



AUASB Project Plan

Project Title:	Revision of GS 016 <i>Bank Confirmation Requests</i>
Date Approved:	18 March 2022
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Overview of Project

Project Objective

The objective of this project is to update the bank confirmation request guidance issued by the AUASB to respond to changes in the way in which bank confirmations are performed.

Project Scope

The scope of the project is intended to be limited to modernising the guidance for bank confirmation requests and will not consider the role of bank confirmations as part of an audit of a financial report.

The current version of Guidance Statement 016 *Bank Confirmation Requests* (GS 016) was issued in 2010 and is focussed on the process of obtaining paper-based confirmations. The ATG has determined that, based on the information obtained, GS 016 should be amended and a new section included to address electronic confirmations performed using a service provider.

In addition to the proposed new section of GS 016 addressing electronic bank confirmations, the ATG will streamline the content of the current GS 016 to remove the repetition of requirements and application material from the AUASB standards in the current version of GS 016 and update the cross-references in GS 016 to the current versions of standards.

Rationale

Why is this being brought to the AUASB's attention?

At the September 2020 AUASB Meeting, the AUASB approved the AUASB Technical Group's (ATG) plan to update several Guidance Statements including GS 016 *Bank Confirmation Requests*. The recommendation was based on feedback received from stakeholders in response to a discussion paper and survey issued to obtain broad feedback on the suite of guidance statements.

What are the major issues that need to be addressed?

Since GS 016 was issued in 2010 there has been a change in how bank confirmations requests can be performed by auditors with most banks accepting confirmation requests electronically through the use of a service provider who provides an interface between the auditor and banks.

The use of a service providers in the confirmation process means there are different considerations for the auditor in determining whether they have met the requirements of relevant standards compared to a

paper-based process. Of particular importance is that when electronic bank confirmation procedures are performed using a service provider there are elements of the confirmation process that are no longer in control of the auditor as they are relying on the operation of a platform provided by service provider.

The proposed new section of GS 016 on electronic confirmations will address:

- the firm's responsibility to deploy and maintain technological resources including those from service providers (ASQM 1);
- the engagement team's responsibilities when it uses firm resources (ASA 220); and
- external confirmation requirements in relevant standards that may be met at a firm level and those which remain the responsibility of the auditor to meet (ASA 505 and ASA 500).

What information gathering has been completed to date?

The ATG undertook a process in 2019 to analyse the suite of guidance statements on issue to identify guidance statements that required updating or withdrawal. As part of this process the ATG undertook a high-level review of the guidance statement and identified out of data cross-references to AUASB standards as well as the change in the way in which bank confirmations were performed. Further feedback was sought by the ATG as part of the consultation process in 2020.

As part of developing the project plan, the ATG completed an analysis of the relevant requirements for bank confirmation procedures and how they may be met in the context of an electronic bank confirmation performed using a service provider. The ATG has also discussed the electronic confirmation process with select stakeholders including an electronic confirmation service providers.

What additional information gathering is required?

The ATG will discuss matters with the stakeholders outlined below as required throughout the process. As the initial GS 016 was developed with input from the Australian Banking Association, the ATG will discuss with them the planned revisions.

Who are the relevant stakeholders?

- Assurance Practitioners
- Australian Banking Association
- Electronic confirmation service providers
- Regulators

Project Governance

Collaboration with the NZAuASB

Whilst the NZAuASB does not have an equivalent publication, the ATG will keep the NZAuASB Technical Group informed of the progress of the project and share any information requested.

Action Plan

Date	Description
Apr 2022	AUASB Meeting – Present scoping documents
Apr-Jun 2022	Development of new GS based on AUASB feedback QA of new GS Obtain OBPR clearance
Jun 2022	AUASB Meeting – present GS for review and approval (May be approved out of session if GS is completed earlier).