



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**
Meeting Date: 25 February 2013
Subject: Review Engagements – ASRE 2400 and ASRE 2415
Date Prepared: 12 February 2013

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider:

- Responses to:
 - Exposure Draft ED 02/12 (revision of ASRE 2400); and
 - Exposure Draft ED 03/12 (revision of ASRE 2415).
- Proposed disposition of responses received.
- Revised drafts of ASRE 2400 and ASRE 2415 for preliminary approval to issue as standards, subject to any Board changes.
- Amendments to ASRE 2415 to accommodate ACNC legislation.

Background

ASRE 2400

In June 2012, the IAASB approved the revised standard, ISRE 2400 *Engagements to Review Historical Financial Statements*.

At its 10 September 2012 meeting, the AUASB considered a detailed suite of papers that proposed the revised ISRE 2400 should be adopted in Australia; and supersede the existing ASRE 2400. The papers provided background information to the history and current status of review standards used in Australia and New Zealand. [See AUASB Meeting Papers for 10 September 2012 - Agenda Item 9]

Also proposed, and accepted by the AUASB, were a minimum number of recommended amendments to the revised ISRE 2400. The proposed amendments met the Board's "compelling reasons" test and were considered to add value to the standard, namely:

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

- To point assurance practitioners to ASRE 2405 when reviewing historical financial information other than a financial report.
- For the standard to be operative for financial reporting periods commencing on or after 1 July 2013.
- In understanding the entity, the assurance practitioner shall obtain an understanding of internal control as it relates to the preparation of the financial report.
- An Emphasis of Matter paragraph shall be included in a review report to highlight a material uncertainty disclosed in the financial report, including one relating to an event or condition that may cast significant doubt on the entity's ability to continue as a going concern.
- Editorial/format changes in accordance with AUASB policies and practices.

In addition, the Board requested further additions to the standard to require the assurance practitioner to review management's going concern assessment for the period from the date of the review report to the expected date of the next review report (as opposed to year-end to year-end). This change to requirements brings the standard into line with the existing equivalent Australian Auditing Standard (ASA 570).

Exposure Draft 02/12 was approved and issued 12 December 2012 with submissions closing on 8 February 2013.

ASRE 2415

Proposed editorial changes resulting from the proposed revised ASRE 2400 were considered and Exposure Draft ED 03/12 was approved and issued 12 December 2012 with submissions closing on 8 February 2013. [Agenda 5.5]

ACNC Legislation

The AUASB Technical Group has been engaged in discussions with Treasury in regard to new legislation – the *Australian Charities and Not-for-Profit Commission Act 2012 (Cth)* (the ACNC Act). The AUASB Technical Group has been considering the impact of such legislation on the AUASB Standards on Review Engagements, particularly the proposed revision of ASRE 2400.

Subsequent to the ED close off, the AUASB Technical Group has concluded that no changes to ASRE 2400 are necessary to address the ACNC legislation. However, it is considered necessary to amend ASRE 2415 to incorporate reviews of entities reporting under the ACNC Act.

ASRE 2415 does not itself establish requirements on the conduct of a review engagement, rather it directs practitioners to the appropriate review standard as well as facilitates legislative backing for reviews conducted under (corporations) legislation that utilise ASRE 2400 being a standard that is *not* made under legislation because it is applied more commonly to non-statutory review engagements.

Agenda Item 5.7 is a first draft of proposed changes to ASRE 2415 which the Board is asked to consider. See also issues to consider at Agenda Item 5.1. The proposed operative date for the amendments remains 1 July 2013.

Matters to Consider

A. Proposed standards arising from EDs 02/12 and 03/12 [revision of ISRE 2400]

- Issues detailed in the Attachment to BMSP [Agenda Item 5.1]

- Proposed disposition of ED 02/12 comments received [Agenda Item 5.3]
- Proposed disposition of ED 03/12 comments received [Agenda Item 5.6]
- Proposed revised standard ASRE 2400 [Agenda Item 5.2]
- Proposed revised standard ASRE 2415 [Agenda Item 5.5]

B. Additional changes to ASRE 2415 arising from introduction of ACNC legislation

- Proposed revised standard ASRE 2415 [Agenda Item 5.7]

AUASB Technical Group Recommendations

The Board is requested to provide preliminary approval for issuance of revised standards ASRE 2400 and ASRE 2415.

Notes:

- (a). Once preliminary approval is given, any Board changes will be made, Office of Best Practice Regulation (OBPR) approval will be sought and a final clean version of the standards will be presented to the Board for out-of-session approval to issue the standards.
- (b). An *Explanatory Statement* (ES) will be necessary for ASRE 2415 as it is a legislative instrument. The ES and OBPR approval will be presented to the Board at the time final approval is sought.

Material Presented

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	Attachment to Board Meeting Summary Paper
Agenda Item 5.2	Draft Standard ASRE 2400 (Marked Up Version)
Agenda Item 5.3	Disposition of ED comments received ASRE 2400
Agenda Item 5.4	IAASB Basis for Conclusions ISRE 2400 (electronic only)
Agenda Item 5.5	Draft Standard ASRE 2415 (Marked Up Version)
Agenda Item 5.6	Disposition of ED comments received ASRE 2415
Agenda Item 5.7	Draft Standard ASRE 2415 (Marked Up for ACNC legislation)

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve ED 02/12	Board approval	AUASB	26 Nov 2012	√
2.	Approve ED 03/12	Board approval	AUASB	26 Nov 2012	√
3.	Preliminary approval to issue standard ASRE 2400	Board approval	AUASB	25 Feb 2013	o/s
4.	Preliminary approval to issue standard ASRE 2415	Board approval	AUASB	25 Feb 2013	o/s