



Board Meeting Summary Paper

Subject: Revision of GS 007 – Investment Management Service Organisations
Date: 16 November 2010

AUASB AGENDA ITEM NO. 13(a)
Meeting Date: 29 November 2010

Action Required

For Information Purposes Only

Agenda Item Objectives

To approve a project plan to update GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* (March 2008).

Background

GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* was issued in March 2008 to replace AGS 1026 *Superannuation Funds – Auditor Reports on Externally Managed Assets*. GS 007 provides guidance for both user auditors and service auditors when a user entity uses a service organisation to provide investment management services and audit evidence is required by the user auditor from the service organisation. One of the significant changes from AGS 1026, was that GS 007 provided control objectives to be addressed in a service auditor's controls report for each type of investment management service which may be provided to user entities.

Matters to Consider

Since GS 007 was issued in March 2008, the AUASB has issued two new clarity standards relating to auditing of controls at a service organisation, being ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation* (Oct 2009), providing requirements for the user auditor, and ASAE 3402 *Assurance Reports on Controls at a Service Organisation* (June 2010), providing requirements for the service auditor. In addition, the new clarity suite of standards impacts on the special purpose service auditors reports included in GS 007. Some feedback has also been provided by practitioners on the wording of certain control objectives which may be improved. In order to ensure that user and service auditors comply with the current standards, GS 007 needs to anchor to the requirements of ASA 402 (Oct 2009), ASAE 3402 (June 2010), ASA 800 and a number of other AUASB Standards as well as addressing the experience of practitioners in using the Guidance Statement since it was issued.

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Agenda Item 13(a).1 is a Project Plan for revising GS 007 which is planned to be issued by March 2011.

Staff Recommendations

We recommend that the Board approve the Project Plan attached for the revision of GS 007.

Material Presented

Agenda Item 13 Board Meeting Summary Paper

Agenda Item 13(a).1 GS 007 Revision Project Plan

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Approve Project Plan	Approval	Board	29 Nov 2010	Pending

Notes

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