



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **8a**

Meeting Date: 28 November 2017

Subject: Update on the recently issued ASIC form FS 71 *Auditor's Report for AFS Licensee*.

Date Prepared: 10 November 2017

Action Required

For Information Purposes Only

Agenda Item Objectives

To update the AUASB on the recently issued ASIC form FS 71 *Auditor's Report for AFS Licensee*.

Background

Issue:

Before the 12 September 2017 AUASB meeting a Board Member, brought to the AUASB technical group's attention a change to the ASIC form FS 71 *Auditor's Report for AFS Licensee*. The change includes an auditor's guide that does not form part of the form, but is included by ASIC to assist practitioners in completing and lodging the Form FS71. The guide gives some suggested non-mandatory audit procedures.

This matter was briefly discussed at the AUASB meeting in light of the previous issues the AUASB had with the issuance of GS 003 *Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001* in 2015 and the superseded ASIC FS 71 not using the format and language of the AUASB standards. At the time of the revision of GS 003, the AUASB technical group worked closely with ASIC in the re-write of FS 71 so that the updated prescribed report better aligned with the reporting requirements of the AUASB standards.

Changes to FS 71:

The technical group reviewed the FS 71 that was in force at the time of the issuance of GS 003 in September 2015 with the new form currently in place (September 2017); and noted that the only difference to the form was the inclusion of a 2-page auditor's guide at the back of the form. There were no other amendments made to the content of the prescribed FS 71.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

AUASB Technical Group Recommendations

AUASB technical group position:

Since the wording of the prescribed report has not changed since the AUASB last reviewed it; and the only amendment to the form is the inclusion of an auditor's guide containing non-mandatory audit procedures, the AUASB technical group does not have an issue with format and content of the new FS 71.

The technical group considers that while it would have been preferable to have ASIC consult with us, as there were no changes to the content of the prescribed report, it is not necessary for them to do so. The AUASB does not have a position on what is considered to be appropriate audit procedures that is the judgement of the auditor. ASIC has the right to include audit procedures which are not mandatory; and the firms have a right to demonstrate their judgement as to how their selected procedures meet the principles required by the AUASB standards.

AUASB technical group recommendations:

1. For the technical group to report back to the Board at the 28 November 2017 AUASB meeting.
2. For the Chair at the next ASIC/AUASB meeting to bring to ASIC's attention the matter of practitioner concerns regarding ASIC prescribing auditing procedures against standards that are principles based.

Material Presented

Agenda Item 8a

AUASB Board Meeting Summary Paper

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to read	N/A	AUASB	28 November 2017	
