



AUSTRALASIAN  
COUNCIL OF  
AUDITORS-GENERAL

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18 May 2009

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

Dear Ms Kelsall,

**ED 11/09, Proposed Auditing Standard ASA 210 *Agreeing the Terms of Audit Engagements* (Revised and Redrafted) (Re-Issuance of ASA 210)**

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 11/09 Proposed Auditing Standard ASA 210 Agreeing the Terms of Audit Engagements (Revised and Redrafted) (Re-issuance of ASA 210)**

ACAG has reviewed the proposed standard and provide comments below.

**Comment on the Main Changes from extant ASA 210**

***General Comment***

We support the main changes to the proposed standard.

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

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?**

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?**

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 main changes to the requirements of the proposed auditing standard.

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

We do not have any other significant public interest matters to comment on.

***Other Comment***

**1. Acknowledgement**

We acknowledge the inclusion of paragraphs recognising that certain audits may be required by legislation in circumstances where requirements of this standard would not otherwise be met. This is an important consideration for Auditors-General whose mandate is under legislation.

## 2. Reference to Management

We note paragraph 5 states that:

*For the purposes of this auditing standard, references to "management" should be read hereafter as "management and where appropriate, those charged with governance."*

The reference to management may be misconstrued when other standards make clear distinctions between management and those charged with governance, for example, in:

- paragraph A16 in the proposed ED 12/09 ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*
- paragraph 13 in ASA 300 *Planning an Audit of a Financial Report*
- paragraph 17 in ASA 700 *The Auditor's Report on a General Purpose Financial Report*.

Accordingly, we suggest the deletion of the above paragraph "For the purposes ..." and propose that the terms "management" and "those charged with governance" be used where required for clarity.

## 3. Various references and formatting matters

We suggest:

- paragraph A8, 3<sup>rd</sup> dot point should include a reference to a footnote that states that the AASB is the accounting standard setting body in Australia
- paragraph A25 should give similar guidance as per paragraph 15 of extant ASA 210 which states that subsidiary, branch or division are components.
- footnotes on page 10 should align with numbering:
  - footnote 1 relates to page 10, but is on page 9
  - footnote 23 relates to page 33, but is on page 32.