

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007
24 July 2009

Dear Ms Kelsall,

Re: Exposure Draft ED 18/09 to ED 20/09

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"):

- Exposure Draft 18/09 Proposed Auditing Standard ASA 101 *Preamble to Australian Auditing Standards (Revised and Redrafted)*.
- Exposure Draft 19/09 Proposed Auditing Standard ASA 520 *Analytical Procedures (Revised and Redrafted) (Re-issuance of ASA 520)*.
- Exposure Draft 20/09 Proposed Auditing ASRE 2410 *Review of a Financial Report by the Independent Auditor of the Entity (Revised and Redrafted) (Re-issuance of ASRE 2410)*.

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.

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

We would be pleased to discuss our comments with members of the Board or its staff. If you wish to do so, please do not hesitate to contact me on 02 9322 5060 or Bernadette Dillon on 02 9322 7423.

Yours sincerely,

Deloitte Touche Tohmatsu



Kristen Wydell
Partner

ATTACHMENT 1 Specific comments on the ED's

Exposure Draft 18/09 Proposed Auditing Standard ASA 101 *Preamble to Australian Auditing Standards (Revised and Redrafted)*

Paragraph	Comment
	<p>Proposed Auditing Standard ASA 101 (Exposure Draft 18/09) will not replace or amend ASA 100 <i>Preamble to AUASB Standards</i> which will apply to all AUASB standards other than the (revised) Auditing Standards. There will therefore be two Preambles in effect.</p> <p>ASA 100 was originally drafted to assist all stakeholders interpret and understand the Auditing Standards in light of their “force of law status.” Given ASA 101 is now the Preamble which applies to those standards, the need for ASA 100 is not clear and has the potential to create confusion.</p> <p>Accordingly, we recommend the AUASB reconsider, or make clear, their decision to issue two separate Preambles.</p>
5,6	<p>Paragraphs 5 and 6 refer to “paragraph Aus 2.1.” It is not clear what paragraph 2.1 is.</p> <p>We recommend the AUASB clarify reference to paragraph Aus 2.1.</p>
11	<p>Paragraph 11 states “Accordingly, the Auditing Standards made under section 336 of the Act apply specifically to:</p> <p>(b) an audit of a profit and loss statement and balance sheet conducted under Part 7.8 of the Act.”</p> <p>Section 989CA states that if an audit firm conducts an audit of a profit and loss statement and balance sheet, the audit report must include any statements or disclosures required by the auditing standards. Corporations Regulations 7.8.13(1) requires that audit report to be in “prescribed form,” being ASIC Form FS 71. ASIC Form FS 71 does not, however, contain all the statements or disclosures required by the auditing standards, and, therefore, the auditor is caught between two conflicting requirements of the law. For example, ASIC Form FS 71 does not include:</p> <ul style="list-style-type: none"> • A section headed “management’s responsibilities” and certain applicable statements and disclosures. • A section with the heading “auditor’s responsibility” and certain applicable statements and disclosures. <p>We recommend the AUASB liaise with ASIC to ensure the audit/review report includes all statements and disclosures required by the auditing standards.</p>

Exposure Draft 20/09 Proposed Auditing ASRE 2410 *Review of a Financial Report by the Independent Auditor of the Entity (Revised and Redrafted)*(Re-issuance of ASRE 2410)

Paragraph	Comment
11	<p>ED 20/09 contains the new (clarity) requirements concerning the terms of the engagement, which are contained in the revised and re-drafted Auditing Standard ASA 210 <i>Agreeing the Terms of Audit Engagements</i>. However, the AUASB has not updated other requirements to be in line with other (clarity) requirements contained in the revised and re-drafted Auditing Standards. For example:</p> <ul style="list-style-type: none">• Revised and Redrafted ASA 580 requires the auditor to issue a disclaimer of opinion in the event that management refuse to provide a written representation that the auditor considers necessary, however, ED 20/09 states that the auditor shall issue either a qualified conclusion or a disclaimer of conclusion.• Revised and Redrafted ASA 700 has enhanced its requirements around the content of the auditor's report, which are not reflected in ED 20/09. <p>It is unclear why the AUASB has elected to update the requirements around terms of engagements, but not others.</p>