



Board Meeting Summary Paper

Subject: Assurance on Water Accounting Reports

Date: 9 April 2010

AUASB
AGENDA
ITEM NO.

12

Meeting Date:
19 April

2010

Action Required

For Information Purposes Only

Agenda Item Objectives

To update the Board on developments in relation to assurance on water accounting reports.

Background

In February 2010, the AUASB agreed in principle to the formation of a Joint Working Group comprising representatives of the AUASB and the Water Accounting Standards Board (WASB), to consider the development of a pronouncement relating to assurance on water accounting reports, subject to further discussions with the WASB.

The AUASB Executive Director and Technical Group staff met with staff of the WASB on 24 March 2010 and arrangements were made for the AUASB Chairman and Executive Director to attend the WASB (Board) Meeting on 30 March 2010. Due to unforeseen circumstances, WASB had to reschedule the latter meeting, which is now scheduled tentatively for 17 May 2010.

Matters Discussed with WASB Staff

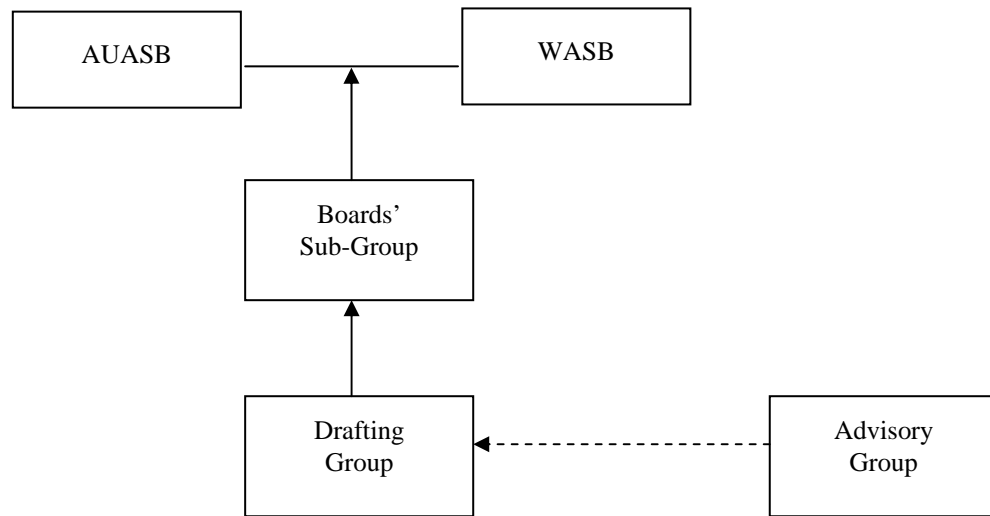
The following matters were discussed with WASB staff:

- (a) Possible AUASB/WASB working arrangements. It is possible that a number of groups will work together on the project, including:
- A drafting group to draft / develop the pronouncement, based on direction and support provided by the advisory group and the Board sub-group, using existing assurance standards and frameworks where possible;
 - An advisory group, comprising technical experts such as water experts (engineers, hydrologists, etc), accountants, assurance providers, chaired by a Board member; and

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- A Boards’ sub-group, comprising AUASB and WASB Board members, responsible for reporting back to the respective Boards and obtaining Board sign-off at various stages in the project.

Visually, this may be represented as:



- (b) The type of pronouncement required. It is likely that a standard will be required, rather than a guidance statement, and that it will be a stand-alone standard incorporating aspects of the Australian Auditing Standards relevant to providing assurance on water accounting reports, rather than being an “add-on” to existing standards. In addition, the water assurance standard may reference other assurance standards (for example, ASAE 3000) where material is not imported into the standard. This will assist water assurance practitioners, who may come from various backgrounds, by placing all relevant requirements and guidance in one location. The resulting pronouncement may be longer than other standards, as a result.
- (c) The nature of the assurance required. It was agreed that it is likely that reasonable assurance will be required for water accounting reports.
- (d) Key issues for inclusion in the standard may include, but not be limited to,:
- Using the work of experts;
 - Assurance materiality;
 - Assurance of estimated amounts (modelled data, derived data, other)
 - Dealing with uncertainty; and
 - Assurance reporting.
- (e) The importance of due process and allowing time in the project schedule for both AUASB and WASB processes to be met.

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- (f) The proposed timeline will need to be developed in more detail, however, broadly the initial work may include:
- May-Jun 2010 Develop a high level discussion paper on the assurance of water accounting reports, for release in June 2010 with the first Australian Water Accounting Standard (AWAS)
 - Jul-Dec 2010 Comments received on the discussion paper
 - Jan-Jun 2011 Develop an exposure draft for issue in mid 2011
 - Jul-Dec 2011 Comments received on the exposure draft

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