



Ms Merran Kelsall
The Chairman
Auditing and Assurance Standards Board
PO Box 204
Collins Street West
Melbourne VIC 8007

8 June 2012

Dear Ms Kelsall

**Comments on Exposure Draft 01/12 – Proposed Standard on Assurance Engagements
ASAE 3410 Assurance Engagements on Greenhouse Gas Statements**

We appreciate the opportunity to comment on the abovementioned Exposure Draft. We believe that there is a need for an Australian standard dealing with Assurance Engagements on Greenhouse Gas Statements. Overall, we are supportive of the proposed new standard.

We also support the Auditing and Assurance Standards Board's (AUASB) proposal to develop and issue a Guidance Statement to provide guidance for the assurance practitioner on how to apply AUASB standards to conduct assurance and non assurance engagements under the National Greenhouse and Energy Reporting Scheme, the Clean Energy Scheme and the Carbon Farming Initiative. We would be pleased to provide input into the development of this Guidance Statement.

We have responded to the specific questions included in the Request for Comment in Appendix 1 of this letter. We also have a number of additional comments and suggestions on the Exposure Draft, which we set out in Appendix 2, for your consideration.

We would be pleased to discuss our comments with you. Please contact Avril Trent on (02) 8266 8097 should you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Liza', written in a cursive style.

Liza Maimone
Partner



Merran Kelsall

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Appendix 1

Response to the *Request for Comments* questions

- 1) Have applicable laws and regulations been appropriately addressed in the proposed standard?**

The requirements of the *National Greenhouse and Energy Reporting (NGER) Act 2007* and *Clean Energy Act 2011* and related regulations have not been taken into account in this proposed standard. However, we understand that these will be addressed in the Guidance Statement to be issued by the AUASB.

- 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?**

Refer response to question 1

- 3) What, if any, are the additional significant costs to/benefits for auditors 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 audit-related services?**

We do not believe there will be significant additional costs associated with compliance with this proposed ASAE. We consider that there should be additional benefit from a consistent approach applied by assurance practitioners as a result of the more detailed and clarified requirements and guidance in relation to these types of engagements.

- 4) Are there any other significant public interest matters that constituents which to raise?**

N/A



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Appendix 2

Additional comments and suggestions on the Exposure Draft

1) Reporting on information other than GHG Statement

The illustrative reports in Appendix 2 include the comment “this heading is not needed if this is the only section” after the heading “Report on GHG Statement”. It is unclear if this is intended to require assurance reports issued covering both GHG subject matter and other subject matter (eg energy) to have separate sections for each subject matter. This may result in repetition within the assurance report regarding management responsibilities, independence and quality control and our responsibilities.

2) Other comments

- The application and other explanatory material in relation to paragraph 26R which states: “When obtaining the understanding required by paragraph 25R, the assurance practitioner shall evaluate the design of controls and determine whether they have been implemented by performing procedures in addition to enquiry of the entity’s personnel (Ref: paragraphs. A52-53)”, is very limited. We would recommend additional wording, similar to that provided in ISA 315 paragraphs A66 – A68, to provide further guidance to the assurance practitioner on how this requirement can be achieved.
- We do not believe that modifications to the assurance practitioner’s report are adequately dealt with in this standard. As a minimum, we recommend that ASAE 3000 paragraphs. 82 – 84 is cross-referenced in paragraphs 72 – 76 of this standard.