



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **4**

Meeting Date: 1 March 2017

Subject: Audit Committee Guide Revision

Date Prepared: 23 January 2017

Action Required

For Information Purposes Only

Objective:

To present to the AUASB, and to receive AUASB input on the second draft of the Audit Committee Guide Revision as prepared by the three authors, the Australian Institute of Company Directors (AICD), the Institute of Internal Auditors Australia (IIA) and the Australian Auditing and Assurance Standards Board (AUASB).

Background:

At the 26 July 2016 AUASB meeting, the AUASB approved a project plan for all three authors, AICD, IIA and the AUASB, to work jointly, to take into account changes in the regulation and operation of audit committees since the guide was last issued in February 2012.

This project is a high level update/revision only – the project is not intended to be a re-write.

At the 29 November 2016 AUASB meeting, the AUASB was not supportive of the first draft revision. The AUASB had several concerns including but not limited to the target audience, appropriateness of best practice, granularity of content, accuracy of content, terminology – use of word assurance for not external audit sections; and appendix 4 – differences between internal and external audit. The AUASB requested significant amendments be brought to the 1 March 2017 AUASB meeting.

AUASB Technical Group Update

Since the 29 November 2016 AUASB meeting, the three author organisations have held 2 teleconferences and have exchanged numerous emails to progress the revision of the guide. Only a clean version of this document has been provided, as the mark-up is too extensive.

The technical group request that the AUASB review the updated draft (agenda item x.2) in the context of:

- The target audience for this publication is the smaller end of the market, it is not expected that audit committees of the larger ASX entities would use this guide; accordingly the guide is written as a *good practice* guide and not a *best practice* guide

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

- Areas that are not legislated are prefixed with “may” in order not to be definitive. This guide does not create requirements and it is important that it is not seen to raise expectations beyond current legislative requirements.
- The use of the term assurance has been limited, and is not as widely used as the previous draft. There is a new appendix 6, that demonstrates the differences in terminology across internal and external audit.
- The use of common external audit language has been restricted where possible or the difference in terminology between internal audit and external audit has been explained in appendix 6.
- The content that was deemed to granular has either been removed, or has been moved into an appendix.
- Inaccuracies have been corrected/table comparing internal and external audit has been removed.

Extract of original timetable – AUASB input/timing:

Original timetable

- 6 February – Draft 2 goes to all parties for review (including ASIC)
- 3 March – review comments due back (this timing allowed for the AUASB meeting on 1 March)
- 20 March – final draft to all parties for review
- 3 April – review comments due back
- 5 April – final document sent for sign off
- 10 April – sign off occurs and sent to production for proofing, editing, etc

Extract of original timetable – AUASB input/timing:

Proposed amended timetable

- 30 January – Draft 2 goes to all parties for review
- 15 February – 1st round review comments due back (please indicate if this is not feasible)
- 20 February – Send ASIC Draft 2 with the first round of review comments included, copy to AUASB and IIA-A also (allowing for AUASB meeting on 1 March – second mail out only)
- 7 March – Final review comments on either Draft 2 or amended Draft 2 received from all parties, including ASIC
- 10 March – Meet with ASIC if necessary to discuss comments
- 17 March – Final draft to all parties for review
- 3 April – review comments due back
- 5 April – final document sent for sign off
- 10 April – sign off occurs and sent to production for proofing, editing, etc

Material Presented

- Agenda Item 4 AUASB Board Meeting Summary Paper
- Agenda Item 4.1 Draft 2 Audit Committee Guide (clean)

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Input	Input	AUASB	1 March 2017	
