



11 May 2009

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

Dear Ms. Kelsall,

**ED 16/09 PROPOSED AUDITING STANDARD ASA 620 USING THE WORK OF
AN AUDITOR'S EXPERT (Revised and Redrafted) (Re-issuance of ASA 620)**

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

Simon O'Neill
Chairman
ACAG Financial Reporting and Auditing Committee

**ED 16/09 Proposed Auditing Standard ASA 620 *Using the Work of an Auditor's Expert*
(Revised and Redrafted) (Re-issuance of ASA 620)**

ACAG has reviewed the proposed standard and provide comments below.

Comment on the Main Changes from extant ASA 620

General Comment

We support the main changes to the proposed standard. Although the proposed standard contains expanded Requirements from extant ASA 620, they are beneficial in:

- facilitating a more efficient audit plan when the work of an auditor's expert is required
- reducing possible instances where an audit is unduly delayed because of a disagreement between the auditor and the auditor's expert.

Reference to the Auditor's Expert in the Auditor's Report

Paragraph 15 of the proposed standard requires a statement to be included in the Auditor's Report regarding the auditor's responsibility for an opinion that makes reference to the work of an auditor's expert. We recommend the proposed standard include additional guidance as to where such a statement should be communicated in the Independent Auditor's Report. That is, should the statement be included under the 'Auditor's Responsibility' paragraph, the 'Basis for Modification' paragraph or the 'Modified Opinion' paragraph. Additional guidance on this matter will promote consistency and the user's comprehension of Auditor's Reports issued in accordance with Australian Auditing Standards.

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.

Where the main changes include expanded requirements relating to increased/improved documentation on the engagement of an auditor's expert, there may be associated costs for a firm to ensure compliance with the proposed auditing standard. Associated costs include changes to office policies, procedures and templates and addressing training needs. The cost to each firm will depend upon the firm's current practices.

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 Comments

Application paragraph A9

With regards to the last dot point of application paragraph A9:

- We believe that this paragraph was not meant to be a dot point but a separate paragraph. (Compare application paragraph A9 in ISA 620)
- For consistency purposes, we suggest that the reference to 'ASA 500 (Redrafted)' be amended to 'ASA 500 (Revised and Redrafted)'.