



Attachment to AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **8.1**

Meeting Date: 12 September 2011
Subject: Comfort Letters Issues Paper
Prepared By: AUASB Technical Group
Date: 5 September 2011

Issues

The following issues are requested to be considered by the AUASB Board:

1. Relationship with Applicable Standards of other Jurisdictions (Para 8)

Background

The AUASB Technical Group has incorporated wording to deal with situations where auditors are requested to issue comfort letters under another jurisdiction's Standard and not in accordance with this Standard. It is understood from the PAG that this situation will happen and the Standard needs to accommodate this scenario.

Recommendation

The AUASB Technical Group recommends the AUASB Board adopt the suggested wording at paragraph 8.

2. Definition of "Auditor's Statement" (Para 10(c))

Background

As requested by the AUASB Board, the AUASB Technical Group has changed the "negative assurance" terminology and proposes to use "auditor's statement" instead.

Recommendation

The AUASB Technical Group recommends the AUASB Board adopt the suggested change of terminology at paragraph 10(c).

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3. Change period (Para 16(e) and Para 44-54)

Background

The AUASB Technical Group has changed the change period definition from that in SAS 72. SAS 72 contains a “135 day” rule that the auditor cannot extend beyond 135 days from the last audit or review period. The suggested definition (at paragraph 16(e)) means that the auditor cannot extend beyond the beginning of the next financial reporting period from the last audit or review period. The PAG were divided over whether the change period should be specified as a timeframe, and if so, what was appropriate.

Recommendation

The AUASB Technical Group recommends the AUASB Board adopt the suggested change period definition at paragraph 16(e).

AUASB Technical Group Recommendations

The AUASB Technical Group requests the Board to review the issues for discussion, and subsequently approve the Exposure Draft for issue.

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