



Subject: Highlights of the 55th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 27 February 2012

1. Conformity between IAASB, AUASB and New Zealand standards

The AUASB discussed harmonisation of its standards with those of the New Zealand Auditing and Assurance Standards Board (NZAuASB). It was agreed the Board would work towards a joint policy with the NZAuASB on the principles of convergence with international standards and harmonisation of trans-Tasman standards.

2. Amendments to ASA 510 and ASA 705

The Board considered a technical paper on the topic of “split opinions” which included specific examples of audit reports supplied by practitioners. The Board agreed not to amend ASA 510 and ASA 705 but to develop guidance which would illustrate the various opening balance circumstances discussed in the technical paper, and how these can be dealt with in auditors’ reports.

3. Approval of new projects

(a) Internal Control Engagements

The project plan submitted to the AUASB to revise AUS 810 as an ASAE was approved and the scope of the proposed ASAE was agreed. It was noted that the PAG has met in February and will meet again next month.

(b) Audit Committees – A Guide to Good Practice

The project plan was approved and the AUASB requested that the revised Guide be finalised and issued by June 2012. The AUASB will be contacting the AICD and IIA-A to seek their agreement to this revised timeline.

(c) Value of Audit

The project plan was approved, subject to some amendments.

Details of the meeting agenda are posted on the AUASB website www.auasb.gov.au in the week prior to the meeting.

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(d) **ASA 570 Going Concern**

The project plan was approved to revise the AUASB Bulletin "*Auditing Considerations in an Uncertain Economic Environment*" (issued April 2009). The Board agreed that revisions will include contrasting the economic circumstances that existed in 2009 to those in 2012. It is planned to have the revised bulletin issued by 30 June 2012.

(e) **Professional Scepticism**

The Board approved the development of an AUASB Bulletin, to be prepared on this topic, following the technical papers having been finalised by the IAASB and Canadian AASB.

4. Amendments to *Foreword to AUASB Pronouncements*

The Board approved the plan to update the *Foreword to AUASB Pronouncements*. The Board decided to limit the content of the Foreword to pronouncements of the AUASB and to develop a separate governance document to deal with information about the AUASB's due processes.

5. APRA Presentation

Mr Ian Laughlin (APRA member) presented to the AUASB on *APRA's Interaction with Auditors*.

6. Comfort Letters and Fundraisings Projects

(a) **Comfort Letters**

The AUASB considered a summary of key issues raised by respondents to ED 03/11 Proposed Standard ASRS 4450, *Comfort Letter Engagements*. The Board approved the issue of the Standard, subject to editorial changes, with an operative date for engagements commencing on or after 1 March 2013.

(b) **Fundraisings**

The AUASB considered a summary of key issues raised by respondents to ED 02/11 Proposed ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as well as a copy of all comments received and their proposed disposition. The Board agreed to split the proposed ASAE into two separate standards – ASAE 3450, covering the sections from the Exposure Draft on assurance on historical pro forma and/or prospective financial information and ASAE 3420, covering the section from the Exposure Draft on assurance on the compilation of pro forma financial information (conforming with ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*). A proposed ASAE will be considered at the 16 April AUASB meeting.

7. NGERs and Clean Energy Schemes and Greenhouse Gas Assurance

The AUASB was provided with an update of the status of the Clean Energy Scheme and the conduct of audits under the National Greenhouse and Energy Reporting Scheme (NGERS). Subject to finalisation of ISAE 3410 by the IAASB in March 2012, a draft of proposed ASAE 3410 will be considered at the 16 April AUASB meeting.



8. International Matters

- (a) The AUASB received reports on the IAASB projects: *Auditor Reporting*, *Audit Quality*, *ISA Implementation Monitoring*; and *Review Engagements*.
- (b) The AUASB received a report on the IAASB meeting held on 5-9 December 2011 and the teleconference held on 25 January 2012.
- (c) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.

9. Special Considerations in Auditing Financial Instruments

The AUASB considered and approved Guidance Statement GS 020 *Special Considerations in Auditing Financial Instruments* for issuance in March 2012. The Board also approved the withdrawal of AGS 1030 *Auditing Derivative Financial Instruments*, issued by the AUASB in July 2002.

10. Other Matters

- (a) Assurance on Water Accounting Reports

The AUASB received a project update on the development of an assurance standard for engagements on general purpose water accounting reports.

- (b) RG 230 *Reporting on Non-IFRS Financial Information*

The AUASB was provided with a copy of the final RG 230 *Disclosing non-IFRS financial information*, issued by ASIC in December 2011. The Board discussed the audit implications of RG 230 and resolved to further discuss these issues with ASIC.

- (c) Integrated Reporting

The AUASB noted an update on the progress by the International Integrated Reporting Council on the outcomes from the discussion paper *Towards Integrated Reporting – Communicating Value in the 21st Century*.

- (d) Australian Charities Not-for-Profits Commission

The AUASB received an update on the progress of the Australian Charities and Not-for-profits Commission (ACNC). The AUASB reiterated its commitment to working with the ACNC in the future on audit and assurance matters.

- (e) Auditing in Emerging Markets

The AUASB noted the release by the Canadian Auditing and Assurance Standards Board regarding Auditing in Emerging Markets. The AUASB agreed that a similar release should be drafted and issued in Australia.

***The next meeting of the AUASB will be held on 16 April 2012
at Level 7, 600 Bourke Street, Melbourne***

The meeting will be open to the public.