



**Subject:** Minutes of the 42<sup>nd</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** Ken Spencer Room, AUASB offices  
Level 7, 600 Bourke St, Melbourne  
**Date:** 7 December 2009, from 9.00 a.m. to 5.30 p.m.

All agenda items were discussed in public.

## Attendance

Members present	Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) Ms Dianne Azoor Hughes Mr Mike Blake Ms Valerie Clifford Mr John Gavens Mr Chris Hall Ms Elizabeth Johnstone Dr Christine Jubb Mr Clive Mottershead Mr Colin Murphy Mr Greg Pound Mr David Simmonds
Staff	Mr Richard Mifsud (Executive Director) Ms Susan Fraser (in part) Ms Claire Grayston (in part) Mr Alan Marrone Ms Marina Michaelides (in part) Ms Ruth Oliquino Mr Howard Pratt (in part) Ms Patricia Wales (in part)

## Declarations of Interest

### (Agenda item 1 – Minute 546)

“Declarations of Interests” forms for Members were tabled and confirmed with one change for Ms Valerie Clifford in relation to PwC’s involvement with work for the Department of Climate Change.

Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the Board.

## Minutes

### (Agenda item 2 – Minute 547)

The Board approved the minutes of the 41<sup>st</sup> meeting held 26-27 October 2009.

## Matters Arising and Action list

### (Agenda item 3 – Minute 548)

The status of matters arising brought forward from previous AUASB meetings and action items were noted, with amendments to be carried forward as requested by the Board.

## Reports from AUASB Chairman on Recent Meetings and Corporate Matters

### (Agenda item 4 – Minute 549)

The Chairman reported on key meetings attended since the last meeting including:

- Financial Reporting Council (FRC) meeting held 1 December.
- Trans-Tasman Accounting and Auditing Standards Group (TTSAAAG) meeting held 2 December.

The Chairman also noted that AUASB senior technical staff will lead joint presentations with the accounting bodies on background to the release of the “Clarity” standards during December.

## Other Pronouncements

### (Agenda item 5 – Minute 550)

The Board considered and approved (with minor amendments) the final versions of the following revised pronouncements:

- (a) *Foreword to AUASB Pronouncements*
- (b) *Explanatory Guide: Auditor’s Report*

These pronouncements will be released later in December.

The Board also considered a draft of the proposed *Framework for Assurance Engagements*, and requested that further drafts with amendments be presented for consideration at the 22 February 2010 AUASB meeting.

## National Greenhouse and Energy Reporting/ Carbon Pollution Reduction Schemes

### (Agenda item 6 – Minute 551)

- (a) The Board received an update on the liaison between the Department of Climate Change and AUASB regarding matters raised by the AUASB relating to the draft audit requirements for NGERS, CPRS, the Emissions-intensive Trade-exposed (EITE) assistance program under CPRS and the Electricity Sector Adjustment Scheme (ESAS).
- (b) The Board approved a project proposal to revise AGS 1036 *The Consideration of Environmental Matters in the Audit of a Financial Report*

## **Specified Assurance Procedures**

### **(Agenda item 7 – Minute 552)**

The Board considered an issues paper to issue a pronouncement on *Specified Assurance Procedures*, and in particular further considerations proposed by the Project Advisory Group on the type of pronouncement.

The Board agreed that the project proceed to develop a Standard to replace AUS 904 and to differentiate between specific assurance engagements and assurance from non-assurance engagements including agreed-upon procedures.

## **Project Plans to Revise Guidance Statements**

### **(Agenda item 8 – Minute 553)**

The Board approved a project plan to revise and reissue AGS 1024 *Life insurance Act 1995 – Audit Obligations*.

## **Fundraisings and Comfort Letters**

### **(Agenda item 9 – Minute 554)**

- (a) The Board received an update on the Fundraisings project – the initial working draft of the proposed ASAE for *Assurance Engagements in Connection with Proposed Fundraisings* has been considered by the PAG and a further draft which reflects their comments is being prepared for consideration in February 2010.
- (b) The Board received an update on the Comfort Letters project – the initial PAG meeting was held in November and an issues paper on the nature and application of the pronouncement will be prepared for the February 2010 PAG meeting.

## **International Matters**

### **(Agenda item 10 – Minute 555)**

- (a) The Board received an update on the recent activities of the International Auditing and Assurance Standards Board (IAASB)
- (b) The Board also received updates from taskforce members on IAASB projects:
  - Review and Compilations – Ms D Azoor Hughes
  - Pro Forma Information in Prospectuses – Mr D Simmonds (correspondent taskforce member)
- (c) The Board received an update on other international auditing and assurance matters
- (d) The Board agreed with the proposal to prepare submissions to the IAASB on consultation papers on the following projects with a view to lodging submissions by February 2010:
  - Auditing Complex Financial Instruments
  - Assurance on a Greenhouse Gas Statement

- Clarity ISA Implementation Project

## **NZ Professional Standards Board**

### **(Agenda item 11 – Minute 556)**

The Board received an update from Ms Helen Prangnell, Director of the New Zealand Professional Standards Board (PSB) and discussed matters of mutual interest and co-operation between the PSB and the AUASB, with a view to working more closely together in the future.

## **Future of Audit Report**

### **(Agenda item 12 – Minute 557)**

The Board considered a number of recommendations of the Future of Audit Report and the implications for the AUASB going forward. Relevant items will be included in the AUASB's business and action plans.

## **Other Business**

### **(Agenda item 13 – Minute 558)**

- (a) AUASB Consultative Meeting – The Board discussed Agenda items for the Consultative Meeting to be held 8 December 2009.
- (b) No other matters and emerging issues were noted.

## **Next Meeting**

The next meeting of the AUASB will be held on Monday 22 February 2010.

## **Close of Meeting**

The Chairman closed the meeting at 5.30 p.m.

## **Approval**

Signed as a true and correct record

M H Kelsall

*Chairman*

Date: 22 February 2010