

Annual Regulatory Plan

2009-2010

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Australian Government

Auditing and Assurance Standards Board

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Introduction

The Auditing and Assurance Standards Board (AUASB) is an Australian Government Agency established under the *ASIC Act 2001* and is an entity under the *Financial Management and Accountability Act 1997* (FMA).

The primary functions of the AUASB are to:

- make Auditing Standards under section 336 of the *Corporations Act 2001*;
- formulate auditing and assurance standards for other purposes; and
- formulate guidance on auditing and assurance matters.

What is a regulatory plan?

Government agencies or departments that are responsible for regulatory changes are required to publish an Annual Regulatory Plan on their website early in each financial year.

A regulatory plan is a document that tells business operators, business representatives, other stakeholders and the public about regulatory changes that a government agency or department has made in the past financial year, and plans to make in the next financial year.

A regulatory plan covers business regulation. This includes primary legislation, subordinate legislation, quasi-regulation or treaties which directly affect business, have a significant indirect effect on business, or restrict competition.

A regulatory plan does not include information about the following:

- Regulations of a minor or machinery nature that do not substantially alter existing arrangements;
- Regulations that involve consideration of specific Government purchases;
- Regulations of a state or self-governing territory that apply in a non-self-governing territory; and
- Anticipated activity about which it would be inappropriate to publish information on grounds of confidentiality.

In addition, there may be regulatory activities undertaken during the next financial year which have not been included in a regulatory plan because they could not be foreseen when the plan was prepared.

In view of these exclusions, users should not take a regulatory plan to be a comprehensive source of information on past or potential changes to business regulation.

AUASB Pronouncements

The AUASB issues a range of pronouncements. The following pronouncements will generally be *regulatory* in nature:

- (a) Australian Auditing Standards (ASAs);
- (b) Standards on Review Engagements (ASREs);
- (c) Standards on Assurance Engagements (ASAEs); and
- (d) Guidance Statements

The following AUASB pronouncements will generally be *non-regulatory* in nature:

- (a) Foreword;
- (b) Framework;
- (c) Glossary;
- (d) Bulletins; and
- (e) Other publications.

How up to date is information in this regulatory plan?

This plan was compiled in mid June 2009. It contains two sections:

- Regulatory Activities July 2008 – June 2009; and
- Planned Regulatory Activities July 2009 – June 2010

The AUASB may periodically review and update information in the Planned Regulatory Activities section. To check when an entry was last updated, see Date Last Modified in each entry.

Office of Best Practice Regulation

The Office of Best Practice Regulation (OBPR) oversees compliance with the regulatory plan requirements. For further information about regulatory plans, go to www.obpr.gov.au.

Regulatory Activities July 2008 – June 2009

Title	Auditing Standard ASA 2008-1 Amendments to Australian Auditing Standards
Description	<p>This Auditing Standard makes amendments to the following Auditing Standard:</p> <p>ASRE 2410 <i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity.</i></p> <p>The amendments arise from changes made by the International Auditing and Assurance Standards Board (IAASB) to the scope of ISRE 2410 <i>Review of Interim Financial Information Performed by the Independent Auditor of the Entity</i>, the equivalent international standard of ASRE 2410. Under the Financial Reporting Council (FRC) Strategic Direction to the AUASB, the AUASB is to have regard to any programme initiated by the IAASB for the revision and enhancement of the International Standards on Auditing (ISAs) and make appropriate consequential amendments to the Australian Auditing Standards.</p>
Date of issue	21 August 2008
Date of effect	Operative for review engagements commencing on or after 1 October 2008

Title	Auditing Standard on Review Engagements ASRE 2400 <i>Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity</i>
Description	<p>This Standard on Review Engagements (ASRE) establishes mandatory Requirements and provides explanatory guidance on the responsibilities of an assurance practitioner who is not the auditor of an entity, when engaged to undertake a review of a financial report, and on the form and content of the assurance practitioner's review report.</p>
Date of issue	21 August 2008
Date of effect	Operative for review engagements commencing on or after 1 October 2008.

Title	Auditing Standard on Review Engagements ASRE 2405 <i>Review of Historical Financial Information Other than a Financial Report</i>
Description	<p>This ASRE establishes mandatory Requirements and provides explanatory guidance on the responsibilities of an assurance practitioner, including those who are the auditor of the entity, when engaged to undertake a review of historical financial information other than a financial report, and on the form and content of the assurance practitioner's review report.</p>
Date of issue	21 August 2008
Date of effect	Operative for review engagements commencing on or after 1 October 2008.

Title	Standard on Assurance Engagements ASAE 3100 <i>Compliance Engagements</i>
Description	This Standard on Assurance Engagements (ASAE), issued initially on 24 June 2008, has been reissued subsequently as a result of various technical and editorial amendments made by the AUASB.
Date of issue	9 September 2008
Date of effect	Operative for reporting periods or engagements commencing on or after 1 October 2008. Early adoption of this ASAE is permitted prior to this date.

Title	Standard on Assurance Engagements ASAE 3500 <i>Performance Engagements</i>
Description	The purpose of this ASAE, in addition to the mandatory Requirements and explanatory guidance for assurance engagements provided by ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> , is to establish mandatory Requirements and to provide explanatory guidance for undertaking and reporting on performance engagements. Following release of this ASAE, the AUASB approved minor editorial amendments to paragraphs 27(b)(ii) and 69 of the Standard.
Date of issue	31 July 2008 (amended in October 2008)
Date of effect	Operative for performance engagements commencing on or after 1 January 2009.

Title	Guidance Statement GS 001 <i>Concise Financial Reports</i>
Description	<p>The amendment of Accounting Standard AASB 1039 <i>Concise Financial Reports</i> by the Australian Accounting Standards Board in August 2008 led to consequential amendments to Guidance Statement GS 001 <i>Concise Financial Reports</i> (previously issued in July 2007). In addition to these consequential amendments, changes were made to the illustrative auditor's reports in the appendices to the Guidance Statement, including:</p> <ul style="list-style-type: none"> (a) amendments, in line with changes made to the <i>Corporations Act 2001</i>, relating to the auditor's independence declaration; and (b) inclusion of reference to the auditor's report on a Remuneration Report.
Date of issue	8 December 2008
Date of effect	The date of effect of GS 001 aligns with the date of effect of the Accounting Standard AASB 1039, i.e. AASB 1039 (August 2008) is applicable to annual reporting periods beginning on or after 1 January 2009. However, early adoption of AASB 1039 (August 2008) is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009 provided AASB 101 (September 2007) and AASB 8 (February 2007) are also applied to the period.

Title	Guidance Statement GS 009 Auditing Self Managed Superannuation Funds
Description	<p>This Guidance Statement provides guidance to auditors conducting:</p> <ul style="list-style-type: none"> (a) the audit of a Self Managed Superannuation Fund's (SMSF's) special purpose financial report (financial audit); and (b) the audit of a SMSF's compliance with the <i>Superannuation Industry (Supervision) Act 1993</i> (SISA) and the <i>Superannuation Industry (Supervision) Regulations 1994</i> (SISR) (compliance audit). <p>It replaces the specific guidance relating to the audit of SMSF's contained in Audit Guide No.4 <i>The Audit of Superannuation Funds (2004 Edition)</i> and <i>The Audit of Superannuation Funds 2005</i> Supplement to Audit Guide No.4.</p> <p>This Guidance Statement does not apply to Australian Prudential Regulation Authority (APRA) regulated superannuation entities.</p>
Date of issue	31 October 2008
Date of effect	31 October 2008

Title	Guidance Statement GS 010 Responding to Questions at an AGM
Description	<p>This Guidance Statement provides guidance to auditors on responding to questions at an Annual General Meeting of a listed public company. It replaces AGS 1046 <i>Responding to Questions at an Annual General Meeting</i> issued in October 2005.</p>
Date of issue	12 March 2009
Date of effect	12 March 2009

Title	Guidance Statement GS 011 Third Party Access to Audit Working Papers
Description	<p>This Guidance Statement provides guidance to auditors regarding third party requests for access to audit or review working papers relating to:</p> <ul style="list-style-type: none"> (a) audits or reviews of a financial report in accordance with the <i>Corporations Act 2001</i> ("the Act"); (b) audits or reviews of a financial report for any other purpose; and (c) audits or reviews of other financial information. <p>This Guidance Statement also applies, as appropriate, to external auditor's requests for access to internal auditor's audit working papers.</p> <p>This Guidance Statement replaces AGS 1038 <i>Access to Audit Working Papers</i> issued in February 2006.</p>
Date of issue	7 April 2009
Date of effect	7 April 2009

Title	Proposed new Guidance Statement GS 012 <i>Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions (ADIs)</i>.
Description	This Guidance Statement has been formulated by the AUASB in consultation with the Australian Prudential Regulation Authority (APRA), to provide guidance to the appointed auditor of an Authorised Deposit-taking Institution (ADI) reporting pursuant to the prudential reporting requirements specified by APRA in its ADI Prudential Standard APS 310 <i>Audit and Related Matters</i> . It replaces AGS 1008 <i>Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions (ADIs)</i> issued in July 2002.
Date of issue	26 June 2009.
Date of effect	GS 012 applies to prudential reporting engagements undertaken in relation to reporting periods commencing on or after 1 January 2009.

Planned Regulatory Activities July 2009 – June 2010

Title	ASA Redrafting (Clarity) Project
Description	<p>The International Auditing and Assurance Standards Board (IAASB) has updated the International Standards on Auditing (ISAs) in “clarity” format. Some ISAs have been redrafted, other ISAs have been substantially revised and there is one new standard on reporting internal control deficiencies. The updated ISAs will be operative for periods commencing on or after 15 December 2009. To ensure continued conformance of Australian Auditing Standards with the ISAs, the AUASB will re-issue the Auditing Standards in the same “clarity” format, using the new ISAs as the underlying standards, with changes made only for Australian regulatory or public interest reasons. The AUASB will also issue a new standard on internal control deficiencies (<i>ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>) and a new standard on quality control for firms (<i>ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports, Other Financial Information, and Other Assurance Engagements</i>) using the equivalent ISAs as the underlying standards.</p>
Consultation opportunities	<p>Consultation has been ongoing throughout the project, including:</p> <ul style="list-style-type: none"> • From late 2007 and during 2008, preliminary meetings with large and medium sized accounting firms and the professional accounting bodies, representing smaller audit practices/firms; • From mid 2008, the proposed standards have been released progressively in groups for exposure for minimum periods of 30 days; • A media release accompanies the release of each group of exposure drafts; • Exposure drafts are published in a unique section on the AUASB website for the benefit of all interested constituents; • Meetings of the AUASB are open to the public; • The agenda for AUASB meetings and supporting documents are posted on the AUASB website, including responses to exposure drafts; • The AUASB considers all comments received on exposure drafts and incorporates changes into the proposed standards where appropriate; • Highlights of AUASB meetings are published on the AUASB website; • The AUASB Update Notification Service provides subscribers with a notification in the form of an email, alerting interested parties of all important updates to the AUASB website; • Formal and informal information sessions have been held by the AUASB, with the professional accounting bodies; and • Information sessions are planned for late 2009 and 2010 to further inform key stakeholders about the changes to Australian Auditing Standards, the impact of those changes and suggested activities in preparation for implementation of the changes. There will be a number of formal sessions offered by the professional accounting bodies with assistance from the AUASB, in locations around Australia. The AUASB will issue media releases when the redrafted standards are finalised, as it has done at each stage of the process, and will write articles for professional magazines when appropriate. The revised and redrafted standards will be published on the AUASB website and, at the same time, email notification will be provided to subscribers regarding the new material placed on the website.
Expected timetable	<p>The redrafting of the ASAs will be completed in October 2009, with the new standards becoming operative for financial reporting periods commencing on or after 1 January 2010.</p>
Date last modified	<p>June 2009</p>

Subject	Issue a new (or revised) standard on Assurance Reports on Controls at a Third Party Service Organisation.
Description	The IAASB will be issuing International Standard on Assurance Engagements ISAE 3402 <i>Assurance Reports on Controls at a Third Party Service Organization</i> , as a complementary standard to International Standard on Auditing ISA 402 <i>Audit Considerations Relating to an Entity Using a Third Party Service Organization</i> . To ensure continued conformance of Australian standards with the IAASB's standards, the AUASB will be issuing a new Australian Standard on Assurance Engagements ASAE 3402 <i>Assurance Reports on Controls at a Third Party Service Organisation</i> using ISAE 3402 as the underlying standard, with changes made only for Australian regulatory or public interest reasons.
Consultation opportunities	The standard will be released for exposure for a minimum period of 30 days and the AUASB will consider all comments prior to finalising the standard. The standard will also be included in consultation activities conducted for the Clarity Project (see above).
Expected timetable	It is expected that the new standard will be operative for financial reporting periods commencing on or after 1 January 2010.
Date last modified	June 2009

Subject	Issue a new standard on assurance engagements (i.e. an ASAE) in connection with fundraisings
Description	This proposed new standard will replace the AUS 804 <i>The Audit of Prospective Financial Information</i> and AGS 1062 <i>Reporting in Connection with Proposed Fundraisings</i> . This new standard will establish Requirements and provide guidance on the responsibilities of assurance practitioners when performing and reporting on assurance engagements in connection with fundraisings, including the examination of prospective financial information.
Consultation opportunities	A project advisory group has been established. The proposed new standard will be released for exposure for a minimum period of 45 days. The AUASB will consider all comments from stakeholders prior to finalisation and issuance of the standard.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a new (or revised) standard or guidance statement on specific assurance procedures.
Description	<p>This pronouncement may be either a standard on assurance engagements (ASAE) or a guidance statement. It will replace Auditing and Assurance Standard AUS 904 <i>Engagements to Perform Agreed-upon Procedures</i> issued by the former Auditing and Assurance Standards Board of the Australian Accounting Research Foundation.</p> <p>The new standard or guidance statement will provide guidance and/or establish requirements for assurance practitioners on their professional responsibilities when an engagement to perform specific assurance procedures is undertaken, and on the form and content of the report that the assurance practitioner issues in connection with such an engagement.</p>
Consultation opportunities	A project advisory group has been established. If a standard is developed, it will be released for exposure for a minimum period of 45 days and the AUASB will consider all comments received prior to finalising the standard. If a guidance statement is developed, it will not be formally exposed, however targeted consultation will be conducted with stakeholders.
Expected timetable	Issue a pronouncement by the end of 2009.
Date last modified	June 2009

Subject	New Guidance Statement on the audit implications of uncertainty
Description	This proposed new Guidance Statement will provide guidance to auditors on how to deal with uncertainty when performing audits or reviews. This Guidance Statement will clarify the auditor's responsibilities in respect of evaluating the impact of uncertainties on an entity's financial report, as well as on the auditor's report.
Consultation opportunities	Key stakeholders will be consulted regarding the issues related to uncertainty and the impact this may have on the auditor's responsibilities and report.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a new pronouncement on comfort letters in connection with fundraisings.
Description	<p>The proposed new pronouncement will be the Australian equivalent of the US Statement on Auditing Standards SAS 72 <i>Letters for Underwriters and Certain Other Requesting Parties</i>.</p> <p>This new pronouncement will either be a Standard or a Guidance Statement, to be determined after consultation with the project advisory group. This pronouncement will address the assurance practitioner's responsibilities on performing engagements related to issuance of comfort letters to underwriters and other concerned parties in connection with fundraisings. This pronouncement will also cover issues related to comfort letters to foreign underwriters or third parties for international fundraisings undertaken by Australian entities.</p>
Consultation opportunities	A project advisory group has been established. If a Standard is developed (as opposed to a Guidance Statement), the proposed standard will be released for a minimum period of 45 days. The AUASB will consider all comments received prior to finalisation and issuance of the standard.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a new Guidance Statement on assurance on sustainability matters.
Description of issue	The AUASB began working with the Department of Climate Change (DCC) in early 2008 on the development of assurance requirements for schemes under the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGER Act), including the Carbon Pollution Reduction Scheme (CPRS). The criteria for registration as an NGER auditor will be contained in Regulations. The AUASB may work jointly with the DCC to issue a guide on the conduct of assurance engagements on reporting under the NGER Act.
Consultation opportunities	The AUASB will primarily work within the DCC's consultation process and may establish a project advisory group to advise on development of the guidance.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a new (or revised) standard on <i>Special Purpose Reports on the Effectiveness of Control Procedures</i>
Description	This pronouncement is expected to be a standard on assurance engagements (i.e. an ASAE), to replace Auditing and Assurance Standard AUS 810 <i>Special Purpose Reports on the Effectiveness of Control Procedures</i> issued by the former Auditing and Assurance Standards Board of the Australian Accounting Research Foundation
Consultation opportunities	A project advisory group comprising practitioners with expertise in controls reporting will be established. The proposed standard will be released for exposure for a minimum period of 45 days and the AUASB will consider all comments received prior to finalising the standard.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a new (or revised) guidance on APR-regulated areas, for example life insurance
Description	This is expected to be Guidance Statement, to replace Auditing and Assurance Guidance Statement AGS 1024 <i>Life Insurance Act 1995 - Audit Obligations</i> issued by the former Auditing and Assurance Standards Board of the Australian Accounting Research Foundation.
Consultation opportunities	Key stakeholders will be consulted to determine the audit issues related to changes in the regulation of life insurance entities.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Consider new guidance on Standard Business Reporting (SBR).
Description	With developments in technology, such as SBR, there is a need to consider the audit implications of the use of new technologies. The AUASB will work with stakeholders to determine the need for guidance for auditors relating to the introduction of SBR.
Consultation opportunities	Key stakeholders will be consulted to determine the audit issues related to the introduction of SBR.
Expected timetable	To be determined.
Date last modified	June 2009

Subject	Issue a revised Guidance Statement on <i>Privity Letter Requests</i>
Description	This proposed Guidance Statement will replace AGS 1014 <i>Privity Letter Requests</i> and will provide guidance to auditors on how to respond to privity letter requests from third parties seeking reliance on the auditor's report. This Guidance Statement will include a discussion of the issues commonly involved when auditors receive privity letter requests, and will provide guidance to address the risks associated with such requests.
Consultation opportunities	Key stakeholders will be consulted to identify current circumstances and related issues related to privity letter requests received by auditors.
Expected timetable	To be determined.
Date last modified	June 2009