



Consideration of ISRE 2400

Recommendations

1. ISRE 2400 **should be adopted**.
2. ISRE 2400 **should replace** existing ASRE 2400.
3. ISRE 2400 **should be amended** for those matters listed at Agenda Item 9.6
4. The application date for the new standard should be for financial reporting periods commencing on or after **1 July 2013** (thereby enabling due process).

Consideration should be given to allowing early adoption because:
 - (a) The standard is designed to “stand-alone” and is therefore not dependent or linked to compliance with other standards.
 - (b) It enables consistency with ISRE 2400 (financial reporting periods ending on or after 31 December 2013).
 - (c) The standard could be applied for reviews of financial reporting periods ending 31 March 2013 and 30 June 2013.
 - (d) Practitioners should be able to comply with the new standard quite easily as requirements have not been substantively changed from existing practice in Australia.
5. **Minimum changes** to the other review standards, ASRE 2405, ASRE 2410 and ASRE 2415. Amendments to be limited to necessary consequential changes of an editorial nature.

Reasons Supporting Recommendations

The above recommendations are based on an initial analysis of various aspects of the IAASB’s new review standard, ISRE 2400. The following table summarises the main conclusions and references to the supporting papers:

	Summary of conclusions	Agenda Item
1	The comparison of ISRE 2400 to the existing ASRE 2400 reveals only a limited number of potential amendments. There are no apparent fundamental changes to the approach, assurance and reporting requirements. The quality of ISRE 2400 is much improved by updating and clarifying the standard.	9.5
2	The comparison of ISRE 2400 to the existing ASRE 2410 reveals a significant number of differences. However, these differences comprise either: <ul style="list-style-type: none"> • improved detail (clarity) on obligations without introduction of substantive changes to the approach, the assurance obtained/given, or reporting [such as understanding the business]; or • incorporating requirements that would ordinarily be reasonably expected [such as the requirement for the auditor to remain alert for related party transactions or relationships]. 	9.8

	Summary of conclusions	Agenda Item
3	The initial suggested additions to requirements are a reflection of current practice and if not made to ISRE 2400 would affect the quality of (future) reviews in the Australian environment. Suggested changes: <ul style="list-style-type: none"> • gain an understanding of internal control as related to the preparation of the financial report • include an Emphasis of Matter paragraph to highlight a material uncertainty 	9.6
4	ISRE 2400 should be amended to apply only to the review of a financial report, thereby recognising the (ongoing) existence of ASRE 2405.	9.6 & 9.9
5	The identified implications of adopting, or not adopting, ISRE 2400 do not appear to be substantive. If ISRE 2400 is adopted, the consequential changes to the other review standards appear negligible.	9.9

Comment only

With reference to the detailed comparison of the requirements in the revised ISRE 2400 and ASRE 2400 provided at Agenda Item 9.5:

It is important to note that in a significant number of instances, the requirements in revised ISRE 2400 result in a much improved articulation of the practitioner's obligations. The expanded details contribute to ISRE 2400 standing alone and thereby minimising the practitioner's need to look elsewhere for clarification of requirements.

The improved details do *not* impose additional requirements that a practitioner would not reasonably be expected to perform under the existing ASRE 2400, laws and regulations, other relevant standards (such as ASA 100 and ASQC 1) and the professional and ethical standards (APESs). In some cases, Australian requirements are specified in broad high level terms whereas ISRE 2400 requirements are expressed in detail but with no significant difference in work effort.

Accordingly, in these instances, there is no apparent reason for considering amendment to the revised ISRE 2400.
