



Subject: Minutes of the 62nd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 29 April 2013, from 8.45 a.m. to 5.00 p.m.

All agenda items were discussed in public.

Attendance

Members present
Ms Merran Kelsall (Chairman)
Mr Jon Tyers (Deputy Chairman)- (8.45 a.m. to 2.30 p.m.)
Ms Jo Cain
Mr Neil Cherry
Ms Valerie Clifford
Mr John Gavens
Mr Chris George
Prof. Nonna Martinov-Bennie
Ms Jane Meade
Mr Colin Murphy
Mr Greg Pound
Mr Bernie Szentirmay
Ms Kristen Wydell

Apologies Mr Jon Tyers (Deputy Chairman)- (2.30 p.m. to 5.00 p.m.)

Staff
Mr Richard Mifsud (Executive Director)
Ms Susan Fraser – in part
Ms Claire Grayston – in part
Ms Rene Herman – in part
Mr Alan Marrone
Ms Marina Michaelides – in part
Mr Howard Pratt – in part
Ms Patricia Wales – in part

Declarations of Interest and AUASB Member Appointments

(Agenda item 1 – Minute 832)

"Declarations of Interests" forms for Members were tabled, confirmed, and amended as appropriate.

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 AUASB.

Minutes

(Agenda item 2 – Minute 833)

The AUASB approved the minutes of the 61st meeting held on 25 February 2013.



Matters Arising and Action list

(Agenda item 3 – Minute 834)

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 AUASB.

Report from AUASB Chairman on Recent Meetings, Corporate Matters and Correspondence for noting

(Agenda item 4 – Minute 835)

The Chairman reported on key meetings attended and presentations given since the last AUASB meeting, including:

- The Treasury – teleconference re Parliamentary Joint Committee on Corporations and Financial Services hearing – ASIC oversight on 12 March 2013
- FRC Strategic Plan Committee teleconference on 12 March 2013
- FRC Audit Quality Committee meeting on 13 March 2013
- FRC teleconference re Parliamentary Joint Committee on Corporations and Financial Services hearing – ASIC oversight on 14 March 2013
- Department of the Senate – attended Parliamentary Joint Committee on *Corporations and Financial Services hearing – ASIC oversight* in Canberra on 15 March 2013
- FRC meeting on 15 March 2013
- Integrated Reporting – meeting with Japanese delegation and Michael Bray and Liz Prescott on 18 March 2013
- AUASB/CPA Australia – Audit Quality roundtable held in Melbourne 20 March 2013
- AUASB/ICAA – Audit Quality roundtable held in Sydney 21 March 2013
- NZAuASB meeting in Auckland on 3 April 2013
- IAASB Integrated Reporting – teleconference on 5 April 2013
- APESB meeting with Kate Spargo and Channa Wijesinghe on 8 April 2013
- The Treasury – meeting on 9 April 2013
- G100 meeting with National Executive on 9 April 2013
- IAASB meeting on 15-19 April 2013 in New York
- IAASB ISA Implementation Task Force meeting on 16 April 2013 in New York
- FRC Financial Reporting Task Force meeting on 26 April 2013



ASA 610 and ASA 315 and ASA 2013-2 Amending Standard

(Agenda item 5 – Minute 836)

Further to its previous consideration at the 25 February 2013 meeting, the AUASB considered an issues paper and draft exposure drafts of the proposed revisions to 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*. After extensive discussion of the various issues presented, in particular on the matter of “direct assistance”, the AUASB agreed to defer finalisation of the draft exposure drafts until the 17 June 2013 meeting. At that time, it should also be known what position the APESB has taken in relation to any related changes to APES 110 *Code of Ethics for Professional Accountants*, which may impact on the revision of ASA 610. The AUASB also agreed to consult further with ASIC on the proposed changes to ASA 610.

Composite Auditing and Assurance Engagements (including Grant Acquittals) Reports

(Agenda item 6 – Minute 837)

The AUASB approved a revised project plan to develop a Guidance Statement designed to assist auditors and assurance practitioners in planning, performing and reporting when conducting an audit or other assurance engagement under a contract. The guidance will focus on *grant acquittals* and report formats prescribed by relevant organisations such as licensing authorities. The AUASB requested a more appropriate title for the project which will be developed in due course.

Assurance Engagements on Controls

(Agenda item 7 – Minute 838)

The AUASB received an update on the project to develop an assurance standard on *Assurance Engagements on Controls* (revision of AUS 810). A first draft exposure draft of the proposed assurance standard will be considered at the 17 June 2013 AUASB meeting.

Agreed-upon Procedures Engagements

(Agenda item 8 – Minute 839)

The AUASB considered a paper regarding restriction on distribution of Agreed-upon Procedures Engagements reports. The AUASB agreed to effect a miscellaneous amendment to the wording of ASRS 4400 *Agreed-upon Procedures Engagements to Report Factual Findings* to remove the restriction on distribution of reports issued under the standard but retain the restriction on use of those reports. This miscellaneous amendment will be approved for exposure at the 17 June 2013 AUASB meeting.

Australian Accounting Standards AUASB

(Agenda item 9 – Minute 840)

Mr Kevin Stevenson, AASB Chairman, and Mr Robert Keys AASB Technical Director, provided an update on the AASB's current projects including, *The AASB's consideration of research into private company and similar reporting*, as well as other matters on the AASB's work program.



International Integrated Reporting Council (IIRC)

(Agenda item 10 – Minute 841)

Ms Liz Prescott, Head of Relationships, East Asia and Australasia, International Integrated Reporting Council (IIRC), presented to the AUASB on the IIRC's current activities, including the recently released *Consultation Draft of the <IR> Framework*. It was noted that comments on the proposed <IR> Framework are due by 15 July 2013 and that a number of information workshops on the <IR> Framework will be conducted in late May/early June. In addition, it was noted that the AUASB, in conjunction with KPMG, will be conducting a roundtable on IR assurance matters on 21 May 2013.

International

(Agenda item 11 – Minute 842)

- (a) The AUASB received a report on matters discussed and outcomes of the IAASB meeting held on 15-19 April 2013 in New York.
- (b) The AUASB considered and approved the draft submission on the IAASB's Consultation Paper *A Framework for Audit Quality*. The submission reflected input from stakeholders obtained at roundtables held in Melbourne and Sydney on 20 and 21 March.
- (c) The AUASB discussed its proposed response to the IAASB's *Future Strategy Survey*. The AUASB agreed to finalise the response out-of-session in time for the due date of 7 May 2013.

GS 004 Audit Implications of Prudential Reporting Requirements for General Insurers

(Agenda item 12 – Minute 843)

The AUASB approved, subject to further editorial amendments and Office of Best Practice Regulation (OBPR) clearance, the revision of GS 004. It is expected that the revised Guidance Statement will be released in mid-May 2013

Assurance on Water Accounting Reports

(Agenda item 13 – Minute 844)

The AUASB received an update on the project to develop a joint AUASB/WASB standard on Assurance on Water Accounting Reports, including a preliminary analysis of responses to ED 04/12 *Assurance Engagements for General Purpose Water Accounting Reports*.

The joint Project Steering Committee will consider a final draft assurance standard in July 2013. Once cleared by the Steering Committee, the proposed standard will then be considered for approval by the AUASB and WASB.

Other Matters

(Agenda item 14 – Minute 845)

- (a) *Updated AUASB work program and Strategic Plan for 2013-2014*

The AUASB considered a draft amended Strategic Plan and agreed to revise the document further and recast the plan for the period 1 July 2013 to 30 June 2016.



(b) *Auditing Managed Investment Schemes*

The AUASB received an update on the project to revise GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes*. After discussion, the AUASB agreed to liaise further with ASIC on this project, and any proposed changes to ASIC's RG 132 *Managed Investments: Compliance Plans*.

(c) *SBR/XBRL*

The AUASB received an update on recent developments in this area including matters raised at a roundtable presented by The Treasury in Melbourne on 1 March 2013.

(d) *Notes from 2012 Consultative Meeting*

The AUASB received a summary of issues discussed and suggestions made by stakeholders at the 2012 Consultative meeting held in Melbourne on 27 November 2012.

(e) *Trans-Tasman Harmonisation*

One Board Member raised concerns regarding the AUASB and NZAuASB diverging on occasions in respect of the adoption and release of certain auditing standards, such as ISA 610. It was agreed that this matter would be considered further as part of the on-going dialogue relating to Trans-Tasman harmonisation.

Next Meeting

The next meeting of the AUASB will be held on 17 June 2013.

Close of Meeting

The Chairman closed the meeting at 5.00 p.m.

Approval

Signed as a true and correct record.

M H Kelsall
Chairman

Date: 17 June 2013