

Conforming Changes to Glossary and IAPS 1012**1) Glossary**

Quality controls—As set out in ISQC 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,” ~~the policies and procedures adopted by a firm designed to provide it with reasonable assurance that all audits done by the firm and its personnel comply with professional standards and regulatory and legal requirements, and that reports issued by the firm or engagement partners are appropriate in the circumstances are being carried out in accordance with the Objective and General Principles Governing an Audit of Financial Statements, as set out in International Standard on Auditing 220 “Quality Control for Audit Work.”~~

2) IAPS 1012, “Auditing Derivative Financial Instruments”

[Paragraphs 1 – 14 unchanged]

15. Members of the engagement team may have the necessary skill and knowledge to plan and perform auditing procedures related to derivatives transactions. Alternatively, the auditor may decide to seek the assistance of an expert outside the firm, with the necessary skills or knowledge to plan and perform the auditing procedures, especially when the derivatives are very complex, or when simple derivatives are used in complex situations, the entity is engaged in active trading of derivatives, or the valuation of the derivatives are based on complex pricing models. ISA 220, “Quality Control for Audits-Work of Historical Financial Information,” provides guidance on the supervision of individuals who serve as members of the engagement team and assist the auditor in planning and performing auditing procedures. ISA 620, “Using the Work of an Expert,” provides guidance on the use of an expert’s work as audit evidence.

[Paragraphs 16 – 94 unchanged]

[Blank Page]