



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **5**  
**Meeting Date:**           7 April 2014  
**Subject:**                 Assurance Engagements on Controls  
**Date Prepared:**         24 March 2014

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

To obtain approval of exposure draft ED 01/14 of proposed ASAE 34XX *Assurance Engagements on Controls* to issue for a 60 day comment period.

## Background

In February 2012, the AUASB and subsequently the NZAuASB approved a joint project to revise AUS 810 *Special Purpose Reports on the Effectiveness of Control Procedures* (2002) and reissue as ASAE/SAE 34XX. The proposed ASAE/SAE 34XX was agreed to sit under ASAE/ISAE (NZ) 3000, with references to anchor to the overarching requirements in ASAE/ISAE (NZ) 3000. However, proposed ASAE/SAE 34XX is to sit alongside other Standards on Assurance Engagements, either carving out engagements from ASAE/SAE 34XX or from the other standard, when engagements may fall under multiple standards.

The AUASB Technical Group commenced drafting the revised standard in the first half of 2012, however following the April 2012 AUASB meeting this project was put on-hold as resources were required on other high priority projects. Once those projects were completed, this project recommenced in February 2013. Drafts of the proposed standard on controls ASAE 34XX *Assurance Engagements on Controls* were considered at AUASB meetings on 17 June 2013, 29 July 2013, 28 October 2013 and 24 February 2014.

The Project Advisory Group met 4 times during 2013 and on 12 February 2014, prior to the last Board meeting. The PAG have had the opportunity to comment on the draft standard prior to the April meeting.

## Matters to Consider

1. Further amendments:

At the 24 February 2014 meeting, the AUASB raised a number of matters, detailed in Agenda Item 5.1, which have been addressed in amendments to the exposure draft, marked-up in Agenda Item 5.2.

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2. Revisions to ASAE 3000:

The proposed standard on controls is anchored to ASAE 3000 which is currently being revised. Whilst the exposure period for ED 05/13 of revised ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* closed in February 2014, the NZAuASB exposure period for the equivalent NZ standard ends on 7 April 2014. The Board considered the comments received on ED 05/13 in February, however finalisation of ASAE 3000 is awaiting the outcome of the NZ exposure draft and further consideration of the matters raised by Australian stakeholders on exposure.

3. Exposure of ASAE 34XX:

ASAE 34XX could be issued as an exposure draft based on the exposure draft 05/13 of ASAE 3000. Any conforming amendments required following finalisation of ASAE 3000 could be put through after the comment period and prior to release of ASAE 34XX. The main aspects of ASAE 3000 which differ from ISAE 3000 and are the subject of debate are reference to risk and controls in limited assurance engagements. As controls are themselves the subject matter of the engagements in ASAE 34XX, it is only the use of the term risk in limited assurance engagements which may change with finalisation of ASAE 3000. We do not expect possible changes to ED 05/13 in finalising ASAE 3000 to be of significant impact to ASAE 34XX, as this is a subject matter specific standard.

4. Exposure period

The AUASB Technical Group recommends that the AUASB exposes ED 01/14 for 60 days to enable adequate time for stakeholders consider the proposed standard and for the AUASB to conduct roundtables within that time to obtain direct feedback from stakeholders and encourage discussion of the proposed standard.

The AUASB is asked to:

1. Provide feedback on the draft ASAE 34XX, Agenda Item 5.2.
2. Approve ED 01/14 of ASAE 34XX to release, subject to quality assurance procedures.

### **AUASB Technical Group Recommendations**

The AUASB Technical Group recommends that ED 01/14 of ASAE 34XX is approved to issue for a 60 day comment period.

### **Material Presented**

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	Attachment to Board Meeting Summary Paper
Agenda Item 5.2	ED 01/14 of proposed ASAE 34XX <i>Assurance Engagements on Controls</i> (Marked Up Version) (Confidential)
Agenda Item 5.3	ED 01/14 of proposed ASAE 34XX <i>Assurance Engagements on Controls</i> (Clean Version) (Confidential) [electronic only]

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### **Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approval of ED 01/14 of ASAE 34XX.	Approval	AUASB	7 April 2014	Pending