



Meeting: IAASB
Meeting Location: New York
Meeting Date: December 10-13, 2012

Agenda Item 4

Using the Work of Internal Auditors (Including Direct Assistance)

Objectives of Agenda Item

1. To:
 - (a) Consider the significant comments received on the International Ethics Standards Board for Accountants' (IESBA) Exposure Draft (ED), *Proposed Change to the Definition of "Engagement Team"*¹ in relation to the provisions of the proposed ISA 610 (Revised)² addressing the use of internal auditors to provide direct assistance on the external audit (Direct Assistance); and
 - (b) Approve the revised ISA 610, including Direct Assistance, as a final standard.

Task Force

2. Members:
 - Diana Hillier, Chair, former IAASB Deputy Chair
 - Dan Montgomery, IAASB Deputy Chair
 - Cédric Gélard, IAASB Member
 - Marek Grabowski, IAASB Technical Advisor
3. Correspondent member:
 - Robert Franchini, IESBA Engagement Team Task Force Chair, IESBA Member

Activities since Last IAASB Discussions

4. The IESBA approved its ED in February 2012 and the comment period closed at the end of May 2012. With the cancellation of its October 2012 meeting, the IESBA has had no opportunity to consider the ED responses in detail until its upcoming December 10-12, 2012 meeting. However, with a view to sensitizing the IESBA to the key issues arising on exposure, the IESBA Task Force Chair provided a brief update on the significant comments received on the ED at the October 15, 2012 IESBA teleconference.

¹ The ED and comment letters are available on the IESBA website at: <http://www.ifac.org/publications-resources/proposed-change-definiton-engagement-team>.

² Proposed ISA 610 (Revised), *Using the Work of Internal Auditors*

5. To maximize interaction and coordination, the ISA 610 and Engagement Team Task Forces held two joint teleconferences on November 19 and 27, 2012 to consider the significant ED comments and to enable both Task Forces to finalize their recommendations for the respective Boards' December 2012 meetings.
6. In addition, the leaderships of the two Task Forces held two teleconferences with the International Organization of Securities Commissions (IOSCO) on November 7 and 26, 2012. Also, IAASB Members Jean Blascos and Jon Grant and Technical Director James Gunn participated in the meeting of the European Audit Inspection Group (EAIG) on November 15, 2012, at which the topics of the definition of engagement team and Direct Assistance were discussed. A summary of the discussions with IOSCO and EAIG is provided in Agenda Item 4-A.

Material Presented

- | | |
|-----------------|--|
| Agenda Item 4-A | Definition of Engagement Team—Summary of Significant Comments on Exposure and IAASB Task Force Recommendations |
| Agenda Item 4-B | Mark-up of Further Refinements to Final Wording of ISA 610 (Revised) Agreed at December 2011 IAASB Meeting |
| Agenda Item 4-C | ISA 610 Direct Assistance Mapping Document (For Reference Only) |
| Agenda Item 4-D | Paragraph References in Final Wording of ISA 610 (Revised) to Where Specific IOSCO Comments Addressed (For Reference Only) |

Approach to Meeting Papers and Discussion

7. Agenda Items 4-A to 4-D are the same materials that are being presented at the December 2012 IESBA meeting (except that for Agenda Item 4-A for this IAASB meeting, the specific matters for consideration included therein are directed at the IAASB). In addition, in the sections under the subheadings *Task Forces' Responses and Recommendations* in Agenda Item 4-A, relevant paragraphs have been highlighted to help focus the IAASB's attention on matters of specific relevance to Direct Assistance.
8. The IAASB Task Force Chair, Diana Hillier, and IAASB Deputy Chair, Dan Montgomery, will participate in the Engagement Team session at the IESBA meeting on December 10, 2012 and will report back on the discussion to the IAASB during the ISA 610 session on December 11, 2012.
9. The IESBA Task Force Chair, Robert Franchini, will participate in the ISA 610 session at the IAASB meeting on December 11, 2012 and will report back on the discussion to the IESBA during the Engagement Team session on December 12, 2012. The IAASB Task Force Chair will participate in the IESBA discussion on December 12, 2012 and report back the final outcome of the IESBA discussion to the IAASB during the final ISA 610 session on December 13, 2012.

Action Requested

10. The IAASB is asked to consider the significant issues and Task Force proposals presented in **Agenda Item 4-A**, and approve the proposed ISA 610 (Revised), including Direct Assistance, as a final standard.