

# AUSTRALASIAN COUNCIL OF AUDITORS-GENERAL

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30 August 2008

Ms Merran Kelsall  
Chairman  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
VIC 8007

Dear Ms Kelsall

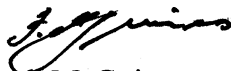
**EXPOSURE DRAFT 07/08 PROPOSED AUDITING STANDARD ASA 315  
IDENTIFYING AND ASSESSING THE RISKS OF MATERIAL MISSTATEMENT  
THROUGH UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT (REVISED  
AND REDRAFTED) (RE-ISSUANCE OF ASA 315)**

Members of the Australasian Council of Auditors-General (ACAG) have been canvassed and submit the attachment in response to the Exposure Draft referred to above.

The views expressed in this submission represent those of all Australian members of ACAG with the exception of the Auditor-General for South Australia, who reserves his right to respond separately to auditing and accounting Exposure Drafts, where he deems it appropriate, rather than as a member of ACAG.

The opportunity to comment is appreciated and I trust you will find the attached comments useful.

Yours sincerely



Frank McGuinness  
Chairman  
ACAG Financial Reporting and Auditing Committee

**Exposure Draft 07/08 Proposed Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment* (Revised and Redrafted) (Re-issuance of ASA 315)**

ACAG has reviewed the Revised Exposure Draft and provides responses to the five questions indicated and an overall comment.

**1. Have applicable laws and regulations been appropriately addressed in the proposed standard?**

All applicable laws and regulations have been appropriately addressed in the proposed standard that are relevant.

**2. Are there any references to relevant laws or regulations that have been omitted?**

There have been no references to relevant laws or regulations omitted.

**3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?**

We are not aware of any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard.

**4. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the Requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of the audit services?**

There are no additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the Requirements of the proposed ASA 315. The requirements of the proposed standard are consistent with those in the current ASA 315.

**5. Are there any other significant public interest matters that constituents wish to raise?**

There are no other significant public interest matters that we wish to raise.

## **Additional Comments**

We recommend that following minor changes be made to the proposed ASA 315:

1. Under paragraph A3, the second sentence should read 'The auditor's primary consideration is whether the understanding that has been obtained is sufficient to meet the objective stated in this **ASA**'. This will ensure consistency with the remainder to the standard.
2. Paragraph A6, first dot point contains a grammatical error and should read 'Enquiries directed towards those charged with governance may help the auditor understand the environment in which the financial report **is** prepared'.