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| Subject: | Minutes of the 50 th meeting of the Auditing and Assurance Standards Board (AUASB) |
| Venue: | Auditing and Assurance Standards Board Level 7, 600 Bourke Street, Melbourne |
| Date: | 18 April 2011, from 9.00 a.m. to 5.00 p.m. 19 April 2011, from 9.00 a.m. to 12.30 p.m. |

All agenda items were discussed in public.

Attendance

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| Members present | Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) Ms Dianne Azoor Hughes Mr Mike Blake (by telephone from 4.00 p. m. to 5.00 p. m. Day 1 only) Ms Valerie Clifford (from 10.40. a.m. Day 1) Mr John Gavens Ms Elizabeth Johnstone (Day 1 only) Mr Colin Murphy Mr Greg Pound (by telephone from 2.00 p. m. to 5.00 p. m. Day 1 and day 2) Mr David Simmonds Mr Bernie Szentirmay Ms Kristen Wydell |
| Apologies | Mr Mike Blake (other than 4.00 p. m. to 5.00 p. m. Day 1) Ms Valerie Clifford (from 9.00 a.m. to 10.40. a.m. Day 1) Ms Elizabeth Johnstone (Day 2) Mr Greg Pound (from 9.00 a. m. to 2.00 p. m. Day 1) |
| 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 664)

“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 665)

The Board approved the minutes of the 49th meeting held on 28 February 2011.

Matters Arising and Action list

(Agenda item 3 – Minute 666)

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 667)

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

- FRC quarterly meeting (via videoconference) held 4 March 2011
- FRC – meeting with the new Chairman of the FRC (Ms Lynn Wood) held 12 April 2011
- TTAASAG meeting held 10 April 2011
- KPMG Audit Committee Institute roundtable held 7 March 2011
- ICAA Audit Conference held in Sydney on 22 March and in Melbourne on 5 April 2011 – presentation on Auditing Standards and their future
- SOPAC – participated in keynote panel session at SOPAC 2011
- RSM Bird Cameron – presentation at Risk Management Services technical Training Conference
- IAASB Board meeting held 14-18 March 2011
- FRC UK – meeting with the UK APB staff to discuss UK issues held on 11 March 2011
- AUASB roundtables held 29 March 2011 on IAASB exposure drafts and discussion papers

Auditing Fundraising Revenue of Not-for-Profit Entities

(Agenda item 5 – Minute 668)

The Board considered a revised draft of the proposed Guidance Statement GS 019 *Auditing Fundraising Revenue of Not-for-Profit Entities* (revision to AGS 1054 *Auditing Revenue of Charitable Entities*). Subject to some further editorial amendments, the Guidance Statement was approved for release.

ASRS 4400 *Agreed-upon Assurance Procedures to Report Factual Findings*

(Agenda item 6 – Minute 669)

The Board considered a revised draft of the proposed Auditing Standard on Related Services ASRS 4400 *Agreed-upon Procedures to Report Factual Findings*. The Board approved the document subject to final editorial amendments, which would be considered by the Board out-of-



session for subsequent release with an operative date for engagements commencing on or after 1 October 2011. AUS 904 *Engagements to Perform Agreed-upon Procedures* will be withdrawn effective on this date.

Service Organisations

(Agenda item 7 – Minute 670)

The Board considered a paper on the disposition of comments received arising from consultation on the implementation of the initial GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*. The Board agreed on recommendations for amendments to GS 007 and a draft revised Guidance Statement will be considered at the 14 June 2011 AUASB meeting.

Amending Standard to the Clarity Auditing Standards

(Agenda item 8 – Minute 671)

The Board approved ED 01/11 ASA 2011-1 *Amendments to Australian Auditing Standards* for release in April 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 exposure draft will be issued with a comment period ending 23 May 2011. The changes introduced by the amending auditing standard will be effective for financial periods commencing on or after 1 July 2011.

Fundraisings Project

(Agenda item 9 – Minute 672)

The AUASB received an update on the Fundraisings project, as follows:

The Board considered a further draft of the proposed exposure of ASAE *Assurance Engagements Involving Corporate Fundraisings and Prospective Financial Information* which was structured with three separate sections - Historical Financial Information, Pro Forma Financial Information and Prospective Financial Information.

The Board requested further amendments and consideration of:

- ASIC regulatory Guides 150 and 170.
- ASIC draft consultation paper on non-conforming financial information.

A further revised version will be considered at a subsequent meeting with a view to finalising an ED by July.

Comfort Letters

(Agenda item 10 – Minute 673)

The Board received an update on the Comfort Letters project. A further draft of the proposed ASAE will be considered by the PAG in May 2011 and a revision will be tabled at the 14 June 2011 AUASB meeting, for release as an exposure draft in July 2011.



Assurance on Water Accounting Reports

(Agenda item 11 – Minute 673)

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 – expected completion by September 2011

National Greenhouse and Energy Reporting Scheme

(Agenda item 12 – Minute 674)

The Board received an update on National Greenhouse and Energy Reporting Scheme (NGERS) matters including:

The Greenhouse and Energy Data Officer (GEDO) at the DCCEE (responsible for the administration and regulation of the NGERS) attended the AUASB Roundtable on ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* on 29 March 2011 and made a brief presentation to participants on the DCCEE's experience of assurance under NGERS. The GEDO and DCCEE are interested in the progress of ISAE 3410 and how this standard, once an equivalent is issued in Australia, may be linked into the NGERS requirements.

AUASB Business Plan and Work Program for 2011-2012

(Agenda item 13 – Minute 675)

The Board discussed and considered a draft Business Plan for 2011-2012. The Board requested further amendments and a further draft will be tabled for consideration at the 14 June 2011 AUASB meeting.

International Matters

(Agenda item 14 – Minute 676)

- (a) The Board received a report on the AUASB's roundtable discussions with stakeholders held on 29 March 2011 in respect of submissions of the following IAASB exposure drafts and discussion paper:
- (i) ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements* (due 20 May 2011);
 - (ii) *The Evolving Nature of Financial Reporting: Disclosure and Its Audit Implications* (due 1 June 2011); and
 - (iii) ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (due 10 June 2011).

Comment letters to the IAASB will be finalised and considered out of session.

- (b) The Board received a report on the March 2011 IAASB meeting and received reports on recent 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 noted the latest *International Update* being a report on recent activities of the IAASB and other national standard setters.
- (d) The Board considered agenda items for the annual IAASB-National Standard Setters meeting to be held 28-29 April 2011.

Other Business

(Agenda item 15 – Minute 677)

The Board received updates on the following matters and liaison activities:

- (a) ASA 600 Group Audits - Application issues pertaining to ASA 600 *Special Considerations – Audit of a Group Financial Report* (Including the Work of Component Auditors).
- (b) Local Government Audit Committee Guide, noted.
- (c) AUSTRAC Policy Statement on *Authorised External Auditors* for the purposes of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, noted.
- (d) ASIC Consultation Paper 150 – *Disclosing Financial Information other than in accordance with accounting standards* – the Board agreed that the AUASB should submit a formal submission to ASIC on the consultation paper. Comments are due to ASIC by 12 May 2011.
- (e) Review of meeting: the Chairman met with the Board and Executive Director to discuss issues related to the conduct of the board meeting.

Next Meeting

The next general meeting of the AUASB will be held on Tuesday, 14 June 2011.

Close of Meeting

The Chairman closed the meeting at 5.00 p.m. on 18 April and 12.30 p.m. on 19 April 2011.

Approval

Signed as a true and correct record

M H Kelsall
Chairman

Date: 14 June 2011