



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**

Meeting Date: 23 July 2012

Subject: APRA Prudential Standards: Guidance Statement GSXX on audit and assurance related matters for auditors of RSEs, including RMF requirements

Date: 28 June 2012

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To provide an update on the project to issue a Guidance Statement GSXX *Audit and Assurance Related Matters for Auditors of RSEs, including RMF requirements* in conformity with the APRA Prudential Standards and confirm the approach/structure to issuing the guidance statement.
2. To approve the project plan and scope for developing the guidance statement.

Background

In September 2011, the Australian Prudential Regulation Authority (APRA) released a discussion paper outlining proposals for prudential standards to implement those elements of the Government's reforms that come within APRA's mandate. The discussion describes APRA's proposed approach to introducing prudential standards for the superannuation industry to implement those elements of the Government's Stronger Super reforms that come within APRA's mandate. The AUASB Technical Group presented a paper to the Board in November 2011 to highlight the main changes being made.

APRA invited comments on its proposals and received a significant number of submissions, including one from the AUASB on 23 December 2011. APRA has summarised all the comments and issued a discussion paper – *Response to submissions: Prudential standards for superannuation*. The draft prudential standards for superannuation were released on 27th April 2012.

The draft prudential standards include six standards covering matters common to other APRA-regulated industries and five draft prudential standards cover matters that are specific to superannuation.

The AUASB propose to develop a Guidance Statement GSXX that covers all audit and assurance related matters for auditors of RSEs, including RMF requirements. Following the Cooper Review recommendations, the introduction of the Superannuation Legislation Amendment Bill 2012 (which provides APRA with prudential standards-making power for RSEs), the draft suite of APRA superannuation prudential standards and the increased market pressure for stronger regulation and oversight of the superannuation sector, there is a need to consider more comprehensive guidance for auditors of RSEs.

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.

Matters to Consider

The draft prudential standards for superannuation are expected to be finalised during 2012 with an operative date of 1 July 2013. A project plan for development of a Guidance Statement is presented for approval (see Agenda Item X.1). A Project Advisory Group (PAG) is being formed to advise the AUASB Technical Group on the development of this proposed Guidance Statement. The AUASB will be asked for their input on the suggested members of the PAG at the Board meeting. The Board is asked to confirm its stated intention to have an effective date for the Guidance Statement of periods commencing 1 July 2013, to approve the project plan, and the structure of the Guidance Statement.

AUASB Technical Group Recommendation

The Technical Group recommend:

1. Timetable for issue of the Guidance Statement:
 - Nov 12 to Jan 13 – Develop GS XX
 - Feb to Mar 2013 – Board to review GS XX
 - April 2013 – Issue GS XX
2. Confirmation of the effective date for GS XX of periods commencing 1 July 2013.
3. Approval of the project plan including the scope, for the development of a Guidance Statement on audit and assurance related matters for auditors of RSEs, including RMF requirements.
4. Approval of the proposed structure of the Guidance Statement.

Material Presented

Agenda Item 5	Board Meeting Summary Paper
Agenda Item 5.1	Project Plan for Guidance Statement GS XX on Audit and Assurance Related Matters for Auditors of RSEs, including RMF requirements
Agenda Item 5.2	Proposed structure of the Guidance Statement

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Confirm GSXX effective date of periods commencing 1/7/13	Confirmation	AUASB	23 Jul 2012	Pending
2.	Approve project plan and scope for GS XX	Approval	AUASB	23 Jul 2012	Pending
3.	Approve project structure for GS XX	Approval	AUASB	23 Jul 2012	Pending