



**Subject:** Highlights of the 39<sup>th</sup> meeting of the AUASB  
**Venue:** Auditing and Assurance Standards Board, Melbourne  
**Date:** 20-21 July 2009

## 1. ASA Redrafting (Clarity Format)

### Project Update

The Board received a further progress report on the “Clarity” project and noted that the project is on-track for completion, as planned, for October this year. The Board will review all the Revised and Redrafted Auditing Standards at the September 2009 meeting, including ASQC 1 and those that were cleared at this July meeting, with the aim of approving them for issue at the October 2009 meeting.

### Clearance of Redrafted Auditing Standards

The Board considered final versions in “Clarity” format of the following proposed Auditing Standards:

- (a) *ASA 210 Agreeing the Terms of Audit Engagements*
- (b) *ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
- (c) *ASA 402 Audit Considerations Relating to an Entity Using a Service Organisation*
- (d) *ASA 505 External Confirmations*
- (e) *ASA 501 Audit Evidence – Specific Considerations for Inventory and Segment Information*
- (f) *ASA 508 Audit Evidence – Specific Considerations for Litigation and Claims*
- (g) *ASA 620 Using the Work of an Auditor’s Expert*
- (h) *ASA 710 Comparative Information – Corresponding Figures and Comparative Financial Reports*

The Board made minor editorial amendments to these proposed Standards, and cleared them for final approval in October this year.

The Board also considered a further consequential amendment to ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports, Other Financial Information, and Other Assurance Engagements*. ASQC 1 has been cleared, for final approval of the Board at the October meeting this year.

## Others

The Board considered a draft of the revised *AUASB Glossary*. The final revised *AUASB Glossary* will be presented to the Board at the 7-8 September meeting this year for approval.

The Board considered a draft of the Regulation Impact Statement (RIS) for the *Redrafting Auditing Standards in Clarity Format*. A revised draft of the RIS will be presented to the Board at the 7- 8 September meeting for approval.

The Board received an update on the status of the revision of the *Framework for Assurance Engagements*, and the *Foreword*. Drafts of both pronouncements will be presented to the Board at the 7-8 September meeting.

## 2. Revision and Withdrawal of Guidance Statements

The Board considered the drafts of proposed Guidance Statements to replace the following:

- (a) AGS 1052 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes*;
- (b) AGS 1058 *Auditing Mortgage Investment Schemes*;
- (c) AGS 1032 *Audit Implications of Accounting for Investments in Associates*; and
- (d) AGS 1040 *Franchising Code of Conduct – Auditor’s Reports*.

The Board required some changes to the above Guidance Statements. The revised drafts for AGS 1052 and AGS 1058 will be circulated to the Board out-of-session for approval. The revised drafts for AGS 1032 and AGS 1040 will be considered further at the 26-27 October 2009 Board meeting.

The Board approved the immediate withdrawal of AGS 1004 *Transitional Arrangements on Changes in Audit Appointments under the Corporations Act 2001*.

## 3. Projects in Progress

The Board received updates on the following projects:

### (a) Specified Assurance Procedures

The Project Advisory Group on the development of a proposed Guidance Statement on *Specified Assurance Procedures* (revision of AUS 904 *Engagements to Perform Agreed-Upon Procedures*) will be provided with an Issues Paper and a detailed proposed outline of the Guidance Statement.

### (b) Fundraisings, Comfort Letters and Privity Letters Requests

An Issues Paper was provided to the Project Advisory Group (PAG) on the project to revise AUS 804 *The Audit of Prospective Financial Information* and AGS 1062 *Reporting in Connection with Proposed Fundraisings* and reissue as a single Assurance Standard. The PAG will be provided with an initial working draft of the Assurance Standard by the end of July.

A PAG on the project to develop and issue a Guidance Statement on *Comfort Letters in Connection with Proposed Fundraisings* has been created. The PAG will be provided with an Issues Paper and a detailed suggested outline of the proposed Guidance Statement in September 2009.

The project to develop and issue a Guidance Statement that will replace AGS 1014 *Privity Letter Requests* will commence in September 2009.

## (c) Bank Confirmation Requests

A PAG on the project to revise and issue a Guidance Statement to replace AGS 1002 *Bank Confirmation Requests* has been organised, and has already met.

## 4. Standard Business Reporting

Mr Paul Madden (Program Director - Standard Business Reporting, Australian Treasury) presented to the AUASB with a further update on the progress of the Australian Government's Standard Business Reporting (SBR) program. The AUASB is considering the implications of SBR on auditing and assurance standards.

## 5. National Greenhouse and Energy Reporting Scheme (NGERS) and Carbon Pollution Reduction Scheme (CPRS)

The Board received an update on the proposed draft NGERS *Audit Determination*.

## 6. Other Matters

### (a) International Matters

- The Board noted the latest International Update on the activities of the IAASB and other national auditing standards setters for the month of June 2009. The International Update is available on the AUASB website.
- The Board noted key outcomes from the 15-19 June IAASB meeting.
- The Board received an update on the activities of the IAASB task forces on *Reviews, Compilations, and Other Alternatives to Audit*, and *Pro Forma Financial Information in Prospectuses*.

### (b) Water Accounting Standards Board (WASB)

The Board noted the presentation of the WASB regarding Water Accounting Standards developments. The Board expressed interest in having further discussions with the WASB in relation to Assurance of Water Accounting Reports.

### (c) Draft Audit Guidelines for Electricity, Gas and Water Licenses

The Board noted the AUASB's written response on the draft *Audit Guidelines for Electricity, Gas and Water Licenses* issued by the Economic Regulation Authority.

***The next AUASB meeting will be held on 7 and 8 September 2009  
at Level 7, 600 Bourke Street, Melbourne.***

***The meeting will be open to the public.***

*Details of the meeting agenda are posted on the AUASB web site [www.auasb.gov.au](http://www.auasb.gov.au) in the week prior to the meeting.*

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