



Hayes Knight

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19 May 2011

Ms Merran Kelsall
Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
MELBOURNE VIC 8007

Dear Ms Kelsall

RE: Comments on Exposure Draft ED01/11 – Proposed Auditing Standard ASA2011-1

We appreciate this opportunity to comment on the exposure draft ED01/11 of the proposed amendments to Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board (AUASB).

We are responding on behalf of the Hayes Knight Australian Network of firms, each of which is a separate and legal entity.

We have separated our comments into two sections:

- *Responses to Request for Specific Matters* – this provides answers to the specific matters posed by the AUASB. (Appendix 1)
- *Comments on the Exposure Draft* – this provides suggested recommendations for editorial and other amendments. (Appendix 2)

We would be pleased to discuss any comments further.

Please contact me on (02) 9221 6666 if you require any further information.

Yours faithfully,

Pran Rathod FCPA
Director – Audit Services

Associated offices

Australia Melbourne Brisbane Adelaide Darwin Perth **New Zealand** Auckland Albany Parnell

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Specific Matters for Comments

1. Are there any additional editorial amendments to any of the Auditing Standards (“clarity” versions) that should be included in this amending standard?

Please refer to attached Appendix 2.

2. Have Applicable laws and regulations been appropriately addressed in the proposed standard?

Yes. We believe that the applicable laws and regulations have been appropriately addressed in the proposed standard.

3. Are there any references to relevant laws or regulations that have been omitted? ?

No.

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?

We do not believe there would be additional significant costs to the auditors and the business community. However, there may be some effort required by the auditors to educate certain clients in relation to the changes.

6. Are there any other significant public interest matters that constituents wish to raise?

For purposes of better understanding of the responsibilities of the auditor, we consider the following:

- **ASA210**

Neither the standard nor the draft engagement cover clearly identifies the management’s responsibilities in relation to the queries for the AGM. The management and the members may not be familiar with the scope of an audit. The matter has to be clearly stated in the terms of engagement along the following basis:

“The auditor does not respond to questions dealing with issues beyond the scope of the audit mandate and/or questions relating to matters that are the responsibility of those charged with governance”.

- **Time limit for forwarding questions for AGM to the Audit**

Section 250PA of the Corporations Act requires “ the member to give the question to the listed company no later than the fifth business day before the day on which the AGM is held. The same time frame applies to the listed company to forward these questions to the Auditor.

Difficulties have been encountered by certain clients in meeting the requirements of the Auditor, particularly those questions that may be received late on the fifth day by the client.

Suggested Editorial and Other Amendments

Applicable ASA	Reference	Changes
1. ASA210	Para A4	Amend “not for profit” to “not-for-profit” (as used in other standards eg ASRE 2410)
2. ASA250	Para 5, foot note 2	Amend “paragraph A51 to paragraphs A51-A52”
3. ASA315	Para A15	Amend “specialists” to “expert” (as defined in ASA620)
4. ASA402	Para A19	Amend “nature, extent and timing” to “nature, timing and extent” (as used in ASA300 & ASA230)
5. ASA500	Para A45, bullet 4	Amend “auditor’s expert” to “management’s expert”
6. ASQCI	References on page 15 & 46	Amend “National Institute of Accountants” to “Institute of Public Accountants”.
7. ASA501	Para A26	Amend “stand-alone-basis” to “standalone basis”
8. ASA 540	Para A87, bullet 5	Amend “making” to “developing” as per header before A.87