



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **15**
Meeting Date: 4 June 2012
Subject: Engagements to Report on Controls
Date Prepared: 21 May 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update of the project to issue proposed Standard on Assurance Engagements ASAE 34XX *Engagements to Report on Controls*.

Background

At the 27 February board meeting, the AUASB approved the project plan to revise AUS 810 and reissue as ASAE 34XX. As this is a joint project with New Zealand, the NZAuASB also approved the project plan at their meeting in February 2012, for developing equivalent standard SAE 34XX.

The broad scope of the revised standard was agreed at the AUASB and NZAuASB February and April meetings, as engagements covering:

- Reasonable or limited assurance, subject to the level of assurance representing a meaningful level of work effort (as limited assurance may not be appropriate in some circumstances).
- Internal audit to the extent that the requirements of the standard can still be applied, including meeting relevant ethical requirements (including independence) and providing an assurance conclusion.
- Any controls framework, which represents suitable criteria.
- Any component of control, which represents appropriate subject matter.
- Not restricted to financial reporting controls (nor restricted to Type 1 and Type 2 style reports (see ASAE 3402), as these are only attest reports on controls relevant to users entities financial reporting).
- Direct and attest (assertion-based) reports.

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- Restricted use and general use reports.
- Conducted by assurance practitioners.
- Primarily assurance procedures which provide an assurance conclusion.
- Various subject matters (not limited to financial reporting controls).
- Recommendations presented separately or as part of the assurance report, only when clearly differentiated from the assurance conclusion in a separate section of the report.
- Long form or short form reports.
- The control system (subject matter) identified either simply by the boundaries of that system or in a detailed description including each control objective and related controls.

The proposed ASAE/SAE 34XX was agreed to sit under ASAE/ISAE (NZ) 3000, with references to anchor to the overarching requirements in ASAE/ISAE (NZ) 3000. However, proposed ASAE/SAE 34XX is to sit alongside other Standards on Assurance Engagements, either carving out engagements from ASAE/SAE 34XX or from the other standard, when engagements may fall under multiple standards.

Matters to Consider

Having agreed the broad scope of the proposed ASAE/SAE 34XX, the AUASB Technical Group has commenced drafting the revised standard. In order to use a consistent approach to other AUASB/ NZAuASB standards the requirements of the following standards are to be used as a basis for developing requirements in ASAE/SAE 34XX:

- ASAE 3000/ISAE (NZ) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* – to be used as anchors for the requirements.
- Proposed ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* – project underway to revise ISAE 3000.
- ASAE 3402/ISAE (NZ) *Assurance Reports on Controls at a Service Organisation* – standard in clarity format on controls under specific circumstances.
- Proposed ASAE 3410/ISAE (NZ) *Assurance Engagements on Greenhouse Gas Statements* – standard in clarity format based on ISAE 3410, which addresses both limited and reasonable assurance engagements.

In addition, the requirements in AUS 810, which will be superseded and withdrawn once ASAE 34XX is issued, have been considered for on-going relevance.

Application material and guidance from these standards will be considered in developing the application material for ASAE/SAE 34XX.

Since the last AUASB meeting this project has been on-hold as resources have been redirected to other high priority projects. Consequently, no further Project Advisory Group meetings have been held since the April 2012 AUASB meeting. In the meantime, we plan to progress drafting of this proposed standard on internal control engagements in parallel to these other priorities.

We have revised the project timetable to reflect these resourcing constraints.

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Revised Timetable - Project on Engagements to Report on Controls (Revision of AUS 810)

Original Date	Description	Revised Date (as at 22 May)
Dec 2011 - Jan 2012	Form PAG and obtain background on the nature of current engagements in practice	Dec 2011 - Jan 2012
14 Feb 2012	NZAuASB approves project plan at Board meeting	14 Feb 2012
21 Feb 2012	Hold first PAG meeting	21 Feb 2012
27 Feb 2012	AUASB Board approves project plan	27 Feb 2012
27 Feb 2012	Scoping Paper presented to AUASB Board for consideration	27 Feb 2012
March 2012	PAG Meeting	22 Mar 2012
16-17 April 2012	1 st draft ED ASAE 34XX for AUASB consideration.	10 Sept 2012
N/A	1 st draft ED SAE 34XX for NZAuASB consideration.	17 Oct 2012
April 2012	Obtain OBPR assessment/approval	Sept 2012
May 2012	PAG Meeting	Aug 2012
4 June 2012	AUASB Board approve final ED ASAE 34XX for exposure	26 Nov 2012
27 June 2012	NZAuASB approve final SAE 34XX for exposure	18 Dec 2012
June 2012	If required obtain OBPR approval of the RIS	Nov 2012
July/Aug 2012	ED 60 day exposure period	Dec/Jan 2013
Aug 2012	Facilitate Roundtable discussions to obtain ED comments	Dec 2012
Aug/Sept 2012	PAG Meeting	Oct 2012
10 Sept 2012	AUASB Board considers ED comment letters & agree disposition	Feb 2013
Sept 2012	Consider final ISAE 3000 and the revised COSO Internal Control Framework and amend ASAE 34XX and SAE 34XX as necessary	Early 2013
17 Oct 2012	NZAuASB Board considers ED comment letters & agree disposition	30 Jan 2013
3 Dec 2012	AUASB approves final ASAE 34XX to issue	Feb 2013
18 Dec 2012	NZAuASB approves final SAE 34XX to issue	6 Mar 2013

Material Presented

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