



Subject: Minutes of the 69th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 7 April 2014 from 10.00 a.m. to 4.45 p.m.

All Agenda Items were discussed in public.

Attendance

AUASB Members: Ms Merran Kelsall (Chairman)
Mr Neil Cherry (until 4.15 p.m.)
Mr John Gavens
Mr Chris George
Ms Robin Low
Prof. Nonna Martinov-Bennie
Ms Caithlin Mc Cabe
Ms Jane Meade
Mr Greg Pound
Mr Bernie Szentirmay

Apologies: Ms Jo Cain
Ms Valerie Clifford
Mr Colin Murphy

AUASB Technical Group: Mr Richard Mifsud (Executive Director)
Ms Susan Fraser (in part)
Ms Claire Grayston (in part)
Ms Rene Herman
Ms Marina Michaelides (in part)
Mr Howard Pratt (in part)

Declarations of Interest

(Agenda Item 1 – Minute 917)

“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 918)

The AUASB approved the minutes of the 68th meeting held on 24 February 2014.



Matters Arising and Action list

(Agenda Item 3 – Minute 919)

The status of matters arising brought forward from previous AUASB meetings and action items were noted.

Revised Assurance Framework and ASAE 3000 and Consequential Amendments to ASAEs 3402, 3410 and 3420

(Agenda Item 4 – Minute 920)

The AUASB considered an update presented on exposure drafts ED 05/13 ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ED 06/13 *Framework for Assurance Engagements*, including an update on the NZAuASB deliberations on their equivalent exposure draft. Once an analysis of New Zealand exposure draft submissions to the NZAuASB is finalised, this information will also be considered by the AUASB. Mr Cherry also requested that AUASB technical staff liaise with NZAuASB technical staff with a view to bringing a joint paper to the next NZAuASB/AUASB meetings.

It is planned that a final draft of ED 05/13 ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* will be brought back for further consideration and approval as a final standard at the 10 June 2014 AUASB meeting.

Assurance on Controls

(Agenda Item 5 – Minute 921)

The AUASB considered a further draft of proposed Standard for Assurance Engagements on Controls. The AUASB agreed that the proposed standard, following further drafting and consideration by the relevant Project Advisory Group, would be brought back for approval as an exposure draft at the 10 June 2014 AUASB meeting.

GS 003 Audits of AFSL Licensees

(Agenda Item 6 – Minute 922)

The AUASB considered a revised draft of the revision to GS 003 *Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001*. Subject to some further editorial amendment and further liaison with ASIC, it is planned that a final draft of GS 003 will be considered for approval at the 10 June 2014 AUASB meeting.

Assurance Engagements to Report on Combined Reporting Frameworks

(Agenda Item 7 – Minute 923)

The AUASB considered the first draft of a guidance statement that aimed at assisting auditors and other assurance practitioners with assurance engagements that comprise more than one reporting framework. The AUASB discussed the need for such guidance material as well as the form and scope of such guidance.



The NZAuASB Chairman signalled that the subject matter was equally relevant in New Zealand and suggested that AUASB and NZAuASB technical staff should liaise with a view to contributing any of New Zealand's experiences in this area to this project.

The AUASB:

1. Agreed that an AUASB Guidance Statement was the appropriate format for this guidance material.
2. Requested that the Guidance Statement should comprise:
 - a) A high-level overview that illustrates the framework and overall approach for these assurance engagements;
 - b) A summary of the more common practical problems faced by auditors;
 - c) Detailed guidance on how to address the common problems;
 - d) Particular emphasis on reporting aspects, including problems and suggested responses relating to *prescribed* reporting requirements; and
 - e) Detailed appendices including illustrative examples.
3. Agreed to provide further comments and practical examples to the drafting team.
4. Agreed that the project scope needs to be settled before engaging a Project Advisory Group (PAG) and approving the project plan.

Emissions Reduction Fund and CER Assurance

(Agenda Item 8 – Minute 924)

The AUASB received an update on developments in relation to the proposed Emissions Reduction Fund, including the activities of the Clean Energy Regulator and the Department of Environment.

International

(Agenda Item 9 – Minute 925)

(a) *IAASB Meeting 17-21 March 2014*

The AUASB received a report on key matters discussed and outcomes of the IAASB meeting held on 17-21 March 2014 in New York.

(b) *IAASB Strategy*

The AUASB noted the AUASB Submission on Consultation Paper *The IAASB's Proposed Strategy for 2015-2019 and the IAASB's Proposed Work Program for 2015-2016*.

(c) *Trans-Tasman Harmonisation*

The AUASB was provided with the latest NZAuASB revision of the joint paper on principles of convergence and harmonisation. The revisions comprise a clarification of the "compelling reasons" tests in relation to the adoption of IAASB standards; and to modifications to the IAASB standards. The amendments introduced:



- a) The “trigger points” that elicit consideration of compelling reasons; and
- b) Criteria that govern adoption and modification.

The AUASB debated the inclusion of a criterion to clarify that modifications to ensure compliance with the legislative framework, should not result in lesser requirements. The AUASB requested the issue to be clarified in the paper and for AUASB and NZAuASB staff to make the appropriate changes to both the paper and the attached template which “operationalises” the policies.

Corporate Matters

(Agenda Item 10 – Minute 926)

(a) *Report from AUASB Chairman on Recent Meetings*

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

- AUASB meeting (via teleconference)
- FRC Audit Quality meeting
- IAASB meeting
- NZAuASB meeting
- KPMG Audit Committee roundtable

(b) *Report from NZAuASB Chairman*

Mr Cherry updated the AUASB on developments impacting the NZAuASB including: amendments to legislation impacting standards for charities; regulatory change impacted by the merger of the Institute of Chartered Accountants Australia and New Zealand; and the strategic priorities for the NZAuASB for the next three years with a focus around user needs.

(c) *AUASB Correspondence for noting*

The AUASB noted correspondence between the AUASB Chairman and the XRB Chairman dated 28 February 2014.

(d) *Current AUASB PAG memberships*

The AUASB noted the current PAG membership listing.

(e) *Updated AUASB Work Plan July 2013-2014*

The AUASB noted the updated AUASB work plan July 2013 – June 2014.

Other Matters

(Agenda Item 11– Minute 927)

(a) *Integrated Reporting*

The AUASB received an update on Integrated Reporting Matters since the release of the International Integrated Reporting Framework on 9 December 2013. It is anticipated that a further meeting



between the AUASB and the IIRC will occur when IIRC CEO Mr Paul Druckman visits Australia later in April 2014.

(b) *ACNC update*

The AUASB was informed that an initial Bill to be introduced to Parliament in the Autumn sitting will repeal the ACNC but this will *not* take effect until a subsequent Bill containing the substance of replacement arrangements is introduced and passed during the Winter sittings and receives Royal Assent. Accordingly, AUASB staff will continue working with ACNC staff on the form and content of auditor's reports, particularly in respect of the upcoming "interim" reporting at 30 June 2014.

Next Meeting

The next meeting of the AUASB will be held on Tuesday, 10 June 2014 commencing at 10.00 a.m.

Close of Meeting

The Chairman closed the meeting at 4.45 p.m.

Approval

Signed as a true and correct record.

M H Kelsall
Chairman

Date: 10 June 2014