



**Exposure Draft of Proposed Standard: APES 310 Conformity with Auditing and Assurance Standards (Formerly APES 410)**

Prepared and issued by **Accounting Professional & Ethical Standards Board Limited**

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## **Commenting on this Exposure Draft**

Comments on this Exposure Draft should be forwarded so as to arrive by **30 June 2008**.

Comments should be addressed to:

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A copy of all submissions will be placed on public record on the APESB website: [www.apesb.org.au](http://www.apesb.org.au).

## **Obtaining a copy of this Exposure Draft**

This Exposure Draft is available on the APESB website: [www.apesb.org.au](http://www.apesb.org.au). Alternatively, any individual or organisation may obtain one printed copy of this exposure draft without charge until 30 June 2008 by contacting:

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## **Reasons for issuing Exposure Draft <XX/08>**

Accounting Professional & Ethical Standards Board Limited (APESB) proposes to issue the Standard APES 310 *Conformity with Auditing and Assurance Standards* to replace the existing APES 410 of the same name. Subsequent to the issue of APES 410 in 2006, APESB developed the *Due process and working procedures for the development and review of APESB pronouncements*. Due to the development of the APESB framework the existing APES 410 needs to be updated and reissued to ensure consistency with the APESB framework and other APESB pronouncements.

## **Key requirements and guidance in ED <XX/08>**

The proposed APES 310 includes mandatory requirements and guidance in respect of:

- Fundamental responsibilities of Members;
- Application of Auditing and Assurance Standards;
- Application of Auditing and Assurance Guidance;

### **Key changes:**

Key changes in ED XX/08 compared to APES 410:

- Inclusion of section on the Fundamental responsibilities of Members;
- Updating the ED to be consistent with the APESB Framework and drafting conventions;
- Removal of explanatory material on the interpretation of Auditing and Assurance Standards and Guidance.

## **Proposed operative date**

It is intended that this Standard will be operative with an effective date of 01 January 2009.

## **Request for comments**

Comments are invited on this Exposure Draft of APES 310 *Conformity with Auditing and Assurance Standards* by **30 June 2008**. APESB would prefer that respondents express a clear overall opinion on whether the proposed Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. APESB regards both critical and supportive comments as essential to a balanced view of the proposed Standard.

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# APES 310

## CONFORMITY WITH AUDITING AND ASSURANCE STANDARDS

(Issued <insert Date Year>)

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## 1. Scope and application

- 1.1 Accounting Professional & Ethical Standards Board Limited (APESB) issues professional standard APES 310 *Conformity with Auditing and Assurance Standards (the Standard)*, which is effective from 01 January 2009.
- 1.2 APES 310 sets the standards for Members in Public Practice involved in the conduct of Assurance Engagements and related services Engagements. The mandatory requirements of this Standard are in **bold** type, preceded or followed by discussion or explanations in grey type. APES 310 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.
- 1.3 **Members in Public Practice in Australia shall follow the mandatory requirements of APES 310 when they conduct Assurance Engagements or related services Engagements.**
- 1.4 **Members practising outside of Australia shall follow the provisions of APES 310 to the extent to which they are not prevented from so doing by specific requirements of local regulations and/or laws.**
- 1.5 **Members in Public Practice shall be familiar with relevant professional standards and guidance notes when providing Professional Services. All Members shall comply with the fundamental principles outlined in the Code.**
- 1.6 The Standard is not intended to detract from any responsibilities which may be imposed by law.
- 1.7 All references to professional standards are references to those provisions as amended from time to time.
- 1.8 In applying the requirements outlined in APES 310, Members in Public Practice should be guided not merely by the words but also by the spirit of the Standard and the Code.

## 2. Definitions

For the purpose of this Standard:

**Assurance Engagement** means an Engagement in which a conclusion is expressed by a Member in Public Practice designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

This would include an Engagement in accordance with *Framework for Assurance Engagements* issued by the Auditing and Assurance Standards Board (AUASB) or in accordance with specific relevant standards for Assurance Engagements. *(APES205)*

**Auditing and Assurance Guidance** means:

- a) The Guidance Statements and other guidance publications, as defined in the *Foreward to AUASB Pronouncements*, issued by the AUASB; and
- b) The Auditing and Assurance Guidance Statements and other guidance publications issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia.  
*(No change)*

**Auditing and Assurance Standards** mean:

- a) In relation to reports for reporting periods commencing on or after 1 July 2006:
  - i. the AUASB Standards, as described in ASA 100 Preamble to AUASB Standards and the *Foreword to AUASB Pronouncements*, issued by the AUASB, and operative from the date specified in each standard; and *(changed)*
  - ii. those standards issued by the AuASB which have not yet been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards. *(No change)*
- b) In relation to reports for reporting periods commencing prior to 1 July 2006, the Auditing and Assurance Standards issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia. *(No change)*

**AuASB** means the Auditing and Assurance Standards Board which issued Australian Auditing and Assurance Standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia. *(No change)*

**AUASB** means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the *Australian Securities and Investments Commission Act 2001*. *(Previous definition updated for consistency with APES205)*

**Audit Engagement** means an Assurance Engagement to provide a reasonable level of assurance that a financial report is free of material misstatement, such as an Engagement in accordance with Australian auditing standards. This includes a statutory audit which is an audit required by legislation or other regulation, and other audits conducted for the purposes of the Corporations Act. *(APES205)*

**Client** means an individual, firm, entity or organisation to whom or to which Professional Services are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature. *(APES205)*

**Code** means APES 110 *Code of Ethics for Professional Accountants*. *(APES205)*

**Engagement** means an agreement, whether written or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement. *(APES110)*

**Financial Statements** means a structured representation of historical financial information, which ordinarily includes explanatory notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term can refer to a complete set of Financial Statements, but it can also refer to a single financial statement, for example, a balance sheet, or a statement of revenue and expenses, and related explanatory notes. The requirements of the financial reporting framework determine the form and content of the Financial Statements and what constitutes a complete set of Financial Statements.

For the purposes of this Standard, the term financial report is considered to be equivalent to Financial Statements. *(APES 205)*

**Firm** means (a) a sole practitioner, partnership, corporation or other entity of professional accountants;  
(b) an entity that controls such parties;  
(c) an entity controlled by such parties; or  
(d) an Auditor-General's office or department. *(APES110)*

**Member** means a member of a professional body that has adopted this Standard as applicable to their membership, as defined by that professional body. *(APES205)*

**Member in Public Practice** means a Member, irrespective of functional classification (e.g. audit, tax, or consulting) in a Firm that provides Professional Services. The term is also used to refer to a Firm of Members in Public Practice and means a practice entity as defined by the applicable professional body. (APES 110)

**Review Engagement** means an Assurance Engagement, conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements, in which a Member in Public Practice expresses a conclusion on whether, on the basis of the procedures which do not provide all the evidence that would be required in an audit, anything has come to the Member's attention that causes the Member to believe that the subject matter is not prepared in all material respects, in accordance with the applicable criteria.

[APES 205 adapted/IESBA draft code]

### **3. Fundamental responsibilities of Members**

#### **Public interest**

**3.1 In accordance with Section 100.1 of the Code, Members in Public Practice shall observe and comply with their public interest obligations when they conduct Assurance Engagements for Clients. (APES220p3.2)**

#### **Independence**

**3.2 When engaged to perform an Assurance Engagement, a Member in Public Practice shall consider Section 290 Independence – Assurance Engagements of the Code.**

### **4. Auditing and Assurance Standards**

**4.1 A Member in Public Practice shall comply with Auditing and Assurance Standards when engaged to perform an Assurance Engagement of an Australian financial report. (APES 410 para 4.1)**

**4.2 A Member in Public Practice shall comply with Auditing and Assurance Standards when conducting all other Australian Audit Engagements, Review Engagements, other Assurance Engagements and related services Engagements (whether of financial or non-financial information). (APES 410 para 4.1)**

### **5. Auditing and Assurance Guidance**

**5.1 Members in Public Practice should follow relevant Auditing and Assurance Guidance Statements when conducting Assurance Engagements (whether of financial or non-financial information). (APES 410 para 5.1)**