



Subject: Highlights of the 56th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 16 April 2012

1. AUASB Strategic Plan 2012-15

The AUASB discussed a preliminary draft of its strategic plan for the period 1 July 2012 to 30 June 2015. The AUASB is working towards completion of the plan for the 4 June AUASB meeting.

2. AUASB and New Zealand harmonisation of standards

The AUASB further discussed harmonisation of its standards with those of the New Zealand Auditing and Assurance Standards Board (NZAuASB). A draft joint policy paper on convergence with international standards and harmonisation of trans-Tasman standards was considered. The paper will be amended and finalised by the 4 June AUASB meeting.

3. Comfort Letters and Fundraisings Projects

(a) Comfort Letters

The AUASB considered a *Basis for Conclusion* and an *Explanatory Guide* for the Standard on Related Services ASRS 4450 *Comfort Letter Engagements*. The AUASB requested further amendments, with both documents to be considered for out-of-session approval and subsequent release with the standard later this month.

(b) Fundraisings

At the 27 February AUASB meeting, the Board requested that the proposed ASAE 3450 be separated into two standards - ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. The AUASB considered drafts of the proposed standards and requested further consultations with constituents on particular issues and amendments to the standards to be considered at the 4 June AUASB meeting.

4. Australian Charities and Not-for-Profits Commission

Ms Susan Pascoe, Interim Commissioner and Head of Australian Charities and Not-for-Profits Commission (ACNC) Implementation Taskforce, presented to the Board on the work towards establishment of the ACNC to regulate Charities and Not-for-Profit entities and the scope of the ACNC's proposed regulatory activities.



5. Engagements to Report on Controls

The AUASB received a further update on the joint project with the NZAuASB to develop a new assurance standard on engagements to report on controls and discussed further aspects of the scope of the proposed standard.

6. NGRS and Clean Energy Schemes and Greenhouse Gas Assurance

The AUASB was provided with an update of the status of the Clean Energy Scheme and the conduct of audits under the National Greenhouse and Energy Reporting Scheme (NGERS). The AUASB also confirmed that it will be issuing an Australian assurance standard ASAE 3410 which will conform to the soon to be released ISAE 3410. An exposure draft of the proposed ASAE 3410 will be considered for out-of-session approval to release in early May, with an exposure period of 30 days. It is intended that the proposed standard be operative for reporting periods commencing on or after 1 July 2012 to coincide with the commencement of the Australian Government's carbon pricing mechanism. The AUASB also confirmed its intention to develop a Guidance Statement, which would link the NGRS reporting requirements with the requirements of ASAE 3410.

7. Amendments to Foreword to AUASB Pronouncements

The AUASB considered a revision of the *Foreword to AUASB Pronouncements*. The AUASB requested amendments to address standards on related services and the decision to issue with new standards the bases of conclusions. A further draft will be considered for approval at the 4 June AUASB meeting.

8. Explanatory Guide – Opening Balances

The AUASB considered an Explanatory Guide – *Opening Balances* which addresses the various circumstances where the auditors, reporting under ASA 510 and ASA 705, is required to modify their audit opinion in relation to opening balances in an initial audit engagement. A further draft will be considered for approval at the 4 June AUASB meeting.

9. International Matters

- (a) The AUASB received reports on the IAASB projects: *Auditor Reporting*, *Audit Quality*, *ISA Implementation Monitoring*, and *Review Engagements*.
- (b) The AUASB received a report on the IAASB meeting held on 12-16 March 2012 in Toronto.
- (c) The AUASB discussed key agenda items for the IAASB and National Standards-Setters meeting to be held on 26-27 April 2012 in New York.
- (d) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.



10. Compliance and Performance Engagements

The AUASB approved the project plan for the post implementation review of ASAE 3100 *Compliance Engagements* and ASAE 3500 *Performance Engagements*.

11. Other Matters

(a) Assurance on Water Accounting Reports

The AUASB received a further project update on the development of an assurance standard for engagements on general purpose water accounting reports.

(b) Audit Committees: A Guide to Good Practice

The AUASB received an update on the joint AUASB, AICD and IIA-A project to revise *Audit Committees: A Guide to Good Practice*. A working draft will be considered out-of-session and a final version will be considered for approval at the AUASB meeting on 4 June.

(c) Revisions to ASA 610 and ASA 315

The AUASB agreed to defer revisions of ASA 610 *Using the Work of Internal Auditors* and ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment* until the IAASB confirms the extent of changes to ISA 610 once the IESBA advises whether corresponding changes to the IFAC Ethics Code will be made and whether the APESB also consider these changes in Australia.

***The next meeting of the AUASB will be held on 4 June 2012
at Level 7, 600 Bourke Street, Melbourne***

The meeting will be open to the public