



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **10(a)**

**Meeting Date:**               1 December 2015

**Subject:**                     NZAuASB Project on Service Performance Information / AASB Project on ED 270 Reporting Service Performance Information

**Date Prepared:**             23 November 2015

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**Action Required**

**For Information Purposes Only**

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## **Agenda Item Objectives**

To update the AUASB on the progress of the NZAuASB project to develop an assurance standard on service performance information and the AASB's project on ED 270 Reporting Service Performance Information.

## **Background**

1. The AASB and NZ AASB are running projects in parallel to develop an Accounting Standard in each jurisdiction on Service Performance Reporting. The AASB Standard will be directed at public and private sector Not-for-Profits which report Service Performance Information, either voluntarily or by legislative requirement (such as pursuant to the PGPA Act) in Australia, which may be reported at the same time or separately from the financial report. In contrast, in NZ, the Service Performance Report will form part of the General Purpose Financial Report (GPFR) for Public Benefit Entities (PBE).
2. At the 11 June 2015 NZAuASB meeting, the NZ Board approved a project to develop a NZ Auditing Standard on service performance information. The NZAuASB have set up a Working Group to advise on development of the Standard. At the previous AUASB meeting on 9 June, the AUASB was informed that the Chairman was keen for the AUASB to participate as necessary in this project.

## **Matters to Consider**

### ***Part A – General***

1. The AASB's Standard was approved as ED 270 and issued for comment in late August 2015 and is open for comment until February 2016 refer to [AASB website](#). During the month of November 2015 the AASB held six roundtables around Australia to consult with stakeholders on the requirements of the proposed standard and to hear direct feedback on any issues. The AUASB attended the roundtable held in Melbourne on 16 November 2015. A summary paper on the key feedback from the outreach sessions will be discussed at the AASB December 2015 meeting.

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2. The AUASB continues to liaise with the NZAuASB SSP Assurance Working Group through a Technical Group member, on Service Performance Information and Merran Kelsall as a member of the NZAuASB attends all meetings where relevant agenda items are presented. As there are no legislative requirements for assurance on service performance information reported in Australia, no project is yet proposed for development of an Australian Auditing or Assurance Standard on the Service Performance Information. The outcome of the NZ project may be considered for applicability or adaption to the Australian environment in due course.
3. However it should be noted that the NZAuASB assurance standard being developed is part of the ISA (NZ) series as it provides for assurance over information to be included in the GPFR. In Australia this would not be the case as the Service Performance Information is reported separately to the GPFR and therefore there is currently no mandatory requirement for it to be audited. If the information were reported in the GPFR as the entity chose to do so even though this is not required then this “other information” would be covered by ASA 720 requirements. If an assurance standard were developed in Australia it would most likely be part of the ASAE suite of standards.

### **Part B – NZAuASB**

1. At the NZAuASB meeting on 22 July 2015, the Board considered an issues paper and outline of a draft Auditing Standard on Service Performance Information. The Standard is being drafted as an Auditing Standard because the service performance information will form part of the GPFR in NZ, for PBEs. Consequently it will be audited at the same time as the financial information and will be integral to the annual financial audit. An AUASB Technical Group member attended the 22 July NZAuASB meeting by teleconference for that agenda item and participated in the discussion.
2. At the NZAuASB meeting on 2 September 2015 a verbal update was given on the progress of the project which was attended by Merran Kelsall as an NZAuASB member.
3. At the NZAuASB 21 October 2015 meeting the Board considered draft guidance to be made available for application by auditors of Performance Reports prepared using Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) for years ended 31 March 2016. The NZAuASB is developing the guidance to assist assurance practitioners that are engaged to audit or review the performance report, which includes a statement of service performance, required to be prepared by Tier 3 public benefit entities. The guidance will cover the assurance opinion on the non-financial information included in the Performance Report of Tier 3 not-for-profit public benefit entities. The NZAuASB provided feedback on the draft and is expecting to approve the guidance at the 9 December meeting.
4. The NZAuASB SSP Assurance Working Group including a Technical Group member from the AUASB, met by teleconference on 16 November to discuss the draft guidance statement with the aim that the guidance will be approved by the NZAuASB at the 9 December meeting.
5. The NZAuASB will continue its active project on service performance information and the intention is that any guidance will be replaced by an auditing standard or a review standard on service performance information when finalised.

### **Material Presented**

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