



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

4 February 2014

Dear Madam

**Exposure Draft 05/13 Proposed Standard on Assurance Engagements ASAE 3000  
*Assurance Engagements Other than Audits or Reviews of Historical Financial  
Information***

**Exposure Draft 06/13 Proposed Framework for Assurance Engagements**

**Exposure Draft 07/13 Proposed Conforming Amendments to ASAE 3402, ASAE  
3410 and ASAE 3420 as a result of Proposed Re-issuance of ASAE 3000**

We are pleased to have the opportunity to comment on the above Exposure Drafts issued by the Auditing and Assurance Standards Board.

We are supportive of the overall content of the Exposure Drafts, however, we do not agree with all of the Australian revisions to proposed Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* from the equivalent International Standard ISAE 3000.

Our comments in relation to the proposed Exposure Drafts, including the specific matters raised by the AUASB in the documents are set out below.

In addition to the conforming amendments identified in Exposure Draft 07/13, certain of these amendments should also be considered for amendment to extant *ASAE 3100 Compliance Engagements*.

## **Proposed Australian revisions in ED 05/13 to the equivalent International Standard ISAE 3000**

We support the proposed Australian revisions to ISAE 3000 denoted by the prefix “Aus” with the exception of those in paragraphs 46L, 47L, 48L and 49L.

We recommend that the AUASB reinstate the international paragraphs 46L, 47L, 48L and 49L from ISAE 3000, rather than the proposed Australian paragraphs for the following reasons.

### **Need to differentiate between the requirements for reasonable and limited assurance**

The proposed standard will be applicable to a very wide range of subject matters and engagement circumstances and needs to allow sufficient flexibility in its application, especially for limited assurance engagements.

Whilst the assurance practitioner needs to carefully consider the appropriateness of accepting a limited assurance engagement rather than a reasonable assurance engagement, one the key drivers for a limited assurance engagement to be undertaken may be cost. We believe that the relevant paragraphs included in ISAE 3000 are appropriate and provide sufficient flexibility in the requirements in relation to understanding the entity, internal control, risk assessment and response to risk in order to support a limited assurance engagement that provides a meaningful level of assurance but also provides a cost effective service that can be appropriate in the circumstances.

The proposed Australian amendments in the above paragraphs result in the requirements for risk assessment, understanding the entity and internal control being similar for a limited assurance compared to a reasonable assurance engagement. We believe there should be a difference in these requirements and support the relevant paragraphs included in ISAE 3000.

### **No compelling case for change**

We strongly believe that unless there are specific requirements that mean the content of the international standard is inappropriate in the Australian environment, consistency with the international standard is paramount. We do not consider that the proposed amendments to these paragraphs are a result of any Australian specific requirement and we do not consider that there is a compelling case for change.

### **Consistency with ASAE 3410**

We note that there are differences in the equivalent requirements between limited and reasonable assurance engagements in the recently issued ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. The proposed Australian amendments are arguably inconsistent with this standard by removing these differences in requirements between limited and reasonable assurance.



**Comments in relation to specific matters raised by the Board**

***Do respondents believe that additional paragraphs marked as “Aus” are appropriate?***

Addressed in the comments above.

***Have applicable laws and regulations been appropriately addressed in the proposed standard?***

We are not aware of any applicable laws or regulations that have not been appropriately addressed.

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

We are not aware of any references to laws or regulations that have been omitted.

***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?***

None that we are aware of.

***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 standard, or may conflict with this proposed standard? If there are significant costs, do these outweigh the benefits to the users of audit services?***

With the exception of the comments made above in relation to the proposed revisions to the equivalent international standard, we do not consider there to be any significant additional costs arising from compliance with this proposed standard that outweigh the benefits to users of audit services.

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

No.



Please contact me on (02) 9335 8749 if you wish to discuss these comments further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julian Bishop', written in a cursive style.

Julian Bishop  
*Partner*