



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **11**

**Meeting Date:**               10 September 2013

**Subject:**                     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:**             20 August 2013

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

To inform the AUASB and seek approval for proposed amendments to ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements*. The proposed amendments are to include in its application, related services engagements performed in accordance with Standards on Related Services.

## Background

ASQC 1 was issued in October 2009, and is applicable to audits, reviews and other assurance engagements conducted in accordance with Australian Auditing Standards (ASAs), Standards on Review Engagements (ASREs) and Standards on Assurance Engagements (ASAEs). ASQC 1 was based on, and conformed to, IAASB Standard ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Financial Information and Other Assurance and Related Services Engagements* (December 2009), with the exception that ASQC 1 at the time, did not apply to related services engagements.

When ASQC 1 was issued by the AUASB in October 2009, the AUASB had not issued any Standards on Related Services. Subsequently, ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings* was issued in June 2011, and ASRS 4450 *Comfort Letter Engagements* in May 2012. Accordingly, ASRSs now need to be included in the scope of ASQC 1 to conform with the scope of ISQC 1.

## Matters to Consider

### *Proposed Amendments*

The following amendment to ASQC 1 is proposed:

- Amend ASQC 1 to include under its application, engagements conducted in accordance with Standards on Related Services. This ensures conformity with ISQC 1 with respect to its application to related services engagements. *Note: It is not proposed to change the title of ASQC 1, as this would*

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*require conforming amendments to all existing AUASB Standards that currently reference ASQC 1 (i.e. the majority of AUASB Standards issued).*

Note:

- (a) The *Foreword to AUASB Pronouncements* (November 2012) already includes a reference to the AUASB issuing Standards on Related Services and therefore requires no amendment.
- (b) *ASA 100 Preamble to AUASB Standards* (April 2006) already includes a reference to the AUASB issuing Standards on Related Services and therefore requires no amendment.
- (c) The *Framework for Assurance Engagements* (April 2010) consistent with the IAASB equivalent document, does not include a reference to Standard on Related Services. This is appropriate as its application is only to Assurance Engagements (i.e. engagements providing assurance), covered by Australian Auditing Standards (ASAs), Standards on Review Engagements (ASREs) and Standards on Assurance Engagements (ASAEs).

#### *Proposed Timeframe*

It is recommended that the Exposure Draft of the proposed Amending Standard, incorporating the proposed amendments, be exposed for 30 days. Furthermore, it is recommended that the amendments once approved by the AUASB, be included to the impending compilation of ASQC 1. This compilation would include existing conforming amendments proposed within Exposure Draft 03/13 ASA 2013-2 *Amendments to Australian Auditing Standards re ASA 610 Using the Work of Internal Auditors*.

#### **AUASB Technical Group Recommendation**

The AUASB Technical Group recommends that the AUASB approves the proposed amendments to ASQC 1 for an exposure period of 30 days.

#### **Material Presented**

Agenda Item 11	AUASB Board Meeting Summary Paper
Agenda Item 11.1	Proposed Amending Standard ASA 2013-3 <i>Amendments to Australian Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements</i>
Agenda Item 11.2	ASQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements</i> (Compiled, as at June 2011) [electronic only]
Agenda Item 11.3	ISQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Financial Information and Other Assurance and Related Services Engagements</i> [electronic only]

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#### **Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to consider and approve	Approval	AUASB	10 Sept 2013	O/S

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