



Project Plan

Agenda Item:	11.0
Project Title:	Update to AUASB Guidance Statement GS 012 <i>Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions</i>
Priority:	Medium
Date Prepared:	27 November 2018
Date To Be Approved:	5 December 2018

Project Objective

1. To update Guidance Statement GS 012 Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions (GS 012) to reflect new and updated requirements for appointed auditors of Approved Deposit-taking Institutions (ADIs) and also appointed auditors of Registered Financial Corporations (RFIs) who are required to collect and report Economic and Financial Statistics (EFS) to the Australian Prudential Regulation Authority (APRA), Reserve Bank of Australia (RBA) and Australian Bureau of Statistics (ABS) (together, 'the Agencies').

Actions required from the AUASB

2. Approval to proceed with a revision to GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions*.
3. Agreement of due process proposals contained in the 'Action Plan' below.

Background

4. GS 012 was released in June 2009 to provide guidance to the appointed auditor of an Authorised Deposit-taking Institution (ADI), reporting in accordance with the prudential reporting requirements specified by APRA in its ADI Prudential Standard APS 310 Audit and Related Matters (APS 310).
5. Recently APRA, in conjunction with the RBA and ABS, have implemented updated reporting standards in relation to the collection of Economic and Financial Statistics (EFS). The new reporting standards will impact both ADIs and RFCs who currently submit EFS data to APRA from March 2019 onwards. Previously these requirements only applied to ADIs and subsequently GS 012 was not relevant to RFCs.
6. The Agencies have outlined new audit and assurance requirements relating to the EFS which apply from July 2019 onwards. Consequently an update to GS 012 is required.

Stakeholders

7. Stakeholders impacted by the update of GS 012 are:
 - (a) Approved auditors of ADIs and RFCs (NB: Predominantly 'Big 4' and other 'Mid-Tier' Firms who audit entities in this market segment)
 - (b) The Agencies – APRA, RBA and ABS

- (c) ADIs and RFCs
- (d) Relevant financial services industry associations (e.g. Australian Bankers Association)

Scope

8. Review and update GS 012 to reflect changes in reporting requirements issued by APRA in relation to APS 310 and new requirements relating to the audit of EFS for ADIs and RFCs including, but not limited to:
- (a) Materiality requirements stipulated by APRA, the RBA and the ABS in respect of the EFS information submitted by ADIs and RFCs in the EFS Forms.
 - (b) Updates to the GS 012 report format to reflect the new EFS reporting and assurance requirements.
 - (c) Other updates to modernise GS 012, which has not been updated since it was released in June 2009.

Action Plan

9. Steps to update GS 012 identified are:
- (a) Develop a project plan (i.e. this document) and obtain AUASB approval at its December 2018 Meeting.
 - (b) Identify relevant industry experts from stakeholder representatives to form a project Advisory Group (PAG) that will work the AUASB Technical Group (ATG) to:
 - (i) Determine a detailed list of updates required to GS 012 in light of the new ADI and RFC reporting requirements;
 - (ii) Develop changes required to GS 012 and draft appropriate wording for the Guidance Statement; and
 - (iii) Promote and gather feedback across relevant financial services industry representatives in relation to the proposed GS 012 changes.
 - (c) The ATG and PAG to revise and update GS 012 to address the project objectives.
 - (d) Obtain OBPR clearance.
 - (e) Obtain AUASB approval for revised GS 012.
 - (f) Issue GS 012
 - (g) Develop associated educative materials and communications to support the implementation of the revised GS 012.

Resources

10. The following AUASB and stakeholder resources will be engaged to update GS 012:
- (a) AUASB Project Manager to lead and coordinate project
 - (b) AUASB Technical Director to review and supervise project

- (c) AUASB board member with relevant financial services expertise to act as project sponsor and Chair of the PAG
- (d) Stakeholder representatives from each of the Agencies, approved auditor firms and ADI's/RFCs to form members of the GS 012 PAG.

Next Steps

11. Subject to approval of this project plan the ATG will then:
- (a) In consultation with the AUASB Chair, identify the appropriate ATG and AUASB member to work on this project;
 - (b) Discuss the scope and nature of the project and agree key outcomes and timelines with representatives from APRA and, where applicable, the RBA and ABS; and
 - (c) Develop the PAG terms of reference and determine the process for appointing PAG members.

Timetable

Date	Description
December 2018	<ul style="list-style-type: none"> • Approval of project plan • Discuss scope and timelines with the Agencies
January/February 2019	<ul style="list-style-type: none"> • Confirm ATG staff and AUASB members working on this project • Appoint PAG members and conduct introductory meetings
March 2019	<ul style="list-style-type: none"> • Commence PAG meetings and review and update of GS 012 • Provide update to AUASB at March 2019 Board Meeting
April/May 2019	<ul style="list-style-type: none"> • Continue development of update GS 012 with PAG • Finalise Draft GS 012 and prepare Board papers for June 2019 AUASB meeting
June 2019	<ul style="list-style-type: none"> • Obtain OBPR clearance • Board approval of revised GS 012 • Issue revised GS 012 on AUASB Website • Finalise communications and implementation guidance materials associated with the revised Guidance Statement