circulated to the Board for out-of-session approval to issue and will be released early next month.

(d) **Access to Audit Working Papers**

The Board considered a proposed revision of AGS 1038 *Access to Audit Working Papers*. A final version of the proposed Guidance Statement will be circulated to the Board for further review and subsequent out-of-session approval.

5. International matters

IAASB Task Force on Prospective Information

Mr D Simmonds (correspondent member on the IAASB taskforce) provided an update on the work of the taskforce. Key items in an issues paper to be considered at the March IAASB meeting include the definition of what is prospective information and that assurance is on the compilation of the report and not on the underlying data.

6. Membership

The Chairman welcomed Mr Colin Murphy to his first meeting as a member of the AUASB.

The Chairman also noted that the terms of Ms E Johnstone and Messrs M Blake, C Hall, G Pound and D Simmonds have been extended for a further three years.

***The next AUASB meeting will be held on 6 and 7 April 2009
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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