



**Subject:** Minutes of the 64<sup>th</sup> 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, from 8.45 a.m. to 4.20 p.m.

All agenda items were discussed in public.

#### Attendance

Members present

- Ms Merran Kelsall (Chairman)
- Ms Jo Cain
- Mr Neil Cherry (to 3.15 p.m.)
- Ms Valerie Clifford
- Mr Chris George (by phone from 11.00 a.m.)
- Ms Jane Meade
- Mr Colin Murphy
- Mr Greg Pound
- Mr Bernie Szentirmay
- Ms Kristen Wydell

Apologies

- Mr Jon Tyers (Deputy Chairman)
- Mr John Gavens
- Prof. Nonna Martinov-Bennie

Staff

- Mr Richard Mifsud (Executive Director)
- Ms Susan Fraser – in part
- Ms Claire Grayston – in part
- Ms Rene Herman – in part
- Mr Alan Marrone
- Ms Marina Michaelides – in part
- Mr Howard Pratt – in part
- Ms Patricia Wales

#### Declarations of Interest and AUASB Member Appointments

##### (Agenda item 1 – Minute 858)

“Declarations of Interests” forms for Members were tabled, confirmed, and amended as appropriate.

Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the AUASB.

#### Minutes

##### (Agenda item 2 – Minute 859)

The AUASB approved the minutes of the 63<sup>rd</sup> meeting held on 17 June 2013.



## **Matters Arising and Action list**

### **(Agenda item 3 – Minute 860)**

The status of matters arising brought forward from previous AUASB meetings and action items were noted, with amendments to be carried forward as requested by the AUASB.

## **Report from AUASB Chairman on Recent Meetings, Corporate Matters and Correspondence for noting**

### **(Agenda item 4 – Minute 861)**

The Chairman reported on key meetings attended and presentations given since the last AUASB meeting, including:

- Prof. Arnold Schilder, (speaker) ICGN NYC Conference – meeting in New York on 28 June 2013
- IAASB meeting in New York on 24-28 June 2013
- Meetings with various firms, including:
  - Crowe Horwath on 8 July 2013
  - Grant Thornton on 8 July 2013
  - Deloitte on 11 July 2013
  - RSM Bird Cameron on 16 July 2013
  - KPMG in Sydney on 16 July 2013
  - Pitcher Partners on 17 July 2013
- ASIC quarterly meeting on 10 July 2013
- NZAuASB meeting in New Zealand on 12 July 2013
- ICAA *future*[inc] dinner on 16 July 2013
- Audit Quality Task Force meeting in London on 22-26 July 2013

## **ASA 610 *Using the Work of Internal Auditors***

### **(Agenda item 5 – Minute 862)**

The AUASB considered the further information requested at the previous AUASB meeting, including:

- (a) An issues paper covering the following matters:
  - (i) Information on European jurisdictions that have prohibited “direct assistance” in using the work of internal auditors;
  - (ii) An update on communication with ASIC and the APESB, including correspondence received from both organisations;
  - (iii) Information on conformity with international standards on auditing; and
- (b) A mapping document of ASA 610 [Aus] Appendix 1 to the revised ASA 610;



- (c) Revised [Aus] Appendix 1; and
- (d) Final draft EDs of ASA 610 and ASA 2013-2 (consequential amendments to other Australian Auditing Standards).

The AUASB agreed by majority vote to issue the EDs for public comment by 30 September 2013. Ms Clifford and Ms Wydell abstained from the vote.

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*. Compliance with the revised standard supports the independence of the external auditor and should provide 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.

The AUASB requested that Aus Appendix 1 *Illustrative Example Questionnaire - Evaluating the Internal Audit Function* be issued as a supplement to ASA 610, rather than an appendix to the revised standard.

The AUASB requested that guidance be developed to accompany the revised ASA 610 to assist practitioners in implementing the revised standard, particularly in respect of the prohibition on direct assistance.

## **AUASB Due Process and Trans-Tasman Harmonisation**

### **(Agenda item 6 – Minute 863)**

The AUASB considered a NZAuASB paper discussed at its July 2013 meeting. The objectives of the NZ paper were to consider the differences in the standard setting processes of the two Boards and to discuss ways of operationalising the harmonisation policy. The AUASB also considered an AUASB staff analysis of the NZ paper. It was agreed that communications could be improved by the development of a formalised communications policy. It was noted that harmonisation will be assisted in 2014 with the proposed meeting dates for both Boards being closely aligned.

The AUASB discussed various aspects of the papers and concluded that there were no significant reasons for a change to the AUASB's due process, which has worked well. The AUASB re-affirmed its support for the principle of harmonisation between the respective Boards' standards, wherever possible, and recognised the need to enhance the mutual communication of any issues and key decisions relating to pronouncements under consideration. In light of the discussion, the Chairman of the NZAuASB agreed to update the NZ paper to provide a basis for further discussion by the two Boards at the joint meeting on 10 September 2013.

## **Assurance Engagements on Controls**

### **(Agenda item 7 – Minute 864)**

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.



## International

### (Agenda item 8 – Minute 865)

#### (a) *IAASB Meeting*

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 Project*

AUASB staff presented an analysis of the IAASB's exposure draft: *Reporting on Audited Financial Statements*. Due to the timing of the ED issuance, the staff analysis was limited to key points only covering 4 general areas:

- (i) A proposed action plan for the AUASB's submission to the IAASB;
- (ii) A selection of broader questions, additional to the ED's specific questions, to which the IAASB is seeking input;
- (iii) A selection of the more obvious issues arising from the proposed standard(s); and
- (iv) Noticeable Australian-specific issues that most likely will require the Board's attention when amending the equivalent Australian standards.

The AUASB discussed the matters described above and agreed to the proposed approach to its submission to the IAASB. The key elements of the planned approach were:

- an open invitation to comment to AUASB constituents which was posted on the AUASB website on 26 July 2013;
- discussion with the NZAuASB at the joint AUASB/NZAuASB meeting (10 September 2013);
- roundtable meetings in Melbourne and Sydney in October;
- communication with the NZAuASB prior to finalisation of the submission; and
- final out-of-session Board member input by 15 November 2013.

#### (c) *AUASB International Update*

The AUASB noted the International Update prepared by AUASB staff.

## APRA – Prudential Audit Requirements for Registrable Superannuation Entities

### (Agenda item 9 – Minute 866)

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.



## Other Matters

### (Agenda item 10 – Minute 867)

(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 discussed whether there was still sufficient demand for such a Guidance Statement and agreed to defer the proposal's further consideration until the next meeting on 10 September when information on stakeholder demand should be known.

(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 draft of the updated Guidance Statement for approval at its next meeting on 10 September.

(c) *Assurance under the Carbon Pricing Mechanism, NGERs and Related Schemes and Update on the Clean Energy Regulator*

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 AUASB/WASB/Bureau of Meteorology joint project to develop a standard for assurance engagements on general purpose water accounting reports. The AUASB noted changes to the membership of WASB which have resulted in changes to the Steering Committee for the joint project. It is now proposed the Steering Committee will consider a revised draft of the proposed standard in September 2013, including amendments following ED 04/12 *Assurance Engagements for General Purpose Water Accounting Reports*. It is proposed the AUASB and WASB/Bureau of Meteorology will consider a final draft of the proposed standard 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) *Proposed Meeting Dates for 2014*

The AUASB considered proposed meeting dates for 2014. The meeting dates will be confirmed at the next meeting on 10 September 2013.

(g) *Other*

*AUASB Strategic Plan 2013-16 and AUASB Work Program 2013-14*

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

## Next Meeting

The next meeting of the AUASB will be held on 10 September 2013.



## **Close of Meeting**

The Chairman closed the meeting at 4.20 p.m.

## **Approval**

Signed as a true and correct record.

M H Kelsall  
*Chairman*

Date: 10 September 2013