



<b>Subject:</b>	Minutes of the 45 <sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)
<b>Venue:</b>	Ken Spencer Room, AUASB offices Level 7, 600 Bourke St, Melbourne
<b>Date:</b>	8 June 2010, from 8.45 a.m. to 5.00 p.m.

All agenda items were discussed in public.

## Attendance

Members present	Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) Mr Mike Blake Ms Valerie Clifford – 2.00 p.m. – 3.15 p.m. Mr John Gavens Mr Chris Hall Ms Elizabeth Johnstone - 9.45 a.m. – 10.45 a.m. 2.00 p.m. – 5.00 p.m. Dr Christine Jubb Mr Colin Murphy Mr Greg Pound
Apologies	Ms Dianne Azoor Hughes Ms Valerie Clifford – except for 2.00 p.m. – 3.15 p.m. Mr David Simmonds
Staff	Mr Richard Mifsud (Executive Director) Ms Susan Fraser (in part) Ms Claire Grayston (in part) Mr Alan Marrone Ms Marina Michaelides (in part) Ms Ruth Oliquino Mr Howard Pratt (in part) Ms Patricia Wales (in part)

## Declarations of Interest

### (Agenda item 1 – Minute 593)

“Declarations of Interests” forms for Members were tabled and confirmed.

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 Board.

## Minutes

### (Agenda item 2 – Minute 594)

The Board approved the minutes of the 44<sup>th</sup> meeting held 19 April 2010, and special meeting held 12 May 2010.

## Matters Arising and Action list

### (Agenda item 3 – Minute 595)

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 Board.

## Reports from AUASB Chairman on Recent Meetings and Corporate Matters

### (Agenda item 4 – Minute 596)

The Chairman reported on key meetings attended since the last meeting including:

- FRC meeting held 18 May 2010.
- IAASB National Standard Setters meeting held 3-4 June 2010

The Chairman also noted a number of presentations by the Chairman and senior staff:

- Senior staff led joint web-cast information sessions with the accounting bodies on background to the “Clarity” standards during May and June.
- The Chairman presented at the ICAA Business Forum on 28 May 2010.

The Chairman reported on Prof. Arnold Schilder’s (Chairman of the IAASB) – visit to Australia.

During the week of 10-14 May, the AUASB hosted the Chairman of the IAASB, Prof. Arnold Schilder and Technical Director, James Gunn on a goodwill visit to Australia, prior to Prof. Schilder visiting New Zealand. Various engagements were arranged, including a public lecture, interaction with FRC and AUASB, media interviews and functions hosted by the Joint Accounting Bodies and ASX.

Prof. Schilder also attended a meeting of the AUASB on 12 May 2010 and presented to the Board on the IAASB’s work program and key initiatives for the coming year and provided valuable insight on various matters including international convergence in respect of the “Clarity” ISAs and the audit quality debate. Other IAASB developments that may impact on the AUASB’s work program were also discussed.

## Prudential Reporting Requirements of the Auditor of a Life Company

### (Agenda item 5 – Minute 597)

The Board considered a final version GS 017 *Prudential Reporting Requirements of the Auditor of a Life Company*.

The Board requested further amendments and that a final version will be considered for out of session approval for release in June 2010.

## **Assurance Reports on Controls at a Service Organisation**

### **(Agenda item 6 – Minute 598)**

The Board considered responses to exposure draft ED 01/10 and approved with minor amendments the final version of the proposed Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation* for release in June 2010.

The Board agreed that:

- there would be no early adoption;
- the Standard would be considered and approved out of session to facilitate release in June; and
- AGS 1042 will be withdrawn on release of ASAE 3402.

## **International Matters**

### **(Agenda item 7 – Minute 599)**

- (a) The Board received a report on the IAASB – NSS meeting held 3-4 June 2010 which was attended by the AUASB Chairman and Executive Director.

It was noted that Australia is at the forefront of adoption of Clarity standards.

Key issues discussed included:

- Fundraising/comfort letters
  - Agreed-upon procedures
  - Climate change
- (b) The Board discussed key agenda items for the June IAASB meeting with Ms C Mc Cabe, IAASB member.
- (c) The Board received updates from taskforce members on IAASB projects:
- Reviews and Compilations – Ms D Azoor Hughes
  - Pro Forma Information in Prospectuses – Mr D Simmonds
- (d) The Board received a report on the recent activities of the International Auditing and Assurance Standards Board (IAASB) and an update on other international audit and assurance related matters.
- (e) The AUASB response to Consultation Paper on the IAASB Strategy and Work Program 2012 – 2014 was noted.

## **Standard Business Reporting**

### **(Agenda item 8 – Minute 600)**

The Board considered the final draft of an AUASB Bulletin on developments relating to Standard Business Reporting including the use of eXtensible Business Reporting Language (XBRL).

The Bulletin will be released in June.

## **Fundraisings and Comfort Letters**

### **(Agenda item 9 – Minute 601)**

The Board received an update on the Fundraisings project, including a first draft of the proposed ASAE for Assurance Engagements in Connection with Proposed Fundraisings.

The draft will be further reviewed by the PAG and a revision will be tabled at the 26 July AUASB meeting.

The Board received an update on the Comfort Letters project – the PAG has finalised their review of the suggested outline of the proposed standard. The AUASB Technical Group is in the process of developing the first draft of an exposure draft version of the proposed standard for consideration by the PAG in August 2010.

## **Specified Assurance Procedures**

### **(Agenda item 10 – Minute 602)**

The Board received an update on the project to develop an assurance standard on Specified Assurance Procedures. A further PAG meeting is scheduled for 9 June – a first draft of the proposed standard will be prepared for review in mid August.

A further update is to be presented at the 26 July 2010 AUASB meeting.

## **National Greenhouse and Energy Reporting (NGERS) and Carbon Pollution Reduction Schemes (CPRS)**

### **(Agenda item 11 – Minute 603)**

The Board received an update on the Department of Climate Change (DCC) programs involving auditing and assurance matters. The Board was informed that proposed NGERS auditing guidance is still to be finalised and issued by the DCC.

## **Assurance on Water Accounting Reports**

### **(Agenda item 12 – Minute 604)**

The Board was briefed on recent discussions with the Water Accounting Standards Board regarding the joint development of a proposed Assurance Standard on water accounting reports. It was noted that the development of a discussion paper on this subject by the two Boards would commence in August.

## **Academic Research**

### **(Agenda item 13 – Minute 605)**

The Board noted that a report on recent research relevant to the AUASB will be prepared for the 26 July 2010 AUASB meeting.

## **GS 009 Auditing Self Managed Superannuation Funds**

### **(Agenda item 14 – Minute 606)**

The Board received an update on recent discussions with the Australian Taxation Office (ATO) regarding auditing requirements for self managed superannuation funds (SMSFs). The Board noted the proposal to update GS 009 to reflect the revised Clarity Australian Auditing Standards.

The proposed update is planned for release by 31 December 2010.

## **Local Government Audit Committee Guide**

### **(Agenda item 15 – Minute 607)**

The Board received an update on meeting with the Department of Planning and Community Development held 26 May 2010. It was noted that submissions on the proposed Guide closed in March 2010 and that a revised draft will be issued as soon as possible. Release of the final guide is anticipated before November 2010.

## **Other Business**

### **(Agenda item 16 – Minute 608)**

- (a) AUASB response to request from the Australian Productivity Commission on Review of Regulatory Burdens was tabled for noting.
- (b) Final version of GS 016 *Bank Confirmation Requests* was tabled for noting.
- (c) AUASB Letter to Treasury relating to Audit Quality – A Strategic Review.
- (d) No other matters or emerging issues were noted.

## **Next Meeting**

The next meeting of the AUASB will be held on Monday 26 July 2010.

## **Close of Meeting**

The Chairman closed the meeting at 5.00 p.m.

## **Approval**

Signed as a true and correct record

M H Kelsall  
*Chairman*

Date: 26 July 2010