



## Attachment to AUASB Board Meeting Summary Paper

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<b>AGENDA ITEM NO.</b>	<b>5.1</b>
<b>Meeting Date:</b>	24 February 2013
<b>Subject:</b>	Revised Assurance Framework ED 06/13 and ASAE 3000 ED 05/13
<b>Date Prepared:</b>	13 February 2014

### Matters to Consider

#### *Part A – General*

1. In summary the AUASB received 10 submissions to ED 05/13 ASAE 3000, ED 06/13 Assurance Framework and ED 07/13 Conforming Amendments:
  - Five respondents did not support the proposed key changes to assessment of risk and obtaining an understanding of internal control
  - Two respondents were supportive of the proposed key changes to assessment of risk but were not supportive of the proposed changes to obtaining an understanding of internal control
  - Two respondents were supportive of all the Aus paragraph changes to ASAE 3000 as proposed.
  - One respondent was silent on the specific questions asked by the AUASB. Their only comment was specifically in relation to the definition of ‘assurance practitioner’ and ‘to whom the proposed standard is to apply’.
2. The Five respondents who did not support the proposed Aus paragraph changes from ISAE 3000 to 46L.1, 47L.1, 48L.1 and 49L.1. The key changes to ISAE 3000 in these paragraphs addressed the following areas for limited assurance engagements:

#### **Risk Assessment:**

- a) Aus 46L.1(a): “identify and assess the risks of material misstatement in the subject matter information” has been used for limited assurance engagements, rather than “identify areas where a material misstatement of the subject matter information is likely to arise”.

The AUASB considered that a risk assessment is necessary in both a limited and reasonable assurance engagement to provide a basis for designing and performing procedures.

#### **Response to Assessed risks:**

- b) Aus 46L.1(b): “respond to assessed risks” has been used for limited assurance engagements, rather than “address the areas identified”.

The AUASB considered that the procedures performed need to respond to assessed risks even if the procedures are more limited in nature and extent in a limited assurance engagement as compared to a reasonable assurance engagement.

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### **Understanding Internal Control:**

- c) Aus 47L.1: “obtain an understanding of internal control over the preparation of the subject matter information” has been used for limited assurance engagements, rather than “consider the process used to prepare the subject matter information”.

The AUASB considered that internal control needs to be understood in both a limited assurance engagement and a reasonable assurance engagement in order to understand the underlying subject matter and other engagement circumstances

3. Two respondents were supportive of the changes in (a) and (b) above, however, were not supportive of (c).
4. Two respondents were supportive of all the Aus paragraph changes to ASAE 3000 as proposed.
5. One respondent’s only comment was specifically in relation to the definition of ‘assurance practitioner’ and ‘to whom the proposed standard is to apply’. On this point we note that the definition of ‘assurance practitioner’ in the proposed ASAE 3000 is not significantly different to the extant ASAE 3000.

The AUASB’s Technical Group’s position on this matter remains to be, that the assurance practitioner must decide if they are conducting an assurance engagement and if they could meet the independence and other ethical requirements. If not they do not purport to undertake an assurance engagement under AUASB standards and do not report as such.

6. Refer for further detailed comments in Agenda Item 5.3 AUASB comments received and proposed disposition paper.

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