



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **12(a)**

Meeting Date: 17 June 2013

Subject: Managed Investment Schemes – update on the project to revise GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes* and GS 014 *Auditing Mortgage Schemes*.

Date: 6 June 2013

Action Required

For Information Purposes Only

Agenda Item Objective

To present for the Board's information, an update on the project to revise GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes* and GS 014 *Auditing Mortgage Schemes*.

Background

At the 10 September 2012 meeting, the AUASB was provided with a project plan aimed at revising GS 013 and GS 014.

At the 26 November 2012 meeting, the AUASB was updated as to a meeting held between AUASB staff and ASIC on 23 October 2012. At that meeting we were made aware of further changes that ASIC were intending to make to RG 45 & RG 46. Furthermore, we understood that ASIC intended to revise RG 132 *Managed Investments: Compliance plans*, which may further impact on RG 45 & RG 46. These changes were expected to be finalised by 30 June 2013. The AUASB agreed to defer the project until ASIC's revision of RG 132 is finalised or at least available in draft as a basis for revising GS013 and GS 014.

In a letter from ASIC to the AUASB dated 26 November 2012, ASIC confirmed that they intend to issue a revised RG 132 *Managed Investments: Compliance plans*.

A meeting was held between AUASB staff and ASIC on 21 March 2013. ASIC confirmed that they are intending to considerably revise RG 132 *Managed Investments: Compliance plans* and possibly other associated RG's (including RG 45 and RG 46). ASIC further indicated that they may be in a position to

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provide the AUASB with an overarching strategy and timeline for the revision of RG 132 *Managed Investments: Compliance plans* and other RG's in April 2013.

Recent Developments

At the 29 April 2013 AUASB meeting, it was agreed that the Board would write a letter to ASIC Commissioner John Price, to update him on the status of our communications with ASIC. A copy of the letter dated 9 May 2013 is included at Agenda Item 12(a).1. Subsequent to our letter, we received ASIC's draft confidential briefing paper *Review of Regulatory Guide 132 Managed Investments: Compliance Plans* ("briefing paper") which outlines the need for a revised RG 132 with significant changes expected.

In response to our review of the briefing paper, we again wrote to ASIC on 15 May 2013 outlining that given RG 132 is the key over-arching ASIC Regulatory Guide in relation to the regulation of MISs, and in light of the significance of the planned changes, our preferred approach to the revision of GS 013, is still to progress the revision of GS 013, once ASIC are in a position to provide us with additional details of the planned wording and content changes to RG 132 and preferably provide us with a confidential working draft of the document.

On 21 May 2013, AUASB staff again met with ASIC where our views were reiterated. In addition, we requested from ASIC information regarding deficiencies as identified by ASIC in their audit inspection findings for 2011-12 year beyond those matters raised in ASIC's previous letter, as these in itself would be taken into consideration in a revised GS 013.

ASIC indicated that they would provide the AUASB with a timeline for the revision of RG 132 and other RG's in mid to late June 2013. In the interim, ASIC agreed to consider what information they could provide to us in relation to identifying current deficiencies identified in their inspection findings.

Next Steps

Until we understand where the revised RG's are heading and until we understand current deficiencies, it is difficult to predict the form and content of a revised GS 013 and GS 014.

Recommendation from the AUASB Technical Group

In view of the above, it is recommended that work on this project commence once we receive a substantive draft of a revised RG 132 and other associated RG's.

Material Presented

Agenda Item 12(a)	AUASB Board Meeting Summary Paper
Agenda Item 12(a).1	ASIC letter dated 26 November 2012
Agenda Item 12(a).2	Letter from AUASB dated 9 May 2013

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