



**Subject:** Minutes of the 49<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** ANZIIF Meeting Rooms  
Level 8, 600 Bourke Street, Melbourne  
**Date:** 28 February 2011, from 8.45 a.m. to 4.45 p.m.

All agenda items were discussed in public.

### Attendance

Members present	Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) Ms Dianne Azoor Hughes Mr Mike Blake Ms Valerie Clifford Ms Elizabeth Johnstone Mr Colin Murphy Mr Greg Pound Mr David Simmonds Mr Bernie Szentirmay (8.45 a.m. – 12.30 p.m.) Ms Kristen Wydell
Apologies	Mr John Gavens Mr Bernie Szentirmay (12.30 p.m. – 4.45 p.m.)
Staff	Mr Richard Mifsud (Executive Director) – from 9.00 a.m. to 4.20 p.m. Ms Susan Fraser (in part) Ms Claire Grayston (in part) Mr Alan Marrone – from 9.00 a.m. to 4.20 p.m. Ms Marina Michaelides (in part) Mr Howard Pratt (in part) Ms Patricia Wales (in part)

### Declarations of Interest and Board Member Appointments

#### (Agenda item 1 – Minute 650)

“Declarations of Interests” forms for Members were tabled, confirmed, and amended as appropriate.

Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the Board.

The Chairman welcomed the new members of the AUASB - Ms Kristen Wydell and Mr Bernie Szentirmay.



## 2011 Minutes

### (Agenda item 2 – Minute 651)

The Board approved the minutes of the 48<sup>th</sup> meeting held on 29 November 2010.

### Matters Arising and Action list

#### (Agenda item 3 – Minute 652)

The status of matters arising brought forward from previous AUASB meetings and action items were noted, with amendments to be carried forward as requested by the Board.

### Reports from AUASB Chairman on Recent Meetings and Corporate Matters

#### (Agenda item 4 – Minute 653)

The Chairman reported on key meetings attended and presentations given since the last meeting, including:

- FRC meeting held 2 December 2010.

The FRC Chairman complimented the AUASB on responses to the FRC in respect of the following matters:

- Public Company Accounting Oversight Board (PCAOB) issuance of new risk related Auditing Standards – AS No's 8-15 – a comparison of the PCAOB's proposed new standards with the AUASB Auditing Standards.
- PCAOB proposed auditing standard on communication with audit committees - a comparison of key requirements in the proposed PCAOB standard with corresponding AUASB Auditing Standards
- TTAASAG meeting held 3 December 2010.
- IAASB – discussions re intellectual property arrangements, held late 2010 (with IFAC staff and the Executive Director).
- Australian Financial Review – Interview with Mr Mark Fenton-Jones held 24 January 2011.
- ASIC Standing Chairs Committee - quarterly meeting held 4 February 2011.
- IAASB Task Force on Audit Quality meeting held in Brussels 8-9 February 2011.
- Water Accounting Standards Board – Steering Committee meeting held 15 February 2011.
- Meetings with Treasury held 21 February 2011:
  - Hon. David Bradbury, Parliamentary Secretary to the Treasurer
  - Mr Jim Murphy
  - Messrs Geoff Miller, Mark Sewell, Peter Levy, Michael Lim and Richard Chung
- ICAA roundtable – Early warning systems for a global financial crisis, held 17 February 2011.
- UK Financial Reporting Council -meeting with Mr Stephen Hadrill (CEO) held 24 February 2011.



- Meetings with key constituents (with the Executive Director).
- CPA - Australian Business Outlook Conference – held 24 February 2011.

#### Corporate and Other Matters

- AUASB Audit Committee meeting held 18 February 2011
- The Chairman has been appointed to the IAASB Task Force on Audit Quality

### **AUASB Business Plan and Work Program for 2011-2012 (Agenda item 5 – Minute 654)**

The Board discussed key issues for the development of the 2011-2012 business plan, including:

- International
- Work planning strategy
- Stakeholder engagement
- Staffing

The Plan will include consideration of:

- Feedback from Australian constituents and regulators
- Feedback from Board reviews
- IAASB work program 2012-2014
- Other national standard setters initiatives

Drafts of the proposed Business Plan, Executive Summary and Work Program Budget Hours will be tabled for consideration at the 18-19 April 2011 AUASB meeting.

### **Fundraisings and Comfort Letters Project (Agenda item 6 – Minute 655)**

The AUASB received updates on the Fundraisings and Comfort Letters projects, as follows:

#### Fundraisings

The Board considered a revised draft of the proposed ASAE on Fundraisings which will apply to assurance engagements related to corporate fundraising and prospective financial information. The Board requested:

- Further drafting amendments in light of the length of the draft document – consider use of generic paragraphs at the front of the standard.
- Investigative accountants reports to be repositioned towards the front of the standard.
- Consider amendment of title to: *Assurance Engagements Related to Corporate Fundraisings and Prospective Financial Information*.



A revised draft will be considered by the PAG and tabled for approval as an exposure draft at the 18-19 April 2011 AUASB meeting.

### Comfort Letters

The Project Advisory Group (PAG) on the Comfort Letters project is meeting next month to further consider the draft document. A further draft will be considered at the 18-19 April 2011 AUASB meeting.

## **Fundraising Revenue of Not-for-Profit Entities**

### **(Agenda item 7 – Minute 656)**

The Board approved, subject to further amendments to be cleared by the Chairman and Executive Director, GS 019 *Auditing Fundraising Revenue of Not-For-Profit Entities* (revision to AGS 1054 *Auditing Revenue of Charitable Entities*).

Preparation of the Guidance Statement included consideration of comments received from five interested stakeholders.

The Guidance Statement will be released later in March 2011.

## **Agreed-upon Assurance Procedures to Report Factual Findings**

### **(Agenda item 8 – Minute 657)**

The Board received a detailed report on respondents' comments received on exposure draft ED 3/10. The Board agreed that the proposed standard be retitled as a Standard on Related Services ASRS 4400 *Agreed-Upon Procedures to Report Factual Findings*, and that the definition of agreed-upon procedures be amended to refer to procedures of an assurance nature.

The Board also took the view that ASRS 4400 presume that agreed-upon procedures engagements are undertaken by an assurance practitioner who is independent. If that were not the case, the standard would require the practitioner to state in their engagement letter and report that they were not independent.

A revised draft of the proposed standard will be considered at the 18-19 April 2011 AUASB meeting.

## **Revision of Auditing Standards**

### **(Agenda item 9 – Minute 658)**

The Board considered staff recommendations for amendments to the Clarity Auditing Standards, which are to be drafted as an amending standard.

The proposed amendments include:

- Amendments to ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (following revision of APES 110 by the APESB).
- Various miscellaneous editorial corrections to the Standards.



It is intended that the changes will be effective for financial periods commencing on or after 1 July 2011.

The proposed amending standard will be approved out-of-session as an exposure draft in late March with an exposure period of 30 days.

## Service Organisations

### (Agenda item 10 – Minute 659)

The Board considered a preliminary analysis of comments received arising from consultation on GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*.

The PAG on Service Organisations will be reformed to consider stakeholders comments and a draft revision of GS 007.

The draft revision will be considered at the 18-19 April 2011 AUASB meeting.

## International Matters

### (Agenda item 11 – Minute 660)

- (a) The Board noted progress towards the preparation of submissions in respect of the following IAASB consultation papers and EDs:
- (i) *Proposed IAASB Strategy and Work Program for 2012-2014* (due 4 April 2011);
  - (ii) ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements* (due 20 May 2011);
  - (iii) *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications* (due 1 June 2011); and
  - (iv) ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (due 10 June 2011)

The AUASB has scheduled roundtable discussions with stakeholders to take place on 29 March 2011 in respect of (ii), (iii) and (iv) above.

- (b) The Board noted highlights of the December 2010 IAASB meeting and received verbal reports on recent taskforce meetings of the IAASB *Reviews* and *Compilation of Pro-forma Financial Information* Taskforces.

## Assurance on Water Accounting Reports

### (Agenda item 12 – Minute 661)

The Board received a report on the project to jointly develop with the Water Accounting Standards Board (WASB) of the Bureau of Meteorology, a Standard for Assurance Engagements on General Purpose Water Accounting Reports. A joint Steering Committee and Project Advisory Group have been established and meetings scheduled.



The Steering Committee met on 15 February 2011 and established a timetable for the project which includes:

- Development of a consultation paper: February - June 2011.
- Development of exposure draft: July – November 2011

## APRA

### (Agenda item 13 – Minute 662)

The Board considered a staff paper which provided a summary of proposed regulatory changes which APRA will be undertaking over the next 12 months and the likely need for amendment, where required, to relevant AUASB Guidance Statements.

The Guidance Statements identified that may need amendment are GS 012 *Prudential reporting Requirements for Auditors of ADIs* and GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*.

## Other Business

### (Agenda item 14 – Minute 663)

#### (a) GS 009 *Auditing Self- Managed Superannuation Funds*

The Board approved a project plan for the revision of GS 009 to incorporate references to the Clarity Auditing Standards. A draft will be tabled at the 18-19 April 2011 AUASB meeting.

#### (b) Withdrawal of AGS 1036 *The Consideration of Environmental Matters in the Audit of a Financial Report*.

The AUASB approved withdrawal of AGS 1036 in light of the impending withdrawal of IAPS 1010 by the IAASB.

#### (c) NGERS

The AUASB received an update on recent meeting with Mr Ross Carter of the DCCEE.

#### (d) Auditor implications of Reduced Disclosure Requirements (RDR) – Ms D Azoor Hughes raised with the Board the need to liaise with ASIC on whether or not the limited disclosure under the RDR could enable the auditor to form an opinion on whether the financial report gives a true and fair view under the *Corporations Act*.

#### (e) No other matters or emerging issues were noted.

#### (f) The Executive Director and technical staff were excused from the meeting whilst the Board and the Chairman met in private to discuss various matters of a confidential nature.

## Next Meeting

The next general meeting of the AUASB will be held on Monday and Tuesday, 18-19 April 2011, following a teleconference to consider IAASB agenda items, to be held 7 March 2011.



## **Close of Meeting**

The Chairman closed the meeting at 4.45 p.m.

## **Approval**

Signed as a true and correct record

M H Kelsall  
*Chairman*

Date: 18 April 2011