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29 August 2008

Dear Merran

***ED 5/08: Proposed Auditing Standard ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report***

***ED 6/08: Proposed Auditing Standard ASA 260 Communication with Those Charged with Governance***

***ED 7/08: Proposed Auditing Standard ASA 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment***

***ED 8/08: Proposed Auditing Standard ASA 330 The Auditor's Responses to Assessed Risks***

Grant Thornton Australia Limited. (Grant Thornton) is pleased to comment on the Auditing and Assurance Standards Board's ED 5/08: Proposed Auditing Standard ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report; ED 6/08: Proposed Auditing Standard ASA 260 Communication with Those Charged with Governance; ED 7/08: Proposed Auditing Standard ASA 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment; and ED 8/08: Proposed Auditing Standard ASA 330 The Auditor's Responses to Assessed Risks


Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses.

Grant Thornton supports the release of Australian Auditing Standards based on the proposals contained in EDs 5-8/08. Our specific comments on the Proposals are contained in the attached Appendix.

As a general philosophy, given the commitment to International Auditing Standards, our preference would be for all Australian Auditing Standards to use the exact numbering system of the equivalent International Statement of Auditing Standards issued by the International Auditing and Assurance Standards Board (IAASB) which for the above EDs would be ISA 240, ISA 260, ISA 315 and ISA 330 and to refer to the Standards as Australian and International Auditing Standard ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report etc. This would make it clear to readers of Australian Audit Reports that the requirements of the International Auditing Standards have been complied with.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly  
National Head of Professional Standards

## Appendix

Grant Thornton supports the release of EDs 5-8/08 as Australian Auditing Standards with the proposed changes from the existing ASAs on the basis of conformity with the respective ISAs. In addition as requested in ED 5-8/08 our specific comments raised in the ED are as follows:

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

Yes.

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

No, not that we are aware of.

- 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?

No, not that we are aware of.

- 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 audit services?

The major benefit is the alignment of the proposed ASAs with the equivalent ISAs. We do however suggest that the AUASB should use exactly the same referencing to that of the equivalent ISA – e.g. ISA 240 Australian and International Auditing Standard

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

Apart from using the exact referencing to the equivalent ISAs, we do not believe that there are any other significant public interest matters to consider.