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The Chairman  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
Melbourne Victoria 8007

23 May 2011

Dear Ms Kelsall

**Re: Exposure Draft ED 01/11 Proposed Auditing Standard ASA 2011-1 *Amendments to Australian Auditing Standards***

We appreciate the opportunity to comment on Exposure Draft ED 01/11 Proposed Auditing Standard ASA 2011-1 *Amendments to Australian Auditing Standards* (“the ED”) as developed by the Australian Auditing and Assurance Standards Board (“AUASB”).

**Overall comments**

We are supportive of the proposed Auditing Standard as a whole. We have responded to the specific matters for comment below and we have also included some additional editorial amendments in the attached Appendix.

**Specific matters for comment**

- 1. Are there any additional editorial amendments to any of the Auditing Standards (“clarity” versions) that should be included in this amending standard?*  
Yes – we have included our proposed additional amendments in the attached Appendix.
- 2. Have applicable laws and regulations been appropriately addressed in the proposed standard?*  
Yes.
- 3. Are there any references to relevant laws or regulations that have been omitted?*  
We haven’t noted any.
- 4. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?*  
No.
- 5. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?*  
None noted.

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6. *Are there any other significant public interest matters that constituents wish to raise?*  
None noted.

We would be pleased to discuss our comments with members of the Board or its staff. If you wish to do so, please do not hesitate to contact me on (02) 9322 5060.

Yours sincerely,

Deloitte Touche Tohmatsu

Kristen Wydell

**Partner**

## APPENDIX: Proposed Additional Editorial Amendments

Auditing Standard	Section/ Paragraph	Amendment
ED 01/11	Para. 43	Proposed change moves the reference to “gives a true and fair view”, however the original reference is not deleted and it still refers to “in all material respects”.  Thus, we recommend the proposed final wording is: “...whether the financial report gives a true and fair view, in accordance with...”.
ASA 700	App. 1 Example Auditor’s Report – Illustration 1 & 3	The “Management’s Responsibility for the Financial Report” paragraph should make reference to “preparation and fair presentation” with respect to internal control.  Thus, should be as follows: “...and for such internal control as management determine is necessary to enable the preparation <u>and fair presentation</u> of the financial report...”.
ASA 800	App. 1 Example Auditor’s Report – Illustration 3	
ASA 700	App. 1 Example Auditor’s Report – Illustration 1A & 3A	The “Director’s Responsibility for the Financial Report” paragraph should be updated to make reference to “that gives a true and fair view” with respect to internal control to be consistent with other example auditor’s reports.
ASA 705	App. 1 Example Auditor’s Report – Illustration 3A	Thus, should read as follows: “...and for such internal control as the directors determine is necessary to enable the preparation of the financial report <u>that gives a true and fair view</u> and is free from material misstatement, whether due to fraud and error.”
ASA 706	App. 3 Example Auditor’s Report – Illustration 1A	
ASA 710	App. 1 Example Auditor’s Report – Illustration 1A & 2A	
ASA 800	App. 1 Example Auditor’s Report – Illustration 4	
ASA 705	App. 1 Example Auditor’s Report – Illustration 1, 2, 3, 4 & 5	The “Director’s/Management’s Responsibility for the Financial Report” paragraph should make reference to “preparation and fair presentation” with respect to internal control.  Thus, should be as follows: “...and for such internal control as the directors/management determine is necessary to enable the preparation <u>and fair presentation</u> of the financial report...”.
ASA 706	Appendix 3 Example Auditor’s Report – Illustration 1	
ASA 710	Appendix 1 Example Auditor’s Report	

	– Illustration 1, 2, 3 & 4	
ASA 805	Appendix 2 Example Auditor’s Report – Illustration 1 & 2	
ASA 800	Appendix 1 Example Auditor’s Report – Illustration 4	Similar to other example auditor’s reports, it should include the sub-heading options of “Report on the Financial Report” and “Report on Other Legal and Regulatory Requirements”.
ASA 800	Appendix 1 Example Auditor’s Report – Illustration 5	This is a fair presentation framework example and thus should refer to “preparation <u>and fair presentation</u> of the financial report” both in the “Officer’s Responsibility for the Financial Report” paragraph (including when referring to internal control) and in the “Auditor’s Responsibility” paragraph.
ASRE 2410	Appendix 1 - Example Engagement Letter: first sentence of the second last paragraph under the sub-heading “Scope”	Refers to “internal controls” instead of “internal control”.  Should read as follows: “...and for such internal control as the directors...”.
ASRE 2410	Appendix 3 – Example Review Report	The example auditor’s review report relating to a financial report prepared in accordance with a fair presentation framework (Corporations Act 2001) should include wording in the “Director’s Responsibility for the Half-Year Financial Report” paragraph to make reference to “internal control” and “gives a true and fair view” with respect to internal control.  Thus, should be as follows: “...and for such <u>internal</u> control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement...”.
ASRE 2410	Appendix 4 – Example Review Reports	The example auditor’s review reports relating to a financial report prepared in accordance with a fair presentation framework should include wording in the “[Title of those charged with governance] Responsibility for the [period] Financial Report” paragraph to make reference to “internal control” and “preparation and fair presentation” with respect to internal control.  Thus, should be as follows: “...and for such <u>internal</u> control as the directors [those charged with governance] determine is necessary to enable the preparation <u>and fair presentation</u> of the [period] financial report that is free from material misstatement...”.