



Board Meeting Summary Paper

AUASB
AGENDA
ITEM NO.

14(a)

**Meeting Date:
26 July**

2010

Subject: Consider revision to GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees*

Date: 12 July 2010

Action Required

For Information Purposes Only

Agenda Item Objectives

To review GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees* issued in July 2007 to determine the need for revision or update.

Background

GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees* issued in July 2007 provides guidance on the audit of compliance with Risk Management Strategies (RMS) and Risk Management Plans (RMP) for trustees of registrable Superannuation Entities. In addition, the guidance covers the review of risk management systems to maintain future compliance with RMS and RMP.

On 1 July 2004, the *Superannuation Safety Amendment Act 2004* (the SSA Act) introduced requirements for all superannuation trustees to be licensed and for all superannuation entities to become registered by 30 June 2006. As part of obtaining and retaining a licence, the SIS Act requires a Trustee (the RSE Licensee) to maintain the RMS for its operations and the RMP for each superannuation entity (RSE) managed by the RSE Licensee.

Before APRA will grant a Trustee the RSE Licence, the Trustee is required to have the RMS in place that satisfies the requirements of section 29H of the SIS Act. Once a licence has been granted, the RSE Licensee is required to maintain compliance with the RMS under the SIS Act. In July 2004, APRA issued Superannuation Guidance Note SGN 120.1 Risk Management, which provides guidance on what the RMS should include.

In August 2009, APRA reissued in draft a number of its Superannuation Guide Note (SGN) series which included:

- Risk Management (SPG 200);
- Capital and net tangible assets (SPG 110)

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- Adequacy of resources (SPG 230); and
- Fitness and propriety (SPG 520).

The need for the updated APRA guidance has arisen from changes to the structure of the industry and the increase in size and sophistication of funds in the period following the licensing of trustees. Where appropriate, APRA will seek to harmonise guidance provided for entities across all APRA-regulated industries.

From discussions with APRA the finalisation of the revised SPG series by the end of 2009 was impacted due to the timing of the Cooper review and its recommendations. APRA has advised the AUASB that it is likely the final SPG 200 Risk Management will be issued by the end of July 2010.

Matters to Consider

Refer to attachment to Board Meeting Summary paper for further detail.

Staff Recommendations

The AUASB Technical Group recommends that GS 002 be updated to reflect SPG 200 Risk Management once formally issued by APRA and any changes from the clarity ASA suite.

Material Presented

- Agenda Item 14(a) Board Meeting Summary Paper
- Agenda Item 14(a).1 Attachment to Board Meeting Summary Paper
- Agenda Item 14(a).2 Extant GS 002 *Special Considerations in the Audit of Risk Management Requirements for registrable Superannuation Entities and Licensees*
- Agenda Item 14(a).3 Prudential Practice Guide Draft – SPG 200 – Risk Management

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve update of GS 002 to align with SPG 200 Risk Management and clarity suite of stds.	26 July	AUASB	26 July	

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