



Subject: Minutes of the 63rd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 17 June 2013, from 8.45 a.m. to 4.30 p.m.

All agenda items were discussed in public.

Attendance

Members present
Ms Merran Kelsall (Chairman)
Mr Jon Tyers (Deputy Chairman)
Ms Jo Cain
Mr Neil Cherry (by phone from 10.00 a.m.)
Mr John Gavens
Mr Chris George
Prof. Nonna Martinov-Bennie
Ms Jane Meade
Mr Colin Murphy
Mr Greg Pound
Mr Bernie Szentirmay
Ms Kristen Wydell

Apologies Ms Valerie Clifford

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 – in part

Declarations of Interest and AUASB Member Appointments

(Agenda item 1 – Minute 846)

“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 847)

The AUASB approved the minutes of the 62nd meeting held on 29 April 2013.



Matters Arising and Action list

(Agenda item 3 – Minute 848)

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 849)

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

- FRC Nominations Committee on 30 April 2013
- APESB Chairman– re ISA 610 on 7 May 2013
- AICD conference in Singapore on 8-11 May 2013
- ASIC – re ISA 610 on 20 May 2013
- FRC Strategic Plan Committee meeting on 23 May 2013
- IIRC meeting on 27 May 2013
- IAASB-National Standards setters meeting in New York on 30-31 May 2013
- G100 dinner in Sydney on 27 May 2013
- Treasury Audit Quality Committee teleconference on 3 June 2013
- FRC Audit Quality Committee videoconference on 6 June 2013
- IAASB teleconference re balanced and reasonable assurance on 8 June 2013
- FRC meeting on 13 June 2013

Updated AUASB Strategic Plan for 2013-2016 and Work Plan

(Agenda item 5 – Minute 850)

The AUASB approved revised drafts of the Strategic Plan for the period 1 July 2013 to 30 June 2016 and the AUASB Work Plan for the year ending 30 June 2014, noting that the latter may change as the IAASB's work program for 2014 changes.

ASA 610 Using the Work of Internal Auditors

(Agenda item 6 – Minute 851)

Following the 29 April 2013 AUASB meeting, the AUASB discussed further issues relevant to the revision of ASA 610, in particular the matter of "direct assistance" in using the work of internal auditors. The AUASB considered a technical paper and a draft exposure draft of a revised ASA 610 presented to the meeting. The AUASB was informed that the UK FRC has decided to ban "direct assistance" on external audits and will reflect this by way of amendment to its version of ISA 610. The AUASB was also informed that a number of



European jurisdictions, including France, Germany and others, similarly have existing prohibitions on “direct assistance”.

It was agreed that Option 1, as outlined in the technical paper, i.e. making no reference to “direct assistance” in a revised ASA 610, should not be supported. A majority of AUASB members expressed indicative support for banning “direct assistance”, subject to further information being provided by the APESB and ASIC on this issue, following recent discussions with these bodies.

Accordingly, the AUASB has agreed to defer finalisation of the draft exposure drafts of ASA 610 and consequential changes to other standards until the 29 July 2013 meeting. At that time, it should be known what position the APESB has taken in relation to any related changes to APES 110 *Code of Ethics for Professional Accountants*, which may impact on the revision of ASA 610, as well as ASIC’s formal position on this matter, which should be known after its Commission meeting later this month.

The Board requested the following items be presented to the 29 July 2013 AUASB meeting:

- (a) Further information regarding European jurisdictions that have prohibited “direct assistance” in using the work of internal auditors.
- (b) A mapping document of ASA 610 [Aus] Appendix 1 to the revised ASA 610.
- (c) Revised [Aus] Appendix 1.
- (d) A paper on conformity with international standards on auditing.
- (e) An update on communication with ASIC and APESB.
- (a) Final draft EDs of ASA 610 and ASA 2013-2 (consequential amendments to other Australian auditing standards).

Assurance Engagements on Controls

(Agenda item 7 – Minute 852)

The AUASB considered a first draft of the exposure draft of the proposed assurance standard on *Assurance Engagements on Controls* (replacement of AUS 810). The AUASB also noted that the proposed standard will need to be anchored to the proposed revised ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, which will be issued as an exposure draft once the revised ISAE 3000 is approved by the IAASB – anticipated to be September 2013.

A revised draft, following consideration by the relevant Project Advisory Group, will be considered at the 29 July 2013 AUASB meeting.

Explanatory Guide to Reviews under ASRE 2400

(Agenda item 8 – Minute 853)

The AUASB considered the proposed *Explanatory Guide to Review Engagement Standards* and agreed not to proceed with the issue of this explanatory guide, on the basis that there was sufficient guidance contained in the revised review standards and in documents which accompanied their release.

Integrated Reporting Framework)

(Agenda item 9 – Minute 854)

The AUASB considered a draft submission to the International Integrated Reporting Council (IIRC) *Consultation Draft of the International (IR) Framework*.

The AUASB agreed to make further amendments to the submission to enable its lodgement by 15 July 2013.



International

(Agenda item 10 – Minute 855)

- (a) The AUASB received a report on key matters discussed and outcomes of the IAASB National Standards Setters meeting held on 30-31 May 2013 in New York.
- (b) The AUASB considered key papers, including issues papers and proposed revised auditing standards affected by the Auditor Reporting project, to be considered at the IAASB meeting to be held 24-28 June 2013 in New York.
- (c) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other international bodies, including national standard setters

GS 009 Auditing Self-Managed Superannuation Funds

(Agenda item 11 – Minute 856)

The Board approved the project plan to update Guidance Statement GS 009 *Auditing Self-Managed Superannuation Funds*. The revised Guidance Statement is expected to be finalised by late August for release in September.

Other Matters

(Agenda item 12 – Minute 857)

(a) *Auditing Managed Investment Schemes*

The AUASB received an update on the project to revise Guidance Statement GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes*. The AUASB agreed to defer the commencement of this project until a substantive draft of a revised RG 132 is received from ASIC.

(b) *Assurance under the Carbon Pricing Mechanism, NGERs and related Schemes*

The AUASB received an update on the policy development and regulation of the schemes.

(c) *Assurance on Water Accounting Reports*

The AUASB received an update on the project to issue a joint AUASB/WASB auditing standard on Assurance on Water Accounting Reports. The Project Steering Committee will consider a draft of the proposed standard in mid-July. This will include amendments following Exposure Draft ED 04/12 *Assurance Engagements for General Purpose Water Accounting Reports*. A final draft will be considered by the two Boards in September 2013.

(d) *Joint Meeting with NZAuASB*

It was agreed that the 10 September meeting would be a joint meeting with the NZAuASB, to be held in Melbourne.

Next Meeting

The next meeting of the AUASB will be held on 29 July 2013.



Close of Meeting

The Chairman closed the meeting at 4.15 p.m.

Approval

Signed as a true and correct record.

M H Kelsall
Chairman

Date: 29 July 2013