



AUSTRALASIAN
COUNCIL OF
AUDITORS-GENERAL

18 May 2009

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne, Victoria 8007

Dear Ms. Kelsall

ED 10/09, Proposed Auditing Standard ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information* (Revised and Redrafted)

Attached is the Australasian Council of Auditors-General (ACAG) response to the Exposure Draft referred to above.

The views expressed in this submission represent those of all Australian members of ACAG.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon O'Neill', with a horizontal line extending to the right.

Simon O'Neill
Chairman
ACAG Financial Reporting and Auditing Committee

Exposure Draft 10/09 Proposed Auditing Standard ASA 220 Quality Control for an Audit of a Financial Report and Other Historical Financial Information (Revised and Redrafted)

ACAG has reviewed the proposed standard and provides comments below.

Comment on the ASA 220

General Comment

We support the proposed changes to ASA 220. The proposed standard has expanded requirements and guidance from extant ASA 220, which will ensure that quality control procedures are applied consistently in practice.

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

Yes – we believe applicable laws and regulations have been adequately addressed in the proposed standard.

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

No – we believe the proposed standard will adequately capture any other legislative instruments impacting the conduct of an audit.

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 – we do not believe current laws or regulations will 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 audit services?

We do not believe there are any additional significant costs to the auditors and the business community arising from compliance with the requirements of the proposed auditing standard.

The costs of complying with this standard, which is based on ISQC1, should be relatively small given that assurance practitioners will have already incurred the costs of complying with APES 320 which also draws heavily on ISQC1.

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

No – we have not identified any other significant interest public sector matters.

Other Comments

In application paragraph A10, we note that internal experts become part of the audit team when they “perform audit procedures”. “Audit procedures” however, remains undefined. The point at which the expert becomes part of the engagement team is therefore also unclear. Internal consultations occur widely, some offering broad advice on policy and procedures and other advice is more specific to issues arising.

Further guidance on the extent or nature of the consultations that can take place without an internal expert staff member being considered part of the engagement team would be helpful.