



Attachment to AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **4.3.2**
Meeting Date: 6 March 2019
Subject: ASQM 2 – Australian Modifications
Date Prepared: 25 February 2019

Matters to Consider

Part A – General

1. The AUASB is requested to review the compelling reason table included below and provide feedback.
 - (a) Table 1 reflects the existing AUS paragraphs within extant ASA 220 and determines whether these paragraphs are still necessary in the context of the proposed ASQM 2.

Part B – NZAuASB

2. The NZAuASB will consider New Zealand amendments as part of their Exposure Outreach. The NZAuASB has issued the IAASB ED with no amendments.

Part C – “Compelling Reasons” Assessment

3. Refer Table below.

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Australian Modifications to Extant ASA 220 Quality Control for an Audit of a Financial Report and Other Historical Financial Information related to ASQM 2

Para #	International Text	Australian Text	ATG Recommendation
Requirements			
<i>Engagement Quality Control Review</i>			
Aus 21.1 <i>In principle as included in extant ASA 220</i>	<p>Deleted paragraph 21 from ASA 220:</p> <p>For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached. 	<p><i>Engagement Quality Control Review</i></p> <p>For audits of financial reports of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements made 	<p>ATG do not recommend any further changes to proposed ED ASQM 2 as the following paragraphs have been included in proposed ED 01/19 – ASQM 1 or ED 02/19 - ASQM 2:</p> <p>ASQM 1 – 33(d)</p> <p>ASQM 2 - 22(e)</p> <p>ASQM 2 - 22(d)(i),(ii) and (iii)</p>

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Para #	International Text	Australian Text	ATG Recommendation
		and supports the conclusions reached. (Ref: Para. A28-A31)	

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