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29 August 2008

Dear Ms Kelsall

### **Exposure Drafts 05/08, 06/08, 07/08 & 08/08**

We are pleased to have the opportunity to comment on the following Exposure Drafts:

- 05/08 Proposed Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*
- 06/08 Proposed Auditing Standard ASA 260 *Communication with Those Charged with Governance*
- 07/08 Proposed Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment*
- 08/08 Proposed Auditing Standard ASA 330 *The Auditor's Responses to Assessed Risks*

We understand that these standards are being revised and redrafted to align with the "Clarity" International Standards on Auditing issued by the IAASB and are supportive of this alignment.

### **Comments in relation to specific matters raised by the Board**

There are a significant number of paragraphs that have been elevated from guidance in the extant standards to requirements in these exposure drafts, as well as a number of entirely new requirements. Whilst the analysis of the standards that has been prepared may appropriately describe these as being "not inconsistent with Australian practice", they may result in additional documentation obligations for the auditor.



It is difficult to quantify the impact of any additional documentation, however, we believe this should be acknowledged by the AUASB in communications about the issue of these standards.

**Other issues**

Paragraph 14 in extant ASA 330 *The Auditor's Responses to Assessed Risks* does not appear in exposure draft 08/08. There is also no comment in the table of differences in exposure draft 08/08 to explain the omission.

We would be pleased to discuss our comments with members of the AUASB or its staff. If you wish to do so, please contact me on (02) 9335 8749.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julian Bishop', written in a cursive style.

Julian Bishop  
Partner