



Subject: Minutes of the 51st meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Auditing and Assurance Standards Board
Level 7, 600 Bourke Street, Melbourne
Date: 14 June 2011, from 9.00 a.m. to 2.30 p.m.

All agenda items were discussed in public.

Attendance

| | |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Members present | Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) – (by telephone) Ms Dianne Azoor Hughes Mr Mike Blake - (by telephone) Ms Valerie Clifford (from 9.00 a.m. to 1.30 p.m.) Mr John Gavens Ms Elizabeth Johnstone - (by telephone) Mr Colin Murphy Mr Bernie Szentirmay (from 2.00 p.m. to 2.30 p.m.) Ms Kristen Wydell |
| Apologies | Ms Valerie Clifford (from 1.30 p.m. to 2.30 p. m.) Mr Greg Pound Mr David Simmonds Mr Bernie Szentirmay (from 9.00 a.m. to 2.00 p.m.) |
| Staff | Mr Richard Mifsud (Executive Director) Ms Anna Cooshna (in part) Ms Susan Fraser (in part) Ms Claire Grayston (in part) Mr Alan Marrone (in part) Ms Marina Michaelides (in part) Mr Howard Pratt (in part) Ms Patricia Wales (in part) |

Declarations of Interest and Board Member Appointments (Agenda item 1 – Minute 678)

“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 Board.



Minutes

(Agenda item 2 – Minute 679)

The Board approved the minutes of the 50th meeting held on 18-19 April 2011.

Matters Arising and Action list

(Agenda item 3 – Minute 680)

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 681)

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

- IAASB - NSS meeting held 28-29 April 2011.
 - Audit Quality Task Force meetings held 26-27 April and 9 June 2011.
 - Board meeting teleconference held 5 May 2011.
 - ISA Implementation Monitoring Task Force meeting held 20 May 2011.
- FRC - Teleconference FRC Chairman held 9 May 2011.
 - Integrated Reporting Task force meeting held 6 June 2011.
 - Nominations Committee meeting held 7 June 2011.
- Emerging Accounting and Auditing Issues Discussion Group meeting held 11 May 2011.
- Nexia ASR Pty Ltd – presentation at 2011 Nexia Audit Conference.
- ICAA Business Forum held 25 May 2011.
- ASIC quarterly meeting held 31 May 2011.
- Senate Estimates Committee – attended 2 June 2011.
- AASB – presentation at 8 June 2011 AASB meeting.

Working with the New Zealand Auditing and Assurance Standards Board

(Agenda item 5 – Minute 682)

The Chairman provided an update to the Board on recent developments regarding the proposal to work more closely with the New Zealand AuASB.



The Board discussed the following issues:

- Cross membership of the AUASB and the NZAuASB by the respective Chairmen.
- NZAuASB to pick up Ethical Standards.
- Differences in legislative frameworks between Australia and New Zealand.

A further update will be provided at the 25 July 2011 AUASB meeting.

AUASB Business Plan and Work Program for 2011-2012

(Agenda item 6 – Minute 683)

The Board discussed and considered a revised draft of the AUASB Business Plan for 2011-2012. The Board requested further amendments and a further draft will be considered out of session.

Amendments to the Australian Auditing Standards

(Agenda item 7 – Minute 684)

The Board approved, with minor amendments, ASA 2011-1 *Amendments to Australian Auditing Standards* for release in June 2011. The proposed standard includes consequential amendments to ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (following revision of APES 110 by the APESB), and various miscellaneous editorial amendments to the Australian Auditing Standards. The changes introduced by the amending auditing standard will be effective for financial periods commencing on or after 1 July 2011.

Auditing Self-Managed Superannuation Funds

(Agenda item 8 – Minute 685)

The Board considered a draft revision of GS 009 *Auditing Self-Managed Superannuation Funds*. The Board requested further amendments and a final draft will be considered for approval at the 25 July 2011 AUASB meeting.

International Matters

(Agenda item 9 – Minute 686)

- (a) The Board received a report on the IAASB National Standard Setters meeting held 28-29 April 2011.
- (b) The Board received reports on taskforce meetings of the IAASB comprising: Audit Quality; ISA Implementation Monitoring; Reviews and Compilations; and Compilation of Pro-forma Financial Information projects.
- (c) The Board considered plans for the AUASB submissions on the following IAASB exposure draft and consultation paper:
 - (i) ED: ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (due 1 September 2011); and



- (ii) Consultation Paper: *Enhancing the Value of Auditor reporting: Exploring Options for Change* (due 16 September 2011)
- (d) The Board noted AUASB submissions in respect of the following IAASB exposure drafts and consultation paper:
 - (i) ED: ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements* (issued 20 May 2011);
 - (ii) Consultation Paper: *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications* (issued 1 June 2011); and
 - (iii) ED: ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements* (issued 10 June 2011)
- (e) The Board noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.
- (f) The Board considered agenda items for the IAASB meeting to be held 20-24 June 2011.

Assurance on Water Accounting Reports

(Agenda item 10 – Minute 687)

The Board received a report on the project to jointly develop with the Water Accounting Standards Board (WASB) of the Bureau of Meteorology, a Standard for Assurance Engagements on General Purpose Water Accounting Reports and noted significant input by the technical staff on the development of a consultation paper – a draft will be tabled at the 25 July 2011 AUASB meeting.

Fundraisings Project

(Agenda item 11 – Minute 688)

The Board received an update on the Fundraisings project. A further draft of the proposed ASAE will be considered by the PAG on 22 July 2011 and a draft revision will be tabled at the 25 July 2011 AUASB meeting for consideration.

Comfort Letters

(Agenda item 12 – Minute 689)

The Board received an update on the Comfort Letters project. A further draft of the proposed ASAE will be considered by the PAG on 6 July 2011 and a revised draft will be tabled at the 25 July 2011 AUASB meeting for consideration.

Other Business

(Agenda item 13 – Minute 690)

- (a) GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions* – The Board will consider revision of GS 012 following release of APRA guidance.



- (b) FRC Nominations Committee – the Chairman updated the Board on the process to appoint members, cross appointments with the New Zealand AuASB, and the peer review process.
- (c) Review of meeting: the Chairman discussed issues related to the conduct of the board meeting.

Next Meeting

The next meeting of the AUASB will be held on Monday, 25 July 2011.

Close of Meeting

The Chairman closed the meeting at 2.30 p.m. on 14 June 2011.

Approval

Signed as a true and correct record

M H Kelsall
Chairman

Date: 25 July 2011