



Subject: Highlights of the 57th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 4 June 2012

1. AUASB Strategic Plan 2012-15

The AUASB discussed, in camera, an updated draft of its strategic plan for the period 1 July 2012 to 30 June 2015. The AUASB is working towards completion of the plan for issuance in late June 2012.

2. AUASB and New Zealand harmonisation of auditing and assurance standards

The AUASB further discussed harmonisation of its standards with those of the New Zealand Auditing and Assurance Standards Board (NZAuASB). A draft joint policy paper on convergence with international standards and harmonisation of trans-Tasman standards was considered. The paper will be further amended and considered for out-of-session approval to release later this month.

3. Foreword to AUASB Pronouncements

- (a) The Board considered a revision of the *Foreword to AUASB Pronouncements*. The Board approved the revised Foreword for release later this month.
- (b) The Board has agreed that a separate document be developed to provide information about the AUASB's mandates, its operations and the development of pronouncements and other publications. As part of this document, the Board considered a draft paper on the *AUASB Due Process* and confirmed that there will be no change to the Board's current due process with respect to its exposure of proposed new standards.

4. Bulletin on Audit Scepticism

The Board considered an AUASB Bulletin titled *Professional Scepticism in an Audit of a Financial Report*. The Board requested amendments and a revision will be considered for out-of-session approval to release in June 2012.

5. Audit Committees Best Practice Guide

The Board considered a revision of the publication *Audit Committees a Guide to Good Practice* – a joint publication with the Australian Institute of Company Directors (AICD) and The Institute of Internal Auditors - Australian (IIA-A). The Board approved the Guide, subject to minor amendments, consideration by the AICD and IIA-A, and editorial review. It is anticipated the Guide will be released in July 2012.

6. Australian Accounting Standards Board (AASB)

MR Kevin Stevenson (Chairman of the AASB) presented to the Board on current projects and developments of the AASB and IASB.



7. Fundraisings Projects

The AUASB considered feedback from the Project Advisory Group (PAG) and ASIC in respect of issues related to proposed ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*.

The Board agreed that proposed ASAE 3420 should allow the option for the assurance practitioner to conduct an engagement to report on the compilation of pro forma financial information as a limited assurance engagement as well as on a reasonable assurance basis as per ISAE 3420. The Board also agreed to allow the option for assurance on certain elements of prospective financial information in fundraising documents under proposed ASAE 3450 to be expressed either on a limited assurance or on a reasonable assurance basis.

The proposed final standards incorporating these changes will be considered for approval at the 23 July 2012 AUASB meeting.

8. Going Concern

- (a) The AUASB considered amendments to [Aus] Appendix 1 in ASA 570 *Going Concern*. The Board requested further amendments to be incorporated in an Amending Standard. The Amending Standard will then be considered for out-of-session approval later this month.
- (b) The Board also considered a draft update to the AUASB Bulletin *Auditing Considerations in a Prolonged Uncertain Economic Environment*. The Board requested further amendments and a revision will be considered for out-of-session approval later this month.

9. NGRS and Clean Energy Schemes and Greenhouse Gas Assurance

The AUASB was provided with an update of the status of the Clean Energy Scheme and the conduct of audits under the National Greenhouse and Energy Reporting Scheme (NGERS).

An exposure draft of the proposed assurance standard - ASAE 3410 *Assurance on Greenhouse Gas Statements* was released in early May, with the comment period closing on 8 June 2012. A disposition paper on comments received will be considered out-of-session. It is intended that the proposed standard be operative for reporting periods commencing on or after 1 July 2012 to coincide with the commencement of the Australian Government's carbon pricing mechanism. Accordingly, the proposed standard will also be considered out-of-session for approval to release in late June.

The Board also approved a project plan to develop a Guidance Statement, which will link the NGRS reporting requirements with the requirements of ASAE 3410.

10. Internal Control Engagements

The AUASB received a further update on the joint project with the NZAuASB to develop a new assurance standard on engagements to report on controls and discussed further aspects of the scope of the proposed standard.

11. Australian Charities and Not-for-profits Commission (ACNC)

The Board received an update on the ACNC proposed legislation and preliminary comments, on auditing and assurance related issues, provided by the AUASB.



12. Proposed APRA Prudential Standards for Superannuation

The Board received an update on APRA Prudential Standards for superannuation issued 27 April 2012. A project plan for the development of a Guidance Statement on the draft APRA standards will be considered at the 23 July 2012 AUASB meeting.

13. International Matters

- (a) The Board received a report on the IAASB and National Standards-Setters meeting, attended by the AUASB Chairman and Executive Director, which was held on 26-27 April 2012 in New York.
- (b) The AUASB received reports on the IAASB projects: *Auditor Reporting*, *Audit Quality*, *ISA Implementation Monitoring*; *Disclosures*; and *Review Engagements*.
- (c) The AUASB discussed key agenda items for the IAASB meeting to be held on 11-15 June 2012 in Edinburgh.
- (d) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.

14. Other Matters

- (a) Post Implementation Review of ASAE 3100 *Compliance Engagements* and ASAE 3500 *Performance Engagements*

The Board received an update on the development of a post implementation survey of the *Compliance* and *Performance* assurance standards.

- (b) Integrated Reporting

The Board received an update on progress by the International Integrated Reporting Council on the outcomes of a recent discussion paper and the Business Leaders Reform Forum held in early May 2012.

- (c) Assurance on Water Accounting Reports

The AUASB received a further project update on the development of an assurance standard for engagements on general purpose water accounting reports.

- (d) Applying Auditing Standards to Small Entity Engagements

The Board approved for release, subject to minor amendments, a joint paper with the NZAuASB entitled *Applying the Australian and New Zealand Auditing Standards in Audits of Smaller Entities*.

***The next meeting of the AUASB will be held on 23 July 2012
at Level 7, 600 Bourke Street, Melbourne***

The meeting will be open to the public