



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **7(a)**
Meeting Date: 27 February 2012
Subject: Internal Control Engagements
Date Prepared: 6 February 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

To approve a project plan to revise and reissue AUS 810 *Special Purpose Reports on the Effectiveness of Control Procedures* as ASAE 34XX *Engagements to Report on Controls* (working title).

Background

The Board requested amendments to a draft project plan for the proposed project on controls engagements which was presented to the November meeting. The amendments were primarily to more fully address the New Zealand perspective.

Matters to Consider

A revised project plan (Agenda Item 7(a).1) is presented for the Board's approval.

In addition, an issues paper (Agenda Item 7(a).2) has been prepared which raises matters to be resolved in determining the scope of the proposed new standard on controls engagements. The Board is asked for any preliminary views on the issues raised so that the scope may be agreed at the next meeting, including whether ASAE 34XX will cover:

1. Reasonable assurance, limited assurance and/or agreed-upon procedures engagements.
2. Internal Audit Services.
3. A specified controls framework.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

4. Components of control: control environment, risk assessment, control activities (control procedures), information and communication and/or monitoring activities¹.
5. Description and design of controls (consistent with an ASAE 3402 type 1 report) and/or description, design and operating effectiveness of controls (consistent with an ASAE 3402 type 2 report).
6. Direct and/or attest engagements.
7. Restricted use report or general purpose; specified third parties or public reporting.
8. Assurance practitioners or practitioners.
9. Engagements limited to those involving assurance procedures, assurance conclusion or some other means of defining engagements in scope.
10. Limited or broad subject matter.
11. Recommendations for improvements as integral to assurance report or separate.

AUASB Technical Group Recommendations

The technical group request the Board to:

- Approve the project plan.
- Provide direction on the issues raised to determine the scope of proposed ASAE 34XX.

Material Presented

Agenda Item 7	AUASB Board Meeting Summary Paper
Agenda Item 7.1	Project Plan – Engagements to Report on Controls – Revision of AUS 810
Agenda Item 7.2	PAG Issues Paper – Internal Controls Standard – Scope of New Standard on Internal Controls

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approval of Project Plan	Board decision	AUASB	27 February 2012	Pending
2.	Direction on issues raised and scope of ASAE 34XX	Board direction/views	AUASB	27 February 2012	Pending

¹ Components of internal control taken from *COSO's Internal Control – Integrated Framework* which is currently under revision.

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