



Subject: Highlights of the 64th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 29 July 2013

1. ASA 610 Using the Work of Internal Auditors

The AUASB considered the further information requested at the previous AUASB meeting, particularly information about the position taken on direct assistance by other European jurisdictions and the views of the APESB and ASIC, together with the draft EDs of ASA 610 and consequential changes to other Australian Auditing Standards. The AUASB agreed by majority vote to issue the EDs for public comment by 30 September 2013.

In approving the ED of ASA 610, the AUASB noted that the proposal to explicitly prohibit the use of internal auditors to provide direct assistance in an audit or review conducted in accordance with the Australian Auditing Standards, reinforces and strengthens the existing position whereby direct assistance is effectively disallowed by the independence requirements contained in APES 110 *Code of Ethics for Professional Accountants*. The revised standard ensures the independence of the external auditor and provides further confidence to stakeholders in the integrity of the audit.

The AUASB confirmed that, for a group engagement, the prohibition on using internal auditors to provide direct assistance extends to an audit or review of a component, including an overseas component, conducted in accordance with the Australian Auditing Standards.

2. Due Process and Trans-Tasman Harmonisation

The AUASB discussed differences in the due process for developing auditing and assurance standards adopted by the AUASB and the NZAuASB and how this may impact the objective of trans-Tasman harmonisation. The AUASB agreed to work jointly with the NZAuASB to develop proposals for enhanced communication between the respective Boards, with a view to further improving harmonisation in the auditing and assurance standards. The proposals will be considered at a joint meeting of the AUASB and the NZAuASB on 10 September 2013.

3. Assurance Engagements on Controls

The AUASB considered a further draft of proposed Standard for Assurance Engagements on Controls. The AUASB agreed that the proposed standard, following further drafting, would be brought back for approval as an ED in October 2013, to coincide with consideration of an ED for revised and redrafted ASAE 3000.

4. International Matters

- (a) The AUASB received a report on key matters discussed and outcomes of the IAASB meeting held on 24-28 June 2013 in New York.
- (b) Auditor Reporting. The AUASB received a report on various aspects of the IAASB ED: *Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing* which was published 26 July 2013.

The AUASB discussed the ED and related papers and agreed to an approach for its submission on the ED:

- Through its website, the AUASB has invited submissions (due no later than 22 October) from stakeholders to inform it in preparing its submission to the IAASB.



- The AUASB will be holding roundtables in Melbourne (7 October) and Sydney (15 October) to obtain further input on the ED. Invitations will be extended to stakeholders in the next few weeks.
- As proposed by the IAASB, the AUASB will also be encouraging firms to conduct field testing of the proposals in the IAASB ED.
- Agenda items have been set aside for:
 - Discussion of views at the joint meeting of the AUASB and the NZAuASB to be held 10 September; and
 - Consideration of the draft submission at the 29 October AUASB meeting.
- AUASB and NZAuASB will liaise on significant issues of common interest relating to the Auditor Reporting ED.

(c) Board members will forward comments on the IAASB's ED to AUASB staff.

5. APRA – Prudential Audit Requirements for Registrable Superannuation Entities (RSE)

An update was provided to the Board on the background, timeline and proposed scope for Guidance Statement XXX – *Audit Implications of Prudential Reporting Requirements for Registered Superannuation Entities*. The Board approved the proposed scope and noted the next Project Advisory Group meeting is scheduled for early September 2013.

6. Other Matters

(a) *Privity Letter Requests*

The AUASB considered a project proposal to revise AGS 1014 *Privity Letter Requests* and re-issue it as a Guidance Statement. The AUASB agreed to defer the proposal's further consideration until it has determined whether there is still demand for such a guidance statement.

(b) *GS 009 Auditing Self-Managed Superannuation Funds*

The AUASB received an update on the project to update GS 009 *Auditing Self-Managed Superannuation Funds*, and noted that an initial meeting with the Project Advisory Group will be held in the next month to discuss key updates and review a draft of the proposed Guidance Statement. It is planned that the AUASB will consider a first draft at its next meeting on 10 September.

(c) *Assurance under the Carbon Pricing Mechanism, NGERs and related Schemes*

The AUASB received an update on the Clean Energy Regulator's activities and noted that a revised NGERs Audit Handbook was being finalised by the CER, in consultation with the AUASB and other stakeholders.

(d) *Assurance on Water Accounting Reports*

The AUASB received an update on the project to issue a joint AUASB/WASB auditing standard on Assurance on Water Accounting Reports. The Project Steering Committee will consider a draft of the proposed standard in September. This will include amendments following ED 04/12 *Assurance Engagements for General Purpose Water Accounting Reports*. A final draft will be considered by the two Boards in October 2013.

(e) *Integrated Reporting Framework*

The Board noted the final submission to the International Integrated Reporting Council (IIRC) on the Integrated Reporting Framework.



(f) *AUASB Strategic Plan and Work Program*

The AUASB noted the final AUASB Strategic Plan for 2013-16 and the updated AUASB Work Program for 2013-14.

***The next meeting of the AUASB will be held on 10 September 2013
at Level 7, 600 Bourke Street, Melbourne***

The meeting will be open to the public