

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

7 April 2009

Dear Ms Kelsall,

**Re: Exposure Draft ED 01/09 to 08/09**

We appreciate the opportunity to comment on the following exposure drafts (the “ED’s”) as developed by the Australian Auditing and Assurance Standards Board (the “AUASB”):


- ED 01/09 Proposed Auditing Standard ASA 500 *Audit Sampling* (Revised and Redrafted)(Re-issuance of ASA 500).
- ED 02/09 Proposed Auditing Standard ASA 501 *Audit Evidence – Specific Considerations for Selected Items* (Revised and Redrafted)(Re-issuance of ASA 501).
- ED 03/09 Proposed Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (Revised and Redrafted)(Re-issuance of ASA 700).
- ED 04/09 Proposed Auditing Standard ASA 705 *Modifications to the Opinion in the Independent Auditor’s Report* (Revised and Redrafted)(Re-issuance of ASA 701).
- ED 05/09 Proposed Auditing Standard ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report* (Revised and Redrafted)(Re-issuance of ASA 701).
- ED 06/09 Proposed Auditing Standard ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks* (Revised and Redrafted)(Re-issuance of ASA 800).
- ED 07/09 Proposed Auditing Standard ASA 805 *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement* (Revised and Redrafted)(Re-issuance of ASA 800).
- ED 08/09 Proposed Auditing Standard ASA 810 *Engagements to report on Summary Financial Statements* (Revised and Redrafted)(Re-issuance of ASA 800).

Overall, we agree with the AUASB's approach to conform to the revised International Standards on Auditing, issued by the International Auditing and Assurance Standards Board and therefore, are supportive of the main changes to the standards.

The above EDs 03/09, 04/09 and 05/09 and 06/09, 07/09 and 08/09 are interlinked as they all relate to the reporting aspects of an audit engagements. We believe it would assist practitioners if the Board provided guidance as to how the revised standards work with each other in a similar way to the Explanatory Guide to AUASB Standards Applicable to Review Engagements. Furthermore due to the changes in terminology for modified opinions and increased use of emphasis of matter paragraphs in ED 06/09 we believe there is a need to educate users of these changes and what it means to them as users of the various types of audited financial information.

Attachment 1 to this letter sets out our specific comments in respect of individual ED's. We have no additional comments on the five questions on which the AUASB is specifically seeking a response.

Yours sincerely,  
Deloitte Touche Tohmatsu



Kristen Wydell  
Partner

## ATTACHMENT 1 Specific comments on the ED's

ED 06/09 Proposed Auditing Standard ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks* (Revised and Redrafted) (Re-issuance of ASA 800).

Paragraph	Comment
Aus 6.1 and Aus 7.1	<p>The Board has deleted paragraphs 6.1(a) and 7.1 and replaced them with Aus 6.1 and Aus 7.1. This change appears to have been made to allow for the inclusion of directors' declarations as a component of special purpose financial reports.</p> <p>To improve consistency with the ISA standard we recommend the Board re-instate the deleted paragraphs, delete paragraph Aus 7.1 and amend paragraph Aus 6.1 to state that a special purpose financial report may also include a directors' declaration about the statements and notes.</p>

ED 08/09 Proposed Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements* (Revised and Redrafted) (Re-issuance of ASA 810).

Paragraph	Comment
4(c)	<p>This paragraph defines summary financial statements, a concise financial report prepared in accordance with AASB 1039 <i>Concise Financial Reports</i> would appear to meet this definition.</p> <p>Without clear guidance from the Board in relation to the application of this standard to a concise financial report there may be confusion or inconsistent application of either the ASA or the Guidance Statement GS 001 <i>Concise Financial Reports</i>.</p> <p>We recommend that the Board provide clarity as to how the two pronouncements interact.</p>
12 & 13	<p>Paragraph 12 identifies that the auditor's report on summary financial information may be dated later than the date of the auditor's report on the audited financial report. Paragraph 13 provides the requirements for the auditor if they become aware of events that existed at the date of the auditor's report but of which they were previously unaware.</p> <p>We believe that the ED is unclear as to what action, if indeed any, is required to be undertaken by the auditor should they become aware of subsequent events that have not been reflected in the summarised financial statements. If material subsequent events were not taken into account in the preparation of the summarised financial report there is potential for users to be misled.</p> <p>We recommend that the Board consider addressing this concern either by providing additional guidance in relation to the auditor's obligation to consider subsequent events when reporting on summarised financial statements or providing guidance in relation to the acceptance of engagements to report on summarised financial statements when a significant period of time has elapsed since the auditor issued</p>

Paragraph	Comment
	their opinion on the audited financial report.
14 & Example opinions	<p>Paragraph 14 sets out the requirements for the auditor's report on summarised financial information. These requirements are reflected in the example reports. The example reports state "Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Australian Auditing Standard ASA 810...". We believe that this does not provide the users with sufficient understanding of what procedures were undertaken by the auditor.</p> <p>We recommend that the Board consider amending the example opinions to be more aligned with the example opinions in GS 001 which briefly describes the types of procedures performed by the auditor.</p>
Example opinion #3	<p>This is an example opinion for a summarised financial report where the audited financial report was qualified.</p> <p>We believe that the fact that the audited financial report has been qualified is not sufficiently prominent in the example opinion. For example the heading is "opinion" not "qualified opinion" and the opening sentence in the opinion section is unqualified, the limitation arising from the qualification is contained in the second sentence.</p> <p>We recommend that the Board considers placing greater emphasis on the auditor's qualification of the audited financial statements.</p>