



Explanation of the Applicability of AUASB pronouncements when conducting Internal Control Engagements

Assurance engagements to report on controls at an entity may be conducted and reported on by the assurance practitioner under a number of different pronouncements depending on the subject matter and the whether or not assurance is being provided. The objective of this explanation is to assist the assurance practitioner in determining the appropriate pronouncement to apply in any given circumstance.

The following pronouncements may be applicable when conducting an engagement on controls:

- ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*
- AUS 810 *Special Purpose Reports on the Effectiveness of Control Procedures*
- ASAE 3402 *Assurance Reports on Controls at a Service Organisation*
- GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*
- ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

The overarching standard for engagements to report on controls when assurance is to be provided is ASAE 3000, which provides the broad requirements for all assurance engagements, other than audits or reviews of historical financial information. Consequently, ASAE 3000 will need to be applied in all assurance engagements on controls.

In addition, AUS 810, which was issued under a previous framework by the former AuASB in 2002 and predates ASAE 3000, is applicable to certain assurance and agreed-upon procedures engagements to report on controls and provides additional requirements relating specifically to controls. AUS 810 requires updating and is expected to be replaced with a new Assurance Standard in the 2011-12 financial year. Consequently, AUS 810 may be applied only to the extent that the requirements of ASAE 3000 are also met. Where inconsistencies are identified, the requirements of ASAE 3000 take precedence over AUS 810.

For engagements to conduct agreed-upon procedures on controls and report factual findings, AUS 810 is applied alongside ASRS 4400.

Where a controls engagement relates to reporting on a service organisation for use by user entities and their auditors, ASAE 3402 specifically applies. AUS 810 does not need to be applied in these circumstances as ASAE 3402 provides all of the necessary requirements. Further guidance is provided by GS 007 where the services provided by the service organisation are investment management services.



The following table summarises the applicability of the AUASB’s pronouncements when conducting internal controls engagements:

AUASB Standard or Guidance	ASAE 3000	AUS 810	ASAE 3402	GS 007 (2011)	ASRS 4400
Title	<i>Assurance Engagements other than Audits or Reviews of Historical Financial Information</i>	<i>Special Purpose Reports on the Effectiveness of Control Procedures</i>	<i>Assurance Reports on Controls at a Service Organisation</i>	<i>Audit Implications of the Use of Service Organisations for Investment Management Services</i>	<i>Agreed-Upon Procedures Engagements to Report Factual Findings</i>
Applicable to reporting periods commencing ON or AFTER	1 July 2007	July 2002	1 July 2010	1 January 2012 ¹	1 July 2011
Applicable practitioners	Assurance practitioners	Auditors (generally)	Assurance practitioners engaged to report on service organisation controls (service auditor)	Service auditors for investment management services organisations	Assurance practitioners
Subject matter of assurance engagement	Other than Historical Financial Information (including controls)	Design and operating effectiveness of control procedures	Description, design and/or operating effectiveness of controls at a service organisation	Description, design and/or operating effectiveness of controls at an investment management service organisation	Any subject matter subject to agreed-upon procedures
Nature of Report	Reasonable or limited assurance	Reasonable or limited assurance or factual findings	Reasonable assurance	Reasonable assurance	Factual findings
Issue date	9 July 2007	July 2002	29 June 2010	25 October 2011	June 2011

¹ The superseded GS 007 (2008) was operative for reporting periods commencing on or after 1 July 2008.

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