



## AUASB International Update

This Update summarises the significant news of the IAASB, other national auditing standards-setting bodies and professional organisations for the period 3 April 2012 to 21 May 2012.

### International Auditing and Assurance Standards Board (IAASB)

#### 1. IAASB releases 2011 Annual Report – Foundations for the Future

The annual report highlights the IAASB's work in the public interest to strengthen audits globally and build robust standards for audit, assurance and related services, and its commitment to enhance the communicative value and relevance of auditor reporting.

The report covers new and enhanced international standards issued by the IAASB, and draws attention to the IAASB's new guidance material and implementation support. It also spotlights IAASB's continual outreach activities, efforts to maintain strong platforms for dialogue with stakeholders, and to promote the adoption and effective implementation of the clarified International Standards on Auditing (ISAs). The annual report details over 100 outreach activities undertaken during 2011, including liaisons with regulators and investor groups whose input is critical to the future of auditing.

For a copy of the 2011 Annual Report, refer to:

<http://viewer.zmags.com/publication/e1e49f2f#/e1e49f2f/1>

### CANADA

#### The Canadian Institute Of Chartered Accountants (CICA)

##### 1. Auditor's Role and Responsibilities in Capital Markets

The CAASB discussed issues related to the development of a revised standard dealing with the auditor's consent to the use of the auditor's report in an offering document. The revised standard would replace Section 7110, *Auditor Involvement with Offering Documents of Public and Private Entities*, Section 7115, *Auditor Involvement with Offering Documents of Public and Private Entities – Current Legislative and Regulatory Requirements*, and Assurance and Related Services Guideline AuG-30, *The Auditor's Consent and Comfort in Connection with Securities Offering Documents*. The completion of this particular aspect of the project is tentatively targeted for late 2012.

##### 2. Auditor Reporting

The CAASB discussed issues related to the IAASB's high-priority project to revise auditor reporting standards. Some of the issues discussed related to:

- Possible core required elements of auditor's reports (versus optional elements);
- How auditor's reports might better convey matters relevant to an entity's ability to continue as a going concern;

- The nature and extent of insights the auditor’s report might provide on both a company’s activities and the audit; and
- Whether auditor’s reports might explain and clarify technical terms and concepts associated with audits.

### 3. Assurance Engagements

The CAASB discussed issues related to the IAASB’s project to revise ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Information*, including that project’s relationship to the AASB’s project to revise Section 5025, *Standards for Assurance Engagements Other than Audits of Financial Statements and Other Historical Financial Information*. Possible next steps and priorities in Canada were discussed, taking into account the temporary deferral of work on this project by the IAASB while it focuses on its auditor reporting project.

## FRANCE

### Compagnie Nationale Des Commissaires Aux Comptes (CNCC)

There have been no new recent developments.

## GERMANY

### Institut der Wirtschaftsprüfer (IDW)

#### 1. Comments

The IDW commented on the following:

1. COSO’s Exposure Draft “*Internal Control – Integrated Framework*”;
2. Eurostat’s Public Consultation Paper “*Assessment of the suitability of the International Public Sector Accounting Standards for the Member States of 15 February 2012*”.

## NEW ZEALAND

#### 1. Quality Control

The Board approved for exposure an amended PES 3, “*Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*” and a draft of PES 4, “*Quality Control for an Assurance Engagement other than an Audit of Financial Statements.*”

For more information, refer to:

<http://www.xrb.govt.nz>

**2. ISA (NZ) 610 (Revised) Using the Work of Internal Auditors & ISA (NZ) 315 (Revised) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment**

The IAASB has issued ISA 610 (Revised) and ISA 315 (Revised) following its due process. The NZAuASB is now proposing to adopt ISA (NZ) 610 (Revised) and ISA (NZ) 315 (Revised) in New Zealand. Proposed ISA (NZ) 610 (Revised) includes the requirements and guidance that the IAASB have agreed to, but has not yet finalised in ISA 610 (Revised), that specify the conditions and establish responsibilities of the external auditor if the external auditor intends to use internal auditors to provide direct assistance during the audit. It is proposed that ISA (NZ) 610 (Revised) and ISA (NZ) 315 (Revised) will be effective for audits of financial statements for periods ending on or after December 15, 2013.

**SOUTH AFRICA**

**Independent Regulatory Board for Auditors (IRBA)**

There have been no new recent developments.

**UNITED KINGDOM**

**Financial Reporting Council (FRC)**

**1. Consultations on the UK Corporate Governance Code, Stewardship Code and Auditing Standards**

The FRC has begun consultation on proposed revisions to the UK Corporate Governance Code and International Standards on Auditing (UK and Ireland) to give effect to its Effective Company Stewardship proposals. The FRC is also consulting on updates to the Stewardship Code. The UK Corporate Governance Code, which celebrates its twentieth anniversary this year, sets out good practice for UK listed companies on issues such as board composition and effectiveness, risk management, audit committees and relations with shareholders. The Stewardship Code, first published in 2010, sets out good practice for institutional investors on monitoring and engaging with investee companies and reporting to clients and beneficiaries.

For a copy of the consultation document, refer to:

[http://www.frc.org.uk/documents/pagemanager/Corporate\\_Governance/April\\_2012/Cons%20Doc%20UK%20Corp%20Gov%20Code%20and%20Guidance%20on%20Audit%20Committees.pdf](http://www.frc.org.uk/documents/pagemanager/Corporate_Governance/April_2012/Cons%20Doc%20UK%20Corp%20Gov%20Code%20and%20Guidance%20on%20Audit%20Committees.pdf)

**2. FRC publishes Audit Inspection reports on Baker Tilly, Crowe Clark Whitehill, Mazars and PKF**

The Professional Oversight Board, as part of the Financial Reporting Council, has published the findings of the Audit Inspection Unit's (AIU) inspections of the firms listed above. These reports include the inspection findings and key messages specific to each firm and set out in the AIU's views on audit quality based on the 2011/2012 inspections.

For a copy of these reports, refer to:

<http://www.frc.org.uk/pob/audit/publications/>

## UNITED STATES

### **American Institute of Certified Public Accountants (AICPA)**

There have been no new recent developments.

### **Public Company Accounting Oversight Board (PCAOB)**

#### **1. PCAOB enters into cooperative agreement with German audit regulator**

The PCAOB has entered into a cooperative arrangement with the German Auditor Oversight Commission (AOC) relating to the oversight of audit firms subject to the regulatory jurisdictions of both regulators. The agreement takes place immediately. This agreement is a very significant step forward in the PCAOB's pursuit to improve audit quality and protect investors. The PCAOB has previously entered into cooperative arrangements with regulators in two other European Union member states, the United Kingdom and the Netherlands, as well as in Switzerland and Norway. It is continuing to negotiate with regulators in numerous other European countries. Cooperative arrangements have been reached with regulators in North America, the Middle East and Asia. In addition to providing a framework for conducting joint inspections, the arrangement includes provisions governing the exchange of confidential information between the AOC and the PCAOB, consistent with certain provisions of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Those provisions amended the Sarbanes-Oxley Act of 2002 to permit the PCAOB to share confidential information with its non-US counterpart regulators under certain circumstances. The arrangement with the German AOC also includes an agreement on data protection.

For a copy of the associated documents, refer to:

[http://pcaobus.org/International/Documents/Cooperative\\_Agreement\\_Germany.pdf](http://pcaobus.org/International/Documents/Cooperative_Agreement_Germany.pdf)

[http://pcaobus.org/International/Documents/Data\\_Protection\\_Agreement-Germany.pdf](http://pcaobus.org/International/Documents/Data_Protection_Agreement-Germany.pdf)