

EXPOSURE DRAFT

ED 10/08
(September 2008)

**Proposed Auditing Standard
ASA 300**
*Planning an Audit of a
Financial Report (Revised
and Redrafted)*
(Re-issuance of ASA 300)

Issued for Comment by the **Auditing and Assurance Standards
Board**



Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by no later than 15 October 2008. Comments should be addressed to:

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A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au.

Obtaining a Copy of this Exposure Draft

This Exposure Draft is available on the AUASB website: www.auasb.gov.au. Alternatively, any individual or organisation may obtain one printed copy of this Exposure Draft without charge until no later than 15 October 2008 by contacting:

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Planning an Audit of a Financial Report (Revised and Redrafted)
(Re-issuance of ASA 300)**

PREFACE

Reasons for Issuing ED 10/08

The Auditing and Assurance Standards Board (AUASB) is proposing to re-issue Auditing Standard ASA 300 *Planning an Audit of a Financial Report* (Revised and Redrafted) pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

The International Auditing and Assurance Standards Board (IAASB) has undertaken a programme to redraft, in clarity format, the entire suite of International Standards on Auditing (ISAs). In some cases, and in accordance with normal practice, the ISAs have been revised in addition to being redrafted. The redrafted ISAs are effective for audits of financial statements for periods beginning on or after 15th December 2009.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the ISAs and to make appropriate consequential amendments to the Australian Auditing Standards. Accordingly, the AUASB has decided to revise and redraft the Australian Auditing Standards (ASAs) using the equivalent redrafted ISAs.

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Planning an Audit of a Financial Report (Revised and Redrafted)
(Re-issuance of ASA 300)**

Main Proposals

This proposed Auditing Standard establishes mandatory Requirements and provides Application and Other Explanatory Material regarding considerations and activities applicable to planning an audit of a financial report.

Proposed Operative Date

It is intended that this proposed Auditing Standard will be operative for financial reporting periods commencing on or after 1 January 2010.

Main changes from existing ASA 300 *Planning an Audit of a Financial Report* (April 2006)

The main differences between this proposed Auditing Standard and the Standard that it supersedes, ASA 300 *Planning an Audit of a Financial Report* (April 2006), are included in the Tables of Differences provided as an attachment to this Exposure Draft.

Request for Comments

Comments are invited on this Exposure Draft of the proposed re-issuance of Auditing Standard ASA 300 *Planning an Audit of a Financial Report* by no later than 15 October 2008. The AUASB is seeking comments on the main changes from the existing ASA 300. In addition, respondents are asked to consider and respond to the following questions:

1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
2. Are there any references to relevant laws or regulations which have been omitted?
3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?
4. What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the Requirements of this proposed Auditing Standard? If there are significant costs, do these outweigh the benefits to the users of audit services?

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5. Are there any other significant public interest matters that constituents wish to raise?

The AUASB prefers that respondents express a clear opinion on whether the main changes to the Requirements of this proposed Auditing Standard are supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the Auditing Standard.

Proposed Auditing Standard ASA 300
***Planning an Audit of a Financial Report* (Revised and Redrafted)**
(Re-issuance of ASA 300)

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 300 *Planning an Audit of a Financial Report* (Revised and Redrafted) pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with ASA 100 *Preamble to AUASB Standards* (Revised and Redrafted), which sets out the intentions of the AUASB on how the Australian Auditing Standards are to be understood, interpreted and applied.

AUDITING STANDARD ASA 300

Planning an Audit of a Financial Report (Revised and Redrafted)

Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with Part 2M.3 of the *Corporations Act 2001*; and
 - (b) an audit of a financial report for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010.

Introduction

Scope of this ASA

1. This Auditing Standard deals with the auditor's responsibility to plan an audit of a financial report. This Auditing Standard is framed in the context of recurring audits. Additional considerations in initial audit engagements are separately identified. (Ref: Para. A1-A4)

Effective Date

2. [Deleted by the AUASB. Refer Aus 0.3]

Objective

3. The objective of the auditor is to plan the audit so that it will be performed in an effective manner.

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Requirements

Involvement of Key Engagement Team Members

4. The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members. (Ref: Para. A5)

Preliminary Engagement Activities

5. The auditor shall undertake the following activities at the beginning of the current audit engagement:
 - (a) performing procedures required by ASA 220 *Quality Control for Audits of Historical Financial Information (Revised and Redrafted)* regarding the continuance of the client relationship and the specific audit engagement;
 - (b) evaluating compliance with ethical requirements, including independence, as required by ASA 220 (Revised and Redrafted); and
 - (c) establishing an understanding of the terms of the engagement, as required by ASA 210 *Terms of Audit Engagements (Revised and Redrafted)*. (Ref: Para. A6-A8)

Planning Activities

6. The auditor shall establish an overall audit strategy that sets the scope, timing and direction of the audit, and that guides the development of the audit plan.
7. In establishing the overall audit strategy, the auditor shall:
 - (a) identify the characteristics of the engagement that define its scope;
 - (b) ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
 - (c) consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;

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- (d) consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
 - (e) ascertain the nature, timing and extent of resources necessary to perform the engagement. (Ref: Para. A9-A12)
8. The auditor shall develop an audit plan that shall include a description of:
- (a) The nature, timing and extent of planned risk assessment procedures, as determined under ASA 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment* (Revised and Redrafted).
 - (b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ASA 330 *The Auditor's Responses to Assessed Risks* (Revised and Redrafted).
 - (c) Other planned audit procedures that are required to be carried out so that the engagement complies with the Australian Auditing Standards. (Ref: Para. A13)
9. The auditor shall update and change the overall audit strategy and the audit plan as necessary during the course of the audit. (Ref: Para. A14)
10. The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work. (Ref: Para. A15-A16)

Documentation

11. The auditor shall document:
- (a) the overall audit strategy;
 - (b) the audit plan; and
 - (c) any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes. (Ref: Para. A17-A20)

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Additional Considerations in Initial Audit Engagements

12. The auditor shall undertake the following activities prior to starting an initial audit:
 - (a) performing procedures required by ASA 220 (Revised and Redrafted) regarding the acceptance of the client relationship and the specific audit engagement; and
 - (b) communicating with the predecessor auditor, where there has been a change of auditors, in compliance with relevant ethical requirements. (Ref: Para. A21)

* * *

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Application and Other Explanatory Material

The Role and Timing of Planning (Ref: Para. 1)

- A1. Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate planning benefits the audit of a financial report in several ways, including the following:
- Helping the auditor to devote appropriate attention to important areas of the audit.
 - Helping the auditor identify and resolve potential problems on a timely basis.
 - Helping the auditor properly organise and manage the audit engagement so that it is performed in an effective and efficient manner.
 - Assisting in the selection of engagement team members with appropriate levels of capabilities and competence to respond to anticipated risks, and the proper assignment of work to them.
 - Facilitating the direction and supervision of engagement team members and the review of their work.
 - Assisting, where applicable, in coordination of work done by auditors of components and experts.
- A2. The nature and extent of planning activities will vary according to the size and complexity of the entity, the key engagement team members' previous experience with the entity, and changes in circumstances that occur during the audit engagement.
- A3. Planning is not a discrete phase of an audit, but rather a continual and iterative process that often begins shortly after (or in connection with) the completion of the previous audit and continues until the completion of the current audit engagement. Planning, however, includes consideration of the timing of certain activities and audit procedures that need to be completed prior to the performance of further audit procedures. For example, planning includes the need to consider, prior to the auditor's identification and assessment of the risks of material misstatement, such matters as:

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- The analytical procedures to be applied as risk assessment procedures.
 - Obtaining a general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework.
 - The determination of materiality.
 - The involvement of experts.
 - The performance of other risk assessment procedures.
- A4. The auditor may decide to discuss elements of planning with the entity's management, or those charged with governance, to facilitate the conduct and management of the audit engagement (for example, to co-ordinate some of the planned audit procedures with the work of the entity's personnel). Although these discussions often occur, the overall audit strategy and the audit plan remain the auditor's responsibility. When discussing matters included in the overall audit strategy or audit plan, care is required in order not to compromise the effectiveness of the audit. For example, discussing the nature and timing of detailed audit procedures with management, or those charged with governance, may compromise the effectiveness of the audit by making the audit procedures too predictable.

Involvement of Key Engagement Team Members (Ref: Para. 4)

- A5. The involvement of the engagement partner and other key members of the engagement team in planning the audit draws on their experience and insight, thereby enhancing the effectiveness and efficiency of the planning process.¹

Preliminary Engagement Activities (Ref: Para. 5)

- A6. Performing the preliminary engagement activities specified in paragraph 5 at the beginning of the current audit engagement assists the auditor in identifying and evaluating events or circumstances that

¹ ASA 315 (Revised and Redrafted) establishes requirements and provides guidance on the engagement team's discussion of the susceptibility of the entity to material misstatements of the financial report. ASA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* (Revised and Redrafted) provides guidance on the emphasis given during this discussion to the susceptibility of the entity's financial report to material misstatement due to fraud.

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may adversely affect the auditor's ability to plan and perform the audit engagement.

- A7. Performing these preliminary engagement activities enables the auditor to plan an audit engagement for which, for example:
- The auditor maintains the necessary independence and ability to perform the engagement.
 - There are no issues with management integrity that may affect the auditor's willingness to continue the engagement.
 - There is no misunderstanding with the client as to the terms of the engagement.
- A8. The auditor's consideration of client continuance and ethical requirements, including independence, occurs throughout the audit engagement as conditions and changes in circumstances occur. Performing initial procedures on both client continuance and evaluation of ethical requirements (including independence) at the beginning of the current audit engagement means that they are completed prior to the performance of other significant activities for the current audit engagement. For continuing audit engagements, such initial procedures often occur shortly after (or in connection with) the completion of the previous audit.

Planning Activities

The Overall Audit Strategy (Ref: Para. 6-7)

- A9. The process of establishing the overall audit strategy assists the auditor to determine, subject to the completion of the auditor's risk assessment procedures, such matters as:
- the resources to deploy for specific audit areas, such as the use of appropriately experienced team members for high risk areas or the involvement of experts on complex matters;
 - the amount of resources to allocate to specific audit areas, such as the number of team members assigned to observe the inventory count at material locations, the extent of review of other auditors' work in the case of group audits, or the audit budget in hours to allocate to high risk areas;

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- when these resources are to be deployed, such as whether at an interim audit stage or at key cut-off dates; and
- how such resources are managed, directed and supervised, such as when team briefing and debriefing meetings are expected to be held, how engagement partner and manager reviews are expected to take place (for example, on-site or off-site), and whether to complete engagement quality control reviews.

- A10. Appendix 1 lists examples of considerations in establishing the overall audit strategy.
- A11. Once the overall audit strategy has been established, an audit plan can be developed to address the various matters identified in the overall audit strategy, taking into account the need to achieve the audit objectives through the efficient use of the auditor's resources. The establishment of the overall audit strategy and the detailed audit plan are not necessarily discrete or sequential processes, but are closely inter-related since changes in one may result in consequential changes to the other.

Considerations Specific to Smaller Entities

- A12. In audits of small entities, the entire audit may be conducted by a very small audit team. Many audits of small entities involve the engagement partner (who may be a sole practitioner) working with one engagement team member (or without any engagement team members). With a smaller team, co-ordination of, and communication between, team members are easier. Establishing the overall audit strategy for the audit of a small entity need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the audit, and the size of the engagement team. For example, a brief memorandum prepared at the completion of the previous audit, based on a review of the working papers and highlighting issues identified in the audit just completed, updated in the current period based on discussions with the owner-manager, can serve as the documented audit strategy for the current audit engagement if it covers the matters noted in paragraph 7.

The Audit Plan (Ref: Para. 8)

- A13. The audit plan is more detailed than the overall audit strategy in that it includes the nature, timing and extent of audit procedures to be

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performed by engagement team members. Planning for these audit procedures takes place over the course of the audit as the audit plan for the engagement develops. For example, planning of the auditor's risk assessment procedures occurs early in the audit process. However, planning the nature, timing and extent of specific further audit procedures depends on the outcome of those risk assessment procedures. In addition, the auditor may begin the execution of further audit procedures for some classes of transactions, account balances and disclosures before planning all remaining further audit procedures.

Changes to Planning Decisions During the Course of the Audit (Ref: Para. 9)

- A14. As a result of unexpected events, changes in conditions, or the audit evidence obtained from the results of audit procedures, the auditor may need to modify the overall audit strategy and audit plan and thereby the resulting planned nature, timing and extent of further audit procedures, based on the revised consideration of assessed risks. This may be the case when information comes to the auditor's attention that differs significantly from the information available when the auditor planned the audit procedures. For example, audit evidence obtained through the performance of substantive procedures may contradict the audit evidence obtained through tests of controls.

Direction, Supervision and Review (Ref: Para. 10)

- A15. The nature, timing and extent of the direction and supervision of engagement team members and review of their work vary depending on many factors, including:
- The size and complexity of the entity.
 - The area of the audit.
 - The assessed risks of material misstatement (for example, an increase in the assessed risk of material misstatement for a given area of the audit ordinarily requires a corresponding increase in the extent and timeliness of direction and supervision of engagement team members, and a more detailed review of their work).
 - The capabilities and competence of the individual team members performing the audit work.

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ASA 220 (Revised and Redrafted) contains further guidance on the direction, supervision and review of audit work.

Considerations Specific to Smaller Entities

- A16. When an audit is carried out entirely by the engagement partner, questions of direction and supervision of engagement team members and review of their work do not arise. In such cases, the engagement partner, having personally conducted all aspects of the work, will be aware of all material issues. Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performs the entire audit. When particularly complex or unusual issues are involved, and the audit is performed by a sole practitioner, it may be desirable to consult with other suitably-experienced auditors or the auditor's professional body.

Documentation (Ref: Para. 11)

- A17. The documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and to communicate significant matters to the engagement team. For example, the auditor may summarise the overall audit strategy in the form of a memorandum that contains key decisions regarding the overall scope, timing and conduct of the audit.
- A18. The documentation of the audit plan is a record of the planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks. It also serves as a record of the proper planning of the audit procedures that can be reviewed and approved prior to their performance. The auditor may use standard audit programs or audit completion checklists, tailored as needed to reflect the particular engagement circumstances.
- A19. A record of the significant changes to the overall audit strategy and the audit plan, and resulting changes to the planned nature, timing and extent of audit procedures, explains why the significant changes were made, and the overall strategy and audit plan finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit.

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Considerations Specific to Smaller Entities

- A20. As discussed in paragraph A12, a suitable, brief memorandum may serve as the documented strategy for the audit of a smaller entity. For the audit plan, standard audit programs or checklists (see paragraph A18) drawn up on the assumption of few relevant control activities, as is likely to be the case in a smaller entity, may be used provided that they are tailored to the circumstances of the engagement, including the auditor's risk assessments.

Additional Considerations in Initial Audit Engagements (Ref: Para. 12)

- A21. The purpose and objective of planning the audit are the same whether the audit is an initial or recurring engagement. However, for an initial audit, the auditor may need to expand the planning activities because the auditor does not ordinarily have the previous experience with the entity that is considered when planning recurring engagements. For initial audits, additional matters the auditor may consider in establishing the overall audit strategy and audit plan include the following:
- Unless prohibited by law or regulation, arrangements to be made with the predecessor auditor, for example, to review the predecessor auditor's working papers.
 - Any major issues (including the application of accounting principles or of auditing and reporting standards) discussed with management in connection with the initial selection as auditor, the communication of these matters to those charged with governance and how these matters affect the overall audit strategy and audit plan.
 - The audit procedures necessary to obtain sufficient appropriate audit evidence regarding opening balances (see *ASA 510 Initial Engagements—Opening Balances (Revised and Redrafted)*).
 - Other procedures required by the firm's system of quality control for initial audit engagements (for example, the firm's system of quality control may require the involvement of another partner or senior individual to review the overall audit strategy prior to commencing significant audit procedures or to review reports prior to their issuance).

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Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 300 *Planning an Audit of Financial Statements*, issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

Compliance with this Auditing Standard enables compliance with ISA 300.

Appendix 1

(Ref: Para. 6-7 and A9-A12)

Considerations in Establishing the Overall Audit Strategy

This appendix provides examples of matters the auditor may consider in establishing the overall audit strategy. Many of these matters will also influence the auditor's detailed audit plan. The examples provided cover a broad range of matters applicable to many engagements. While some of the matters referred to below may be required by other Auditing Standards, not all matters are relevant to every audit engagement and the list is not necessarily complete.

Characteristics of the Engagement

- The financial reporting framework on which the financial information to be audited has been prepared, including any need for reconciliations to another financial reporting framework.
- Industry-specific reporting requirements such as reports mandated by industry regulators.
- The expected audit coverage, including the number and locations of components to be included.
- The nature of the control relationships between a parent and its components that determine how the group is to be consolidated.
- The extent to which components are audited by other auditors.
- The nature of the business segments to be audited, including the need for specialised knowledge.
- The reporting currency to be used, including any need for currency translation for the financial information audited.
- The need for a statutory audit of a stand-alone financial report in addition to an audit for consolidation purposes.
- The availability of the work of internal auditors and the extent of the auditor's potential reliance on such work.

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- The entity's use of service organisations and how the auditor may obtain evidence concerning the design or operation of controls performed by them.
- The expected use of audit evidence obtained in previous audits, for example, audit evidence related to risk assessment procedures and tests of controls.
- The effect of information technology on the audit procedures, including the availability of data and the expected use of computer-assisted audit techniques.
- The co-ordination of the expected coverage and timing of the audit work with any reviews of interim financial information and the effect on the audit of the information obtained during such reviews.
- The availability of client personnel and data.

Reporting Objectives, Timing of the Audit, and Nature of Communications

- The entity's timetable for reporting, such as at interim and final stages.
- The organisation of meetings with management and those charged with governance to discuss the nature, timing and extent of the audit work.
- The discussion with management and those charged with governance regarding the expected type and timing of reports to be issued and other communications, both written and oral, including the auditor's report, management letters and communications to those charged with governance.
- The discussion with management regarding the expected communications on the status of audit work throughout the engagement.
- Communication with auditors of components regarding the expected types and timing of reports to be issued and other communications in connection with the audit of components.
- The expected nature and timing of communications among engagement team members, including the nature and timing of team meetings and timing of the review of work performed.

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- Whether there are any other expected communications with third parties, including any statutory or contractual reporting responsibilities arising from the audit.

Significant Factors, Preliminary Engagement Activities, and Knowledge Gained on Other Engagements

- The determination of appropriate materiality levels, including:
 - Setting materiality for planning purposes.
 - Setting and communicating materiality for auditors of components.
 - Reconsidering materiality as audit procedures are performed during the course of the audit.
 - Preliminary identification of material components and account balances.
- Preliminary identification of areas where there may be a higher risk of material misstatement.
- The impact of the assessed risk of material misstatement at the overall financial report level on direction, supervision and review.
- The manner in which the auditor emphasises to engagement team members the need to maintain a questioning mind and to exercise professional scepticism in gathering and evaluating audit evidence.
- Results of previous audits that involved evaluating the operating effectiveness of internal control, including the nature of identified weaknesses and action taken to address them.
- The discussion of matters that may affect the audit with firm personnel responsible for performing other services to the entity.
- Evidence of management's commitment to the design, implementation and maintenance of sound internal control, including evidence of appropriate documentation of such internal control.
- Volume of transactions, which may determine whether it is more efficient for the auditor to rely on internal control.

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- Importance attached to internal control throughout the entity to the successful operation of the business.
- Significant business developments affecting the entity, including changes in information technology and business processes, changes in key management, and acquisitions, mergers and divestments.
- Significant industry developments such as changes in industry regulations and new reporting requirements.
- Significant changes in the financial reporting framework, such as changes in accounting standards.
- Other significant relevant developments, such as changes in the legal environment affecting the entity.

Nature, Timing and Extent of Resources

- The selection of the engagement team (including, where necessary, the engagement quality control reviewer) and the assignment of audit work to the team members, including the assignment of appropriately experienced team members to areas where there may be higher risks of material misstatement.
- Engagement budgeting, including considering the appropriate amount of time to set aside for areas where there may be higher risks of material misstatement.

Tables of Differences — ASA 300 (Revised and Redrafted) and Extant ASA 300

Underlying Standard

ISA 300 *Planning an Audit of Financial Statements* is used as the underlying Auditing Standard for the purpose of re-drafting this proposed Auditing Standard. The underlying Auditing Standard will be amended for the following matters:

- Australian Laws and Regulations (including the *Corporations Act 2001*);
- Changes considered necessary because the Auditing Standard is a legislative instrument; and
- Changes considered necessary in the public interest.

Summary of Main Differences — ASA 300 (Revised and Redrafted) and Extant ASA 300

The table below details the main differences (excluding editorial amendments) between the proposed Auditing Standard and extant ASA 300.

Requirements in ASA (Revised and Redrafted) not in Extant ASA

Item #	ASA (Revised and Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
Objective			
1	3	The objective of the auditor is to plan the audit so that it will be performed in an effective manner.	New Objectives section

Item #	ASA (Revised and Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
Involvement of Key Engagement Team Members			
2	4	The engagement partner and other key members of the engagement team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members.	Elevation of extant ASA Explanatory Guidance [Extant ASA 300 para.6—equivalent Explanatory Guidance]
Planning Activities			
3	7	<p>In establishing the overall audit strategy, the auditor shall:</p> <ul style="list-style-type: none"> (a) Identify the characteristics of the engagement that define its scope; (b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required; (c) Consider the factors that, in the auditor’s professional judgment, are significant in directing the engagement team’s efforts; (d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and (e) Ascertain the nature, timing and extent of resources necessary to perform the engagement. 	Elevation of extant ASA Explanatory Guidance [Extant ASA 300 para.13—equivalent Explanatory Guidance]

Item #	ASA (Revised and Redrafted) Para. #	ASA (Revised and Redrafted) Requirements	Commentary
4	8	<p>The auditor shall develop an audit plan that shall include a description of:</p> <ul style="list-style-type: none"> (a) The nature, timing and extent of planned risk assessment procedures, as determined under ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment</i> (Revised and Redrafted). (b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ASA 330 <i>The Auditor's Responses to Assessed Risks</i> (Revised and Redrafted). (c) Other planned audit procedures that are required to be carried out so that the engagement complies with the Australian Auditing Standards. 	<p>Elevation of extant ASA Explanatory Guidance</p> <p>[Extant ASA 300 para.20—equivalent Explanatory Guidance]</p>
5	11(c)	<p>The auditor shall document:</p> <ul style="list-style-type: none"> (a) the overall audit strategy; (b) the audit plan; and (c) any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes. 	<p>Unshaded text is equivalent in meaning to extant ASA Requirement (para. 27).</p> <p>Shaded text is an elevation of extant ASA Explanatory Guidance</p> <p>[(Extant ASA 300 para.28(c)—equivalent (linked) Explanatory Guidance]</p>

Requirements in Extant ASA not in ASA (Revised and Redrafted)

Item #	Extant ASA Para. #	Extant ASA Requirements	Commentary
Planning Activities <i>The Audit Plan</i>			
1	18	The auditor shall develop an audit plan for the audit in order to reduce audit risk to an acceptably low level.	The extant Requirement is inherent in the new Requirements in ASA 300 (Revised and Redrafted) para.8. [See Item 3 above]. The extant ASA Requirement is also incorporated in the Requirements of ASA 200 <i>Overall Objective of the Independent Auditor</i> (Revised and Redrafted), ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment</i> (Revised and Redrafted) and ASA 330 <i>The Auditor’s Responses to Assessed Risks</i> (Revised and Redrafted).