



Board Meeting Summary Paper

Subject: Standard for Assurance Engagements on
General Purpose Water Accounting
Reports

Date: 27 May 2011

AUASB
AGENDA
ITEM NO.

10

**Meeting Date:
14 June**

2011

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update to the Board on the project to develop a standard for assurance engagements on general purpose water accounting reports (GPWAR).

Background

In 2010, the AUASB and WASB agreed to work jointly on a project to develop an assurance standard for water accounting reports.

The Steering Committee met for the second time on 24 May 2011 and considered the first draft of the Consultation Paper.

The Project Advisory Group will meet on 24 June 2011 to consider the draft Consultation Paper.

The draft Consultation Paper will be presented to the AUASB at its meeting on 25 July 2011.

Matters to Consider

1. Revised Project Timeline

A revised project timeline was discussed and agreed by the Steering Committee. Refer Agenda Item 10.1. Changes to the project timeline resulted in minor changes to the Process Diagram. Refer Agenda Item 10.2

2. Revised Terms of Reference

The SC made minor changes to the Terms of Reference for the Steering Committee and Project Advisory Group. Refer Agenda Items 10.3 and 10.4

3. Consultation Paper

The first draft of the Consultation Paper was considered by the Steering Committee on 24 May 2011. The Steering Committee agreed that all the key issues are covered in the draft Paper and that content of the Paper is appropriately balanced between

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.

The key issues that generated discussion included:

- Who can perform assurance engagements on GPWAR? It is anticipated that assurance practitioners will be drawn from both accounting and non-accounting (for example, hydrological, scientific, engineering) backgrounds.
- The Contextual Statement in a GPWAR – should it be treated like the Directors’ Report in financial accounting, or should it be assured?
- The Accountability Statement in a GPWAR – does it present particular complexities in terms of assurance?
- Levels of assurance – should the proposed standard provide for both reasonable and limited assurance?
- Multi-layered assurance – should the Paper discuss whether both reasonable and limited assurance should be permitted on a single GPWAR, that is, reasonable assurance for some components of the report and limited assurance for other components of the report?
- Assurance procedures – whether “traditional” assurance procedures apply to assurance engagements on GPWAR, where water volumes are measured in litres (that is, non-financial; non-monetary) and the disciplines of water accounting and related assurance are new and evolving (that is, immature, at the present time)? And whether there are other procedures that may be considered?

4. Water Accounting Conceptual Framework and Australian Water Accounting Standards

The Consultation Paper makes extensive reference to the:

- *Water Accounting Conceptual Framework for the Preparation and Presentation of General Purpose Water Accounting Reports (WACF)*; and
- *Exposure Draft of Australian Water Accounting Standard 1 and the Associated Model Reports (ED AWAS 1)*.

Hard copies of ED AWAS 1 were previously provided to the Board (February 2011). Spare copies are available should Board members require them.

Material Presented

Agenda Item 10	Board Meeting Summary Paper
Agenda Item 10.1	Project Timeline (roadmap)
Agenda Item 10.2	Process Diagram
Agenda Item 10.3	Steering Committee Terms of Reference (revised)
Agenda Item 10.4	Project Advisory Group Terms of Reference (revised)

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.