



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**

Meeting Date: 28 October 2013

Subject: ASQC 1 Exposure Draft ED 04/13 ASA 2013-4 *Amendments to Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements*

Date Prepared: 23 October 2013

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide the AUASB with a summary of constituent comments received on the Exposure Draft ED 04/13.

Background

Exposure Draft ED 04/13 was issued on 20 September 2013 and its exposure period closed on 21 October 2013.

The ED contained amendments to ASQC 1 to include within its existing application and scope related services engagements. The amendments are consistent with those contained in the base standard, ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, issued by the IAASB.

Matters to Consider

The AUASB is asked to consider the only submission received on the Exposure Draft, being from the joint accounting bodies (JAB). Refer Agenda Item 5.1 for a copy of the submission. The submission supports the proposals to incorporate related services engagements in ASQC 1.

The submission also recommends that AUASB consider “whether the definition of related services in the AUASB glossary should exclude compilation engagements.”

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

AUASB Technical Group Recommendations

1. Approval of ASA 2013-4

The AUASB Technical Group recommends, in light of the supportive submission received from the JAB and lack of any other comment letters, that the AUASB approve the amendments proposed in ED 04/13, ASA 2013-4.

If such approval is received, the amendments will be combined with those ASQC 1 conforming amendments already contained in ASA 2013-2 *Amendments to Australian Auditing Standards* (related to ASA 610 *Using the Work of Internal Auditors*). Refer Agenda Item 6.7 for a clean version of the proposed Standard (Paragraphs 8-27 are relevant to ASQC 1). Additionally, the amendments will be explained in a combined *Basis for Conclusions* (refer Agenda Item 6.9)

It should be noted OPBR clearance on proposed Standard ASA 2013-4 is currently being sought.

2. AUASB Glossary

In respect of the JAB's suggestion re the AUASB Glossary, the AUASB Technical Group notes that the current AUASB glossary definition is consistent with the IAASB Glossary. However, given that the AUASB has previously agreed not to issue ISRS 4410 *Engagements to Compile Financial Statements* within its suite of Standards on Related Services, and acknowledging that APES 315 *Compilation of Financial Statements* covers this subject matter, the AUASB Technical Group recommends that the existing glossary definition of "related services" should be amended to clarify this point. A suggested definition is as follows:

"Related services engagement means an engagement in which an assurance practitioner does not express an assurance conclusion on subject matter which is the responsibility of another party, but conducts specified procedures, agreed in the engagement terms, to provide a factual findings report to identified intended users."

If the AUASB agrees with the above, the definition can be amended when the AUASB Glossary is next updated.

Material Presented

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	JAB Comments Letter on Exposure Draft ASA 2013-4

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Board to consider and approve	Approval of ASQC 1 amendment	AUASB	28 October 2013	O/S