



Subject: Highlights of the 47th meeting of the AUASB
Venue: Auditing and Assurance Standards Board, Melbourne
Date: 13 September 2010

1. Public Sector Auditing Issues

The Board considered the need to further explore public sector audit issues relating to:

- Probity in public sector financial audits;
- Audits of government budget variances;
- Post-implementation review of ASAE 3100 *Compliance Engagements*; and
- Post-implementation review of ASAE 3500 *Performance Engagements*.

The AUASB will liaise further with the Australasian Council of Auditors-General (ACAG) to better understand the need for and priority of projects prior to considering adding work in the above areas to the work program.

2. Fundraisings and Comfort Letters

The Board received updates on the Fundraisings and Comfort Letters projects, including project timelines and status of drafts for consideration of project advisory groups. The Board will consider at its November 2010 meeting the drafts of the proposed standards, as follows:

- Exposure draft of the proposed Fundraisings ASAE; and
- Interim draft of the proposed Comfort Letters ASAE.

3. Agreed-Upon Assurance Procedures to Report Factual Findings

The Board considered and suggested revisions on a further draft of the proposed ASAE on *Agreed-Upon Assurance Procedures to Report Factual Findings*. The Board will consider a revised draft ASAE for approval for exposure at its November 2010 meeting.

4. Presentation from Mr Michael Dwyer (ASIC Commissioner) and Mr Doug Niven (ASIC Senior Executive Leader, Accountants & Auditors)

Mr Michael Dwyer and Mr Doug Niven provided the Board with an update on ASIC's structure, work and recent activities, including:

- the focus of and public findings from ASIC audit firm inspections;
- regulatory issues affecting auditing and assurance standards; and
- ASIC's involvement in international developments affecting audit regulation.

5. International Matters

- (a) The Board noted a report on recent activities of the IAASB and other national standard setters.
- (b) The Board noted the AUASB draft submission relating to the IAASB exposure draft of proposed ISAE 3420 *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*. The AUASB submission will be finalised by 30 September 2010 after considering any further stakeholder input.
- (c) The Board also noted that the AUASB Technical Group is working on submissions to the IAASB in respect of exposure drafts on revised:
 - ISA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*; and
 - ISA 610 *Using the Work of Internal Auditors*.

The AUASB will invite comments from stakeholders and consider them in drafting the submissions.

- (d) Ms Caithlin Mc Cabe (IAASB Member) discussed with the Board the key agenda topics for the September 2010 IAASB meeting, with a focus on matters that impact auditing in Australia.

In line with this, the AUASB will continue to monitor IAASB projects and consider their effect on the AUASB work program. A report on each key IAASB project will be presented at every AUASB meeting.

6. Approval of Guidance Statements

- (a) The Board approved for issuance, subject to final edits, the updated GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees*. GS 002 has been updated to reflect amendments following reissuance of APRA's Superannuation Guide SPG 200 *Risk Management*, and amended references to the *Clarity* Australian Auditing Standards. The Office of Best Practice Regulation (OBPR) preliminary regulatory assessment has been completed for this Guidance Statement. The OBPR has informed the AUASB that no further regulatory analysis is required for GS 002 as its updates are minor.
- (b) The Board approved for issuance, subject to final edits, GS 018 *Franchising Code of Conduct – Auditor's Reports*, a revision of AGS 1040. GS 018 includes amendments following reissuance of *The Franchising Code of Conduct* in June 2010. The OBPR preliminary regulatory assessment on GS 018 is in progress and is expected to be completed shortly prior to the release of the Guidance Statement.

***The next AUASB meeting will be held on 29 November 2010
at Level 7, 600 Bourke Street, Melbourne.***

The meeting will be open to the public.

Details of the meeting agenda are posted on the AUASB web site www.auasb.gov.au in the week prior to the meeting.

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