

8 June 2012

The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne Victoria 8007

Via email: edcomments@auasb.gov.au

Dear Ms Kelsall

ED 01/12 of proposed Standard on Assurance Engagements, ASAE 3410 Assurance Engagements on Greenhouse Gas Statements

Thank you for the opportunity to comment on the proposed ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants (the Joint Accounting Bodies) have considered the exposure draft.

The Joint Accounting Bodies represent over 210,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We support the proposed standard and have provided detailed comments in response to the questions raised in appendix 1. As noted in the exposure draft, guidance for the assurance practitioner on how to meet existing applicable Australian legislative and regulatory requirements when conducting an engagement under ASAE 3410 is critical. Our preference is for this guidance to be issued simultaneously with the standard. We recognise this may require revision of the proposed issue/effective dates to allow for the guidance to be developed.

We recognise the importance of consistency in the Australian standard with the international equivalent, ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. Some of the matters raised in our submission to the International Auditing and Assurance Standards Board on ISAE 3410 remain pertinent in regard to this proposed standard. A copy of that submission is attached at Appendix 2.

If you require further information on any of our views, please contact Amir Ghandar, CPA Australia by email amir.ghandar@cpaaustralia.com.au, Andrew Stringer, the Institute of Chartered Accountants by email andrew.stringer@charteredaccountants.com.au or Tom Ravlic, the Institute of Public Accountants by email tom.ravlic@publicaccountants.org.au.

Yours sincerely

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Appendix 1 – Responses to exposure draft questions

1. Have applicable laws and regulations been adequately addressed in the proposed standard?

The *National Greenhouse and Energy Reporting (NGER) Act 2007* (The Act) requires assurance engagements on greenhouse gas statements to be undertaken in Australia where certain criteria are met, or on the request of the Clean Energy Regulator. This law also allows for voluntary assurance of the required greenhouse gas statements. The *NGER (Audit) Determination 2009* (NGER) contains a framework for and detailed pronouncement on these assurance engagements.

As noted in the exposure draft, guidance for the assurance practitioner on how to meet these existing Australian legislative and regulatory requirements when conducting an engagement under ASAE 3410 is critical. Our preference is for this guidance to be issued simultaneously with the standard and we recognise that this may require revision of the proposed issue/effective dates to allow for the guidance to be developed.

We have identified the following areas that are of specific importance to address in the guidance (not an exhaustive list):

- Guidance on how the scope of ASAE 3410 applies to the different types of NGER engagements (ie assurance/verification).
- Format of reporting in accordance with ASAE 3410 and NGER requirements.
- Levels of assurance as defined in ASAE 3410 and NGER requirements.
- Specific guidance on application of the standard by small to medium practitioners.

2. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?

While the NGER pronouncements are not directly in conflict with the proposed standard, key aspects of the documents differ. For example, engagements performed under ASAE 3410 are intended to produce assurance reports suitable for a potentially wide audience; while assurance reports under the *NGER (Audit) Determination 2009* are designed specifically for the needs of the regulator. As discussed under question 1 above, addressing these matters in associated guidance will be critical to enabling effective application of the standard.

3. What, if any, are the additional significant costs to/benefits for assurance practitioners and the business community arising from compliance with the requirements of this proposed Standard? If there are significant costs, do these outweigh the benefits to the users of assurance services?

We do not anticipate significant additional costs to assurance practitioners and the business community arising from compliance with the requirements of the proposed Standard.

Thus far the Act is the primary driver of the need for assurance engagements on greenhouse gas statements in Australia. The immediate benefits of the standard may be limited by the existence of comprehensive mandatory pronouncement on these engagements in the *NGER (Audit) Determination 2009*.

Assurance engagements on greenhouse gas statements outside the requirements of the Act in Australia may become more widely needed in the future as emissions trading schemes and compliance mechanisms become more prevalent internationally. The regulator in Australia may also determine that ASAE 3410 is the appropriate pronouncement on engagements performed under the Act or other future legislation. An internationally equivalent standard issued in Australia, such as proposed ASAE 3410, provides clear benefits in this context.

Appendix 2 – Copy of submission to IAASB on ISAE 3410 exposure draft, June 2011

[\(Please see attached\)](#)