



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. 5
Meeting Date: 28 July 2015
Subject: Approval of draft GS 003 Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001
Date Prepared: 14 July 2015

Action Required

For Information Purposes Only

Agenda Item Objectives

To present the AUASB with a final draft of GS 003 Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001 for approval to issue.

Background

On 30 June 2015, ASIC released an updated FS 71 Auditor's Report for AFS Licensee. The AUASB have now completed the revision of GS 003 incorporating the changes resulting from an amended FS 71 into account.

The last draft of GS 003 was brought to the 9 June 2014 AUASB meeting. At that meeting, the AUASB was comfortable with the draft GS 003 subject to finalisation of the materiality paragraphs which were dependent upon ASIC's revision of FS 71. The June 2014 draft took into account all feedback from representatives of the informal PAG.

Matters to Consider

The key changes to ASIC form FS 71:

1. Separation of reporting requirements - FS 71 now more clearly separates the reporting requirements of section 989B of the *Corporations Act 2001*, the license conditions, and class order requirements.
2. Licence condition and class order opinions included - in the superseded FS 71 the auditor is required to insert (in paragraph 3) opinions required by licence conditions and class orders. The new FS 71 includes these opinions, along with other statements required by the conditions and class orders that affect how the form is to be applied.
3. Auditing Standards - Revised formatting and wording to better align with the reporting requirements of the AUASB standards.

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4. Materiality - ASIC have sought to clarify reporting requirements in regards to materiality in the guidance to the form and the expression of the opinion/conclusion sections throughout the report as being expressed “in all material respects”.

Key changes to GS 003 arising from the ASIC changes:

1. Materiality and FS 71 paragraphs updated (new paragraphs 50-51)
2. Updated references for revised RG 166 and PF 209
3. Removal Appendix 1 example opinions, now included in FS 71
4. General alignment of GS 003 to new format FS 71

AUASB Technical Group Recommendations

It is recommended that the revised GS 003 be approved for issue by the AUASB.

Material Presented

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	Confidential Draft GS 003 (Marked Up Version)
Agenda Item 5.2	Confidential Draft GS 003 (Clean Version)
Agenda Item5.3	Revised ASIC form FS 71

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to read final draft GS 003.	AUASB to approve GS 003	AUASB	28 July 2015	
