

(November 2012)

# *Foreword to AUASB Pronouncements*

Issued by the **Auditing and Assurance Standards Board**



**Australian Government**

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**Auditing and Assurance Standards Board**

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## PREFACE

### **Reasons for Issuing the *Foreword to AUASB Pronouncements***

The Auditing and Assurance Standards Board (AUASB) is an independent statutory committee of the Australian Government, established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act).

The AUASB issues the *Foreword to AUASB Pronouncements* under its powers described in section 227B of the ASIC Act.

## **Main Features**

The *Foreword to AUASB Pronouncements* sets out an overview of the pronouncements and other publications issued by the AUASB.

The *Foreword to AUASB Pronouncements* does not itself establish requirements for the performance of audit, review, other assurance engagements, and related services engagements. Accordingly, the AUASB has not issued the *Foreword to AUASB Pronouncements* for the purposes of the *Corporations Act 2001*.

**AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) formulates the *Foreword to AUASB Pronouncements*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

Dated: 30 November 2012

M H Kelsall  
Chairman - AUASB

## *Foreword to AUASB Pronouncements*

### **Introduction**

1. The purpose of this *Foreword to AUASB Pronouncements* (the “Foreword”) is to set out the range of pronouncements and other publications issued by the Auditing and Assurance Standards Board (the “AUASB”).

### **The Auditing and Assurance Standards Board**

#### **Legislative Mandate**

2. The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*. The AUASB may also formulate other assurance standards and guidance on audit and assurance matters.

### **Pronouncements issued by the AUASB**

3. The AUASB issues framework pronouncements, standards and guidance statements. Diagrams which illustrate the range of pronouncements issued by the AUASB are contained in the Appendices to this Foreword.

#### **Framework Pronouncements**

4. The AUASB issues framework pronouncements to provide information, structure and context to the pronouncements and other publications that it issues. The framework pronouncements comprise:
  - *Foreword to AUASB Pronouncements*;
  - *Framework for Assurance Engagements*; and
  - *AUASB Glossary*.
5. The *Foreword to AUASB Pronouncements* sets out the range of pronouncements and other publications issued by the AUASB.
6. The *Framework for Assurance Engagements* defines and describes the elements and objectives of an assurance engagement, and identifies engagements to which Australian Auditing Standards, Standards on Review Engagements, Standards on Assurance Engagements and Standards on Related Services apply.
7. The *AUASB Glossary* sets out terms that are defined or used in the AUASB Standards.

#### **Standards**

8. The AUASB issues the following types of standards:
  - (a) Australian Auditing Standards;
  - (b) Standards on Review Engagements;
  - (c) Standards on Assurance Engagements; and
  - (d) Standards on Related Services

These standards are collectively referred to in this document as the “AUASB Standards”.

9. Australian Auditing Standards issued by the AUASB comprise:

- (a) Auditing Standards made under section 336 of the *Corporations Act 2001* which include but are not limited to:
  - (i) *ASA 100 Preamble to AUASB Standards*;
  - (ii) *ASA 101 Preamble to Australian Auditing Standards* (applicable to engagements for financial reporting periods commencing on or after 1 January 2010);
  - (iii) *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*;
  - (iv) *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*;
  - (v) *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*; and
  - (vi) *ASRE 2415 Review of a Financial Report – Company Limited by Guarantee*; and
- (b) *ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
- (c) *ASA 810 Engagements to Report on Summary Financial Statements*.

Australian Auditing Standards, whilst developed in the context of financial report audits, are to be applied also, as appropriate, to all audits of other historical financial information.

- 10. Standards on Review Engagements are to be applied to the review of a financial report and the review of other historical financial information.
- 11. Standards on Assurance Engagements are to be applied to assurance engagements dealing with subject matters other than historical financial information.<sup>1</sup>
- 12. Standards on Related Services are to be applied when an assurance practitioner is engaged to undertake engagements other than assurance engagements covered by Australian Auditing Standards, Standards on Review Engagements or Standards on Assurance Engagements.<sup>2</sup>

### **Guidance Statements**

- 13. Guidance Statements are issued when the AUASB wishes to provide guidance on procedural matters; or on entity or industry specific matters.
- 14. Guidance Statements are designed to provide assistance to auditors and assurance practitioners to assist them in fulfilling the objectives of the engagement. Accordingly, Guidance Statements refer to, and are written in the context of:
  - (a) specified AUASB Standards; and
  - (b) where relevant, legislation, regulation or other authoritative publication.
- 15. Guidance Statements, whilst approved and issued by the AUASB, do not establish new principles or amend existing Standards and do not have legal enforceability.
- 16. Guidance Statements contain a specific clause indicating their operative date. A Guidance Statement remains in force until the operative date of any amendment to the Guidance

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<sup>1</sup> Examples of such subject matters include the efficiency and/or effectiveness of an entity's activities, prospective financial information and the effectiveness of internal controls.

<sup>2</sup> Examples of such engagements include: confirming revenue under a lease agreement; assisting management determine if leave provisions have been calculated in accordance with policy; and assisting management determine inventory values and collectability of trade debts.



Statement or until the Guidance Statement is withdrawn by the AUASB. An operative date is one of the features that differentiates a Guidance Statement from an Explanatory Guide.

## **Other Publications**

### **AUASB – Functions and Processes**

17. [\*AUASB – Functions and Processes\*](#) provides information about the AUASB including its functions, mandates, composition, operations and due processes. It is intended to complement the *Foreword to AUASB Pronouncements*.

### **Explanatory Guides**

18. The AUASB issues Explanatory Guides to provide additional information about specific aspects of a standard(s). For example: the *Explanatory Guide to AUASB Standards Applicable to Review Engagements*, explains the historical background to the development of the suite of review standards and when each standard is to be used.
19. Explanatory Guides are *not* Guidance Statements and similarly do not establish or extend requirements for the performance of engagements under the AUASB Standards.

### **AUASB Bulletins**

20. AUASB Bulletins are issued to raise a general awareness of matters that are of interest to auditors and assurance practitioners. They do *not* provide authoritative guidance and do *not* amend existing AUASB Standards or Guidance Statements.

### **Basis of Conclusions**

21. Whenever the AUASB has made decisions on substantive matters relating to the development of a standard, details of the matter, the options considered and the reasons supporting the conclusions made are documented in a *Basis for Conclusions* document.

### **Other Publications**

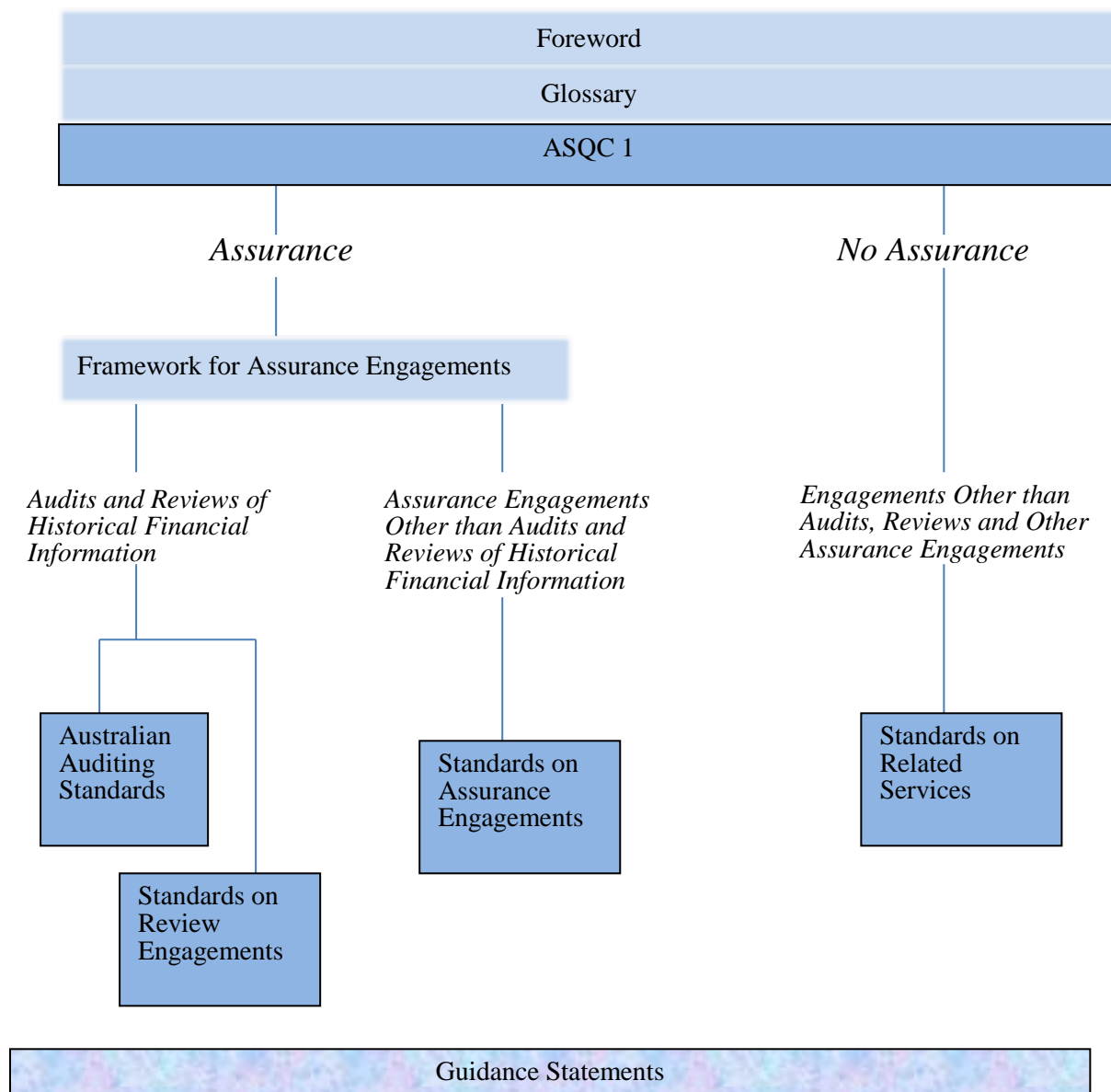
22. The AUASB may also issue other publications, either in its own right or jointly with other bodies, on the auditing and assurance implications of emerging issues. For example: *Audit Committees: A Guide to Good Practice* (issued jointly with the Australian Institute of Company Directors and The Institute of Internal Auditors Australia).

## **Compliance**

23. Auditing Standards issued by the AUASB under the *Corporations Act 2001*, are legally enforceable by the Australian regulator – the Australian Securities and Investments Commission (ASIC). ASIC conduct regular inspection programmes as an integral part of their enforcement responsibilities.
24. Through the standards issued by the Accounting Professional and Ethical Standards Board (APESB), members of the Australian Professional Accounting Bodies are compelled to comply with the requirements of AUASB Standards.
25. Member compliance is enforced through the inspection programmes of the Professional Accounting Bodies, who are also responsible for member disciplinary action.

\* \* \*

**Framework of Pronouncements issued by the AUASB**



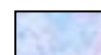
Framework Pronouncements



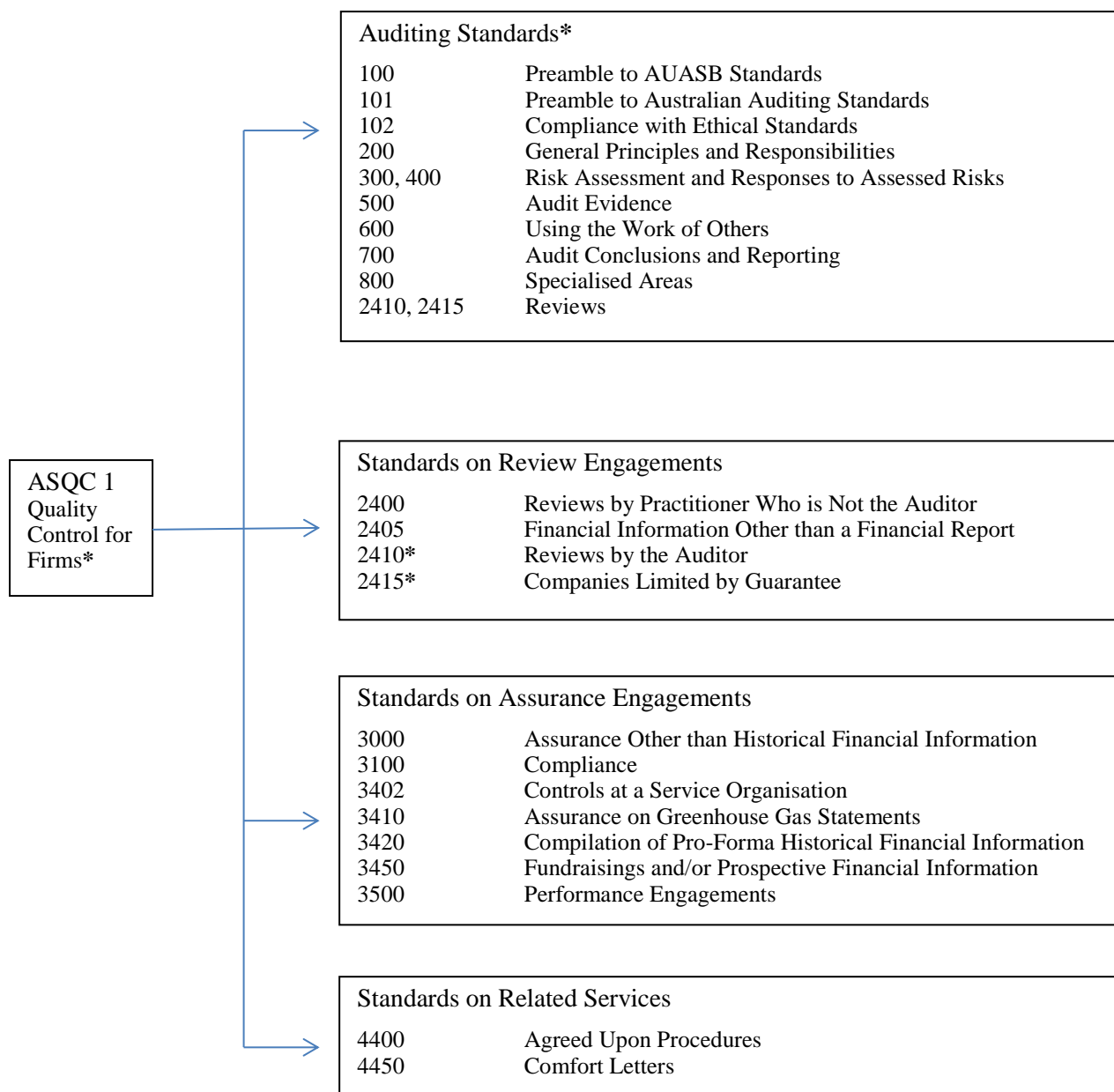
Standards



Guidance Statements



Overview of Numbering System used in AUASB Standards



Legend

\* Standards made under the *Corporations Act 2001*

Notes

Auditing Standards numbered 200 to 2415 (above) denote a series of numbers

Auditing Standards ASA 805 and ASA 810 are not made under the *Corporations Act 2001*