



Board Meeting Summary Paper

AUASB
AGENDA
ITEM NO.

11

Meeting Date:
13 September

2010

Subject: GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees*

Date: 2 September 2010

Action Required

For Information Purposes Only

Agenda Item Objectives

AUASB to read and comment on updated GS 002 *Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees* to approve for reissue.

Background

In August 2009 APRA reissued in draft a number of its Superannuation Guide Note (SGN) series which included:

- Risk Management (SPG 200);
- Capital and net tangible assets (SPG 110)
- Adequacy of resources (SPG 230); and
- Fitness and propriety (SPG 520).

The need for the updated APRA guidance has arisen from changes to the structure of the industry and the increase in size and sophistication of funds in the period following the licensing of trustees. Where appropriate, APRA will seek to harmonise guidance provided for entities across all APRA-regulated industries.

From discussions with APRA, the finalisation of the revised SPG series by the end of 2009 was impacted due to the timing of the Cooper review and its recommendations. APRA has formally reissued SPG 200 Risk Management along with the rest of the series as noted above in August 2010.

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Matters to Consider

The key changes made to GS 002 are predominantly linked to references to SGN 120.1 Risk Management July 2004 that has been superseded by SPG 200 – Risk Management and updates for references to the ASA clarity suite of standards.

APRA has also reviewed the changes to GS 002 and provided comments. Where appropriate, the AUASB Technical Group has incorporated those comments into the final draft.

APRA have raised the issue of the auditor including as an appendix to their report any significant risk management issues summarised as “General and Specific Observations”. These are items that do not warrant a qualification or modification, but are significant enough to be brought to the attention of both management and APRA and is seen as a useful and timely communication tool from the auditor to APRA.

The draft preliminary risk impact assessment (PRIA) has also been attached for comment by the AUASB prior to being lodged with OBPR.

Staff Recommendations

The AUASB Technical Group recommend that GS 002 be approved for reissue.

Material Presented

Agenda Item 11	Board Meeting Summary Paper
Agenda Item 11.1	GS 002 <i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i> (Marked Up Version)
Agenda Item 11.2	GS 002 <i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i> (Clean Version)
Agenda Item 11.3	OBPR – Draft Preliminary Risk Impact Assessment – GS 002 <i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i>

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to provide comments on changes to GS 002.	AUASB to approve updates to GS 002 for reissue.	AUASB	13 Sept	TBA

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