



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **8**

Meeting Date: 12 September 2011

Subject: Comfort Letters approval

Date: 5 September 2011

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider the proposed Comfort Letters Exposure Draft.

Background

The proposed Exposure Draft (ED) Australian Standard on Related Services (ASRS) ASRS 34XX *Auditors' Comfort Letters* has been substantially updated as requested by the AUASB Board at the 25 July 2011 board meeting. At that meeting, the AUASB Board decided to:

- (a) change the type of Standard from an Australian Standard on Assurance Engagements (ASAE) to an Australian Standard on Related Services (ASRS),
- (b) have U.S Auditing Standard SAS 72 *Letters for Underwriters and Certain Other Requesting Parties* as the underlying standard and make necessary changes to:
 - (i) allow for non-U.S jurisdictions;
 - (ii) reflect Australian references;
 - (iii) ensure consistency with AUASB drafting principles; and
 - (iv) provide Australian illustrative appendices;

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- (c) replace the SAS 72 style terminology of 'negative assurance' with an alternative terminology to make it clear that no assurance is being expressed on any financial information included in the comfort letter; and
- (d) retain appropriate principles and procedures from the previous version of the ED (presented to the Board at the 25 July meeting) that were not reflected in SAS 72 and that are necessary for an Australian Standard.

Subsequent to the 25 July 2011 Board meeting, the AICPA issued the final clarified SAS 72 and the AUASB Technical Group has used this final form in the drafting of this ED.

The updated draft presented is a clean version, as the marked up version is too difficult to read given the volume of changes and the re-organisation of sections. [The marked up version is attached in electronic form only.]

This version also reflects detailed PAG feedback from 23 and 24 August 2011 PAG teleconferences, as well as additional detailed feedback received on 26 and 29 August. It should be noted, given the short timeframe between the receipt of their comments and the preparation of these board papers, that the PAG have not had the opportunity to comment on this updated ED, having only received a copy after the board papers were finalised.

Matters to Consider

The AUASB Board is requested to consider the following:

- (a) Issues Paper [Agenda Item: 8.1]; and
- (b) Updated Exposure Draft (clean version) [Agenda Item: 8.2]

A PAG teleconference meeting to receive their final ED comments is scheduled for 14 September. After reflecting any appropriate PAG comments, the AUASB Technical Group proposes to circulate the final ED to the AUASB Board by 23 September, with out of session approval requested by close of business 28 September.

Material Presented

Agenda Item 8	Board Meeting Summary Paper
Agenda Item 8.1	Attachment to Board Meeting Summary Paper - Issues Paper
Agenda Item 8.2	Exposure Draft (Clean Version)
Agenda Item 8.3	Exposure Draft (Marked Up Version [electronic copy only])
Agenda Item 8.4	Final Issued SAS 72 Letters for Underwriters and Certain Other Requesting Parties

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