



AUASB International Update

This Update summarises the significant news of the IAASB, other national auditing standards-setting bodies and professional organisations for the period 19 July to 5 September 2011.

International Auditing and Assurance Standards Board (IAASB)

1. Using the work of internal auditors

In July 2010, the IAASB issued an Exposure Draft proposing revisions to ISAs 315 and 610. At its June 2011 meeting, the IAASB undertook a full review of respondents' comments to the ED. The Task Force has held face-to-face and teleconference meetings in July-August 2011 to reflect on the Board's input and to further develop the proposed revised drafts of ISAs 315 and 610 to respond to the comments. It is anticipated that the International Ethics Standards Board for Accountants' (IESBA) final decision on the actions that may be taken will not be known after its discussion of the IESBA ISA 610 Task Force's recommendations at the October 2011 IESBA meeting. For this reason, approval of proposed revised ISAs 315 and 610 as final standards is slated for the December 2011 IAASB meeting. The IAASB Board members will consider this in the IAASB meeting in September 2011.

For a copy of associated documents, refer to:

<http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0246&ViewCat=1574>

2. Compilation Engagements

The Task Force held two physical meetings in June and July 2011 to complete its review and analysis of the comments received on ED 4410 *Compilation Engagements* and to consider a revised draft of the ISRS. The Task Force also benefited from discussion with representatives of the Federation of European Accountants (FEE) about the proposed ISRS in Brussels in July 2011. The IAASB Board members will consider the significant issues and Task Force proposals and provide input and guidance to the Task Force in finalising the proposed revised ISRS.

For a copy of associated documents, refer to:

<http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0246&ViewCat=1574>

3. The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statement and the Auditor's Report Thereon

The Task Force held a number of meetings 2011 to complete its review and analysis of the comments received on ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statement and the Auditor's Report Thereon* and to consider a revised draft of the ISA. The IAASB Board members will consider the significant issues and Task Force proposals and provide input and guidance to the Task Force in finalising the proposed revised ISA.

For a copy of associated documents, refer to:

<http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0246&ViewCat=1574>

FRANCE

Compagnie Nationale Des Commissaires Aux Comptes (CNCC)

1. Study on the perception of the statutory auditor's 'justification of assessments'

Responding to the interest shown at international and European level for the French auditor's report and its 'justification of assessments', the CNCC asked Footprint>Consultant to independently conduct a study on its behalf, with a view to examine the perception of the statutory auditor's 'justification of assessments' by users of the auditor's report. The general conclusion of this study is that the justification of assessments is globally well perceived within auditor's professional environment. The views gathered nevertheless differ across user categories. This study advances a number of possible improvements to both form and substance and reveals that a vast majority of interviewees in favour of the application of the justification of assessments on an international scale.

A copy of the study can be located below:

http://www.cncc.fr/download/footprintconsultant_reportstudy_va_cncc_fev2011.pdf

GERMANY

Institut der Wirtschaftsprüfer (IDW)

1. Comments

The IDW commented on the following:

1. IPSASB's Exposure Draft *key characteristics of the Public Sector with Potential Implications for Financial Reporting*;
2. IAASB's Exposure Draft *ISAE 3000 (Revised) Engagements Other Than Audits or Reviews of Historical Financial Statements*;
3. IAASB's Exposure Draft *ISAE 3410, Assurance Engagements on Green House Gas Statements*;
4. IAESB's Exposure Draft Proposed Revised *IES 6, Assessment of Professional Competence*; and
5. European Commission Green Paper on the EU corporate governance framework.

NEW ZEALAND

External Reporting Board (XRB)

1. Issue of standards

1. Amended XRB Au1 *Application of Auditing and Assurance Standards*;
2. International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*;
3. International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3402, *Assurance Reports on Controls at a Service Organisations*; and
4. Standard on Assurance Engagements (SAE) 3100, *Compliance Engagements*.

SOUTH AFRICA

Independent Regulatory Board For Auditors (IRBA)

1. The Professional Experience Period

The IRBA holds the view that in order to register as an RA, a candidate must have qualified as a professional accountant and have successfully completed a program of post qualification specialisation in auditing. This view is consistent with that of IFAC as expressed through IES 8.

A copy of the document can be located below:

<http://www.irba.co.za/index.php/education-training-a-professional-development/579?task=view>

UNITED KINGDOM

Auditing Practices Board (APB)

1. Revised guidance on the audit of central government financial statements in the Republic of Ireland

The APB of the FRC issued a revision of Practice Note 10(1), '*Audit of central government financial statements in the Republic of Ireland*'. An exposure draft of the revised Practice Note was issued in March 2011 for public comment. The revised Practice Note updates the current guidance to reflect the issuance of the new ISAs (UK and Ireland) which apply to audits of financial statements for periods ending on or after 15 December 2010.

A copy of the guidance can be located below:

[http://www.frc.org.uk/images/uploaded/documents/PN10\(I\)%20Aug%202011%20Web%20Optimized.pdf](http://www.frc.org.uk/images/uploaded/documents/PN10(I)%20Aug%202011%20Web%20Optimized.pdf)

2. Revised guidance on the audit of friendly societies

The APB of the FRS issued a revision of Practice Note (PN) 24 "The Audit of Friendly Societies in the United Kingdom". A consultation draft of the revised PN was issued in January 2011 for public comment. The revised guidance reflects the provisions of the clarified ISAs (UK and Ireland) which apply to the audit of financial statements of friendly societies for periods ending on or after 15 December 2010 and changes in the legislative and regulatory framework. Enhanced guidance is included in the PN with respect to auditing accounting estimates, materiality and the evaluation of misstatements identified during the audit.

A copy of the guidance can be located below:

<http://www.frc.org.uk/images/uploaded/documents/PN24%20Web%20Optimized%20July%202011.pdf>

UNITED STATES

American Institute of Certified Public Accountants (AICPA)

1. AICPA's article: Filings with the U.S. Securities and Exchange Commission Under the Securities Act of 1933

This Statement on Auditing Standards (SAS) addresses the auditor's responsibilities in connection with financial statements of a non-issuer included or incorporated by reference in a registration statement filed with the U.S Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended.

A copy of the article can be located on the AICPA website:

http://www.aicpa.org/research/standards/auditattest/asb/downloadabledocuments/clarified_sas_sec_filing_s.pdf

2. Clarified SAS letters for underwriters

This Statement on Auditing Standards (SAS) addresses the auditor's responsibilities when engaged to issue letters (commonly referred to as comfort letters) to requesting parties in connection with a non-issuer entity's financial statements included in registration statements filed with the Securities and Exchange Commission (SEC) under the Securities Act of 1933.

A copy of the SAS can be located on the AICPA website:

http://www.aicpa.org/research/standards/auditattest/asb/downloadabledocuments/clarified_sas_letters_for_underwriters.pdf

Public Company Accounting Oversight Board (PCAOB)

1. Roundtable on the Auditor's Reporting Model

The PCAOB will host a public roundtable on 15 September 2011 to discuss its concept release on possible changes to the auditor's reporting model. The objective of the roundtable is to obtain insight from investors and other financial statement users, preparers of financial statements, audit committee members and auditors on the alternatives presented in the concept release for changing the auditor's report. Additionally, the roundtable will provide participants with the opportunity to present other alternatives not discussed in the concept release. The concept release, issued on 21 June 2011, presents several alternatives for changing the auditor's reporting model and seeks comment on these or other alternatives that could provide investors with more transparency into the audit process and more insight into the company's financial statements or information outside the financial statements. The alternatives described in the concept release for changing the auditor's report include an auditor's discussion and analysis, required and expanded use of emphasis paragraphs, auditor assurance on other information outside the financial statements and clarification of language in the standard auditor's report.

For a copy of the briefing paper, refer to:

http://pcaobus.org/Rules/Rulemaking/Docket034/Briefing_Paper.pdf

2. Concept release on Auditor Independence and Audit Firm Rotation

The PCAOB voted to issue a concept release to solicit comment on ways that auditor independence, objectivity and professional scepticism can be enhanced, including through mandatory rotation of audit firms. Comments are due by 14 December 2011. Mandatory audit firm rotation would limit the number of consecutive years for which a registered public accounting firm could serve as the auditor of a public company. The concept release notes that proponents of rotation believe that setting a term limit on the audit relationship could free the auditor, to a significant degree, from the effects of client pressure and offer an opportunity for a fresh look at the company's financial reporting. The concept release also notes that opponents have expressed concerns about the costs of changing auditors and believe that audit quality may suffer in the early years of an engagement and that rotation could exacerbate this phenomenon.

For a copy of associated documents, refer to:

http://pcaobus.org/News/Events/Pages/08162011_OpenBoardMeeting.aspx