



Subject: Minutes of the 67th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 2 December 2013 from 10.00 a.m. to 5.30 p.m.

All agenda items were discussed in public (other than Agenda Item 10(g)).

Attendance

AUASB Members: Ms Merran Kelsall (Chairman)
Mr Jon Tyers (Deputy Chairman)
Ms Jo Cain
Mr Neil Cherry
Ms Valerie Clifford (until 4.15 p.m.)
Mr John Gavens
Mr Chris George (until 2.45 p.m.)
Prof. Nonna Martinov-Bennie
Ms Jane Meade
Mr Colin Murphy
Mr Greg Pound
Mr Bernie Szentirmay

AUASB Technical Group: Mr Richard Mifsud (Executive Director)
Ms Susan Fraser (in part)
Ms Claire Grayston (in part)
Ms Rene Herman
Ms Marina Michaelides (in part)
Mr Howard Pratt (in part)
Ms Patsy Wales (in part)

Apologies: Ms Kristen Wydell

Declarations of Interest and AUASB Member Appointments

(Agenda item 1 – Minute 892)

“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 893)

The AUASB approved the minutes of the 66th meeting held on 28 October 2013.



Matters Arising and Action list

(Agenda item 3 – Minute 894)

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 895)

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

- Department of Treasury meeting with Ms Jan Harris
- Business Reform Leaders Forum meeting
- FRC Financial Reporting taskforce meeting
- IAASB Audit Quality taskforce meeting
- FRC UK meeting
- Deloitte - Auditor Reporting meeting (via teleconference)
- Macquarie Bank - Auditor Reporting meeting (via teleconference)
- Water Assurance Standards Board steering committee meeting
- IIRC meeting on Integrated Reporting
- FRC Audit Quality Committee meeting (via teleconference)
- Siris - Auditor Reporting meeting (via teleconference)
- IAASB Audit Quality taskforce meeting (via teleconference)
- AUASB/APESB roundtable on APES 350 and ASAE 3450
- ICAA Managing Risk and Insurance in the Public Sector Forum
- FRC Audit Quality and Assurance Issues meeting

Report from NZAuASB Chairman

(Agenda item 4(b) – Minute 896)

Mr Cherry reported on legislative changes occurring in New Zealand and the process that the NZAuASB is working through to align New Zealand Auditing Standards to legislation while still conforming to International Standards. Mr Cherry noted that the convergence project to align New Zealand Standards to International Standards was complete. In addition, Mr Cherry highlighted that a significant part of the NZAuASB strategic plan would be allocated to audit quality and auditor reporting.



ASAE 3000 and Revised Assurance Framework

(Agenda Item 5 – Minute 897)

The AUASB considered drafts of proposed ED 05/13 ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ED 06/13 *Framework for Assurance Engagements*, based on the recently approved international pronouncements amended for the following:

- dealing with references to ethical requirements via ASA 102;
- amending the definition of assurance practitioner to be consistent with that used in other AUASB standards, including ASQC 1; and
- minor editorial amendments.

The AUASB, after further consideration, agreed to effect further amendments to the proposed exposure draft of ASAE 3000 as follows:

- to change the term *Engagement Partner* to *Lead Assurance Practitioner* and any consequential amendments arising; and
- to amend the *limited assurance* requirements of proposed revised ASAE 3000 and the related application material to include the assessment of risk and the response to assessed risk, and to require an understanding of internal controls – both aspects not currently included in ISAE 3000 (as revised). It was understood that the NZAuASB would be effecting similar changes to its proposed exposure draft of ISAE 3000.

The AUASB unanimously approved the amended drafts for exposure as EDs. The EDs will be released for exposure on 11 December 2013 with comments due by no later than 3 February 2014.

Consequential Amendments to ASAEs 3402, 3410 and 3420

(Agenda item 6 – Minute 898)

The AUASB considered a draft of the proposed conforming amendments proposed in ED 07/13 *Conforming Amendments to ASAE 3402, ASAE 3410 and ASAE 3420 as a Result of Revisions to ASAE 3000*, and agreed to the proposed ED subject to further consequential amendments arising from the changes requested by the AUASB to the proposed ED 05/13 ASAE 3000.

The AUASB unanimously approved the release of the exposure draft. The ED will be released for exposure on 11 December 2013 with comments due by no later than 3 February 2014.

GS 002 Prudential Audit Requirements for Registrable Superannuation Entities

(Agenda item 7 – Minute 899)

The AUASB considered a final draft of GS 002 *Audit Implications of Prudential Reporting Requirements for Registered Superannuation Entities*. The AUASB approved the Guidance Statement for issue, subject to the following:

- Finalisation of the APRA approved audit and review report (2013/2014) and SPG 310 Audit and Related Matters;
- Office of Best Practice Regulation (OBPR) clearance; and
- Further editorial amendments and completion of other internal processes.

It is envisaged that the revised Guidance Statement will be released in late January 2014.



International

(Agenda item 8 – Minute 900)

(a) *IAASB Meeting*

The AUASB considered the following papers for the IAASB meeting to be held 9-13 December 2013 in New York.

- *ISA 720 The Auditor's Responsibility Relating to Other Information;*
- IAASB Future Strategy 2015-2019 and Related Work Program;
- Framework for Audit Quality;
- Auditing Disclosures (Proposed amendments to ISAs 200, 210, 240, 260, 300, 315, 320, 330, 450 and 700); and
- Updates on Developments in Canadian Assurance Standards.

(b) *International update*

The AUASB noted the latest International Update being a report on recent activities of the IAASB and other international bodies, including National Standard Setters.

(c) *Trans-Tasman Harmonisation*

The AUASB further considered the proposed communications protocols with the NZAuASB. The Board agreed to the proposals subject to a minor clarification change. The Board requested the diagram in Appendix 1 to include the stages at which the AUASB will consider and communicate to the NZAuASB, any expected compelling reasons for amendment to the international standard.

The AUASB briefly considered the proposed amendments to the Australian convergence and harmonisation policies regarding enhanced descriptions of the "compelling reasons" criteria. The proposals, initially drafted in the New Zealand equivalent document, had been considered, and agreed to, at the previous meeting. The AUASB was informed that some NZAuASB members had signalled a potential change to the policies due to concerns which have arisen. Accordingly, the AUASB deferred further discussion until this matter is resolved by the NZAuASB.

Assurance on Water Accounting Reports

(Agenda item 9 – Minute 901)

After considering a further draft of the proposed assurance standard for water accounting reports, the AUASB unanimously approved the standard ASAE 3610 *Assurance on Water Accounting Reports*, subject to the following:

- Co-approval by WASB (jointly numbered as AWAS 2);
- Consequential amendments arising from the changes made by the AUASB to the proposed standard, ASAE 3000 (Revised);
- Minor changes arising from the finalisation of ASAE 3000, which are not already included in the proposed water standard;
- Changes, if any, arising from the WASB meeting on 23 December 2013; and
- Internal finalisation processes.

It is envisaged that the final standard will be issued in mid-February 2014.



Other Matters

(Agenda Item 10– Minute 902)

- (a) *GS 003 Audits and Review Requirements for Australian Financial Services of AFSL Licensees under the Corporations Act*

The AUASB received a status update on the project to revise GS 003. The revised Guidance Statement will be considered in draft at the 24 February 2014 AUASB meeting, with a view to its finalisation at the 7 April meeting.

- (b) *Integrated Reporting*

The AUASB received an update on recent meetings held with IIRC representatives and noted that the IIRC is due to release version one of the International Integrated Reporting Framework on 9 December 2013.

- (c) *Clean Energy Regulator*

The AUASB received an update on the assurance aspects relating to the schemes that the Clean Energy Regulator administers. The AUASB was advised that Mr Trevor Power from the Department of Environment has been invited to address the AUASB on latest developments at the 24 February 2014 meeting.

- (d) *APESB-AUASB Roundtables*

The AUASB received an update and feedback on the recent APESB-AUASB Roundtables held in Sydney and Melbourne in November 2013. The AUASB confirmed that ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information* and ASRS 4450 *Comfort Letter Engagements* are the appropriate standards to be used by Australian assurance practitioners when conducting applicable engagements and that it is inappropriate to be using alternative pronouncements in Australia. In addition, the AUASB confirmed that a post-implementation review of ASAE 3450 and ASRS 4450 would be undertaken in late 2014.

- (e) *Withdrawal of old Pronouncements*

The AUASB approved the withdrawal in January 2014 of AUS 804 *The Audit of Prospective Financial Information* (July 2002) and AGS 1062 *Reporting in Connection with Proposed Fundraisings* (August 2002). They have been superseded by ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*, which applies for applicable assurance engagements commencing on or after 1 July 2013.

- (f) *Updated work program*

The AUASB noted the updated AUASB Work Program for 2013-14.

- (g) *Board Reviews (closed session)*

The Chairman provided feedback on matters arising from Board Member reviews conducted over the last two months.

- (h) *Retiring Board Members*

The Chairman thanked Mr Jon Tyers (Deputy Chairman) and Ms Kristen Wydell, both of whom will retire from the AUASB on 31 December 2013, for their significant contributions to the working of the AUASB.



Next Meeting

The next meeting of the AUASB will be held on Monday, 24 February 2014 commencing at 10.00 a.m.

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: 24 February 2014