



Subject: Minutes of the 44th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 19 April 2010, from 8.45 a.m. to 5.00 p.m.

All agenda items were discussed in public with the exception of items 1-5.

Attendance

Members present	Ms Merran Kelsall (Chairman) Mr Jon Tyers (Deputy Chairman) Ms Dianne Azoor Hughes Mr Mike Blake Ms Valerie Clifford Mr John Gavens Mr Chris Hall Ms Elizabeth Johnstone Dr Christine Jubb Mr Colin Murphy Mr Greg Pound Mr David Simmonds
Staff	Mr Richard Mifsud (Executive Director) Ms Susan Fraser (in part) Ms Claire Grayston (in part) Mr Alan Marrone Ms Marina Michaelides (in part) Ms Ruth Oliquino Mr Howard Pratt (in part) Ms Patricia Wales (in part)

Declarations of Interest

(Agenda item 1 – Minute 573)

“Declarations of Interests” forms for Members were tabled and confirmed.

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.

The Chairman noted the resignation of Mr Clive Mottershead as a board member. The Chairman thanked Mr Mottershead for his work and contribution to the AUASB from the 12 August 2004 to 31 March 2010.

Minutes

(Agenda item 2 – Minute 574)

The Board approved the minutes of the 43rd meeting held 22 February 2010, and special meeting held 9 March 2010.

Matters Arising and Action list

(Agenda item 3 – Minute 575)

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 576)

The Chairman reported on key meetings attended since the last meeting including the TTAASAG meeting held 25 February and FRC meeting held 3 March 2010.

The Chairman also noted that AUASB senior staff led joint presentations with the accounting bodies on background to the release of the “Clarity” standards during December in Melbourne and Sydney. Senior staff have also hosted with the accounting bodies, information sessions on the new auditing standards in all state capitals during March 2010.

Planning

(Agenda item 5 – Minute 577)

The Board considered and approved the final versions of the AUASB planning schedules for the year ending 30 June 2010 comprising:

- a) AUASB 2010 – 2011 Business Plan – Executive Summary
- b) AUASB Business Plan – 1 July 2010 to 30 June 2011
- c) AUASB Annual Work Plan – Budget Hours 2010 - 2011
- d) AUASB Annual Work Plan 2010 - 2011 - Projects

These planning schedules will be presented at the FRC meeting to be held 18 May 2010.

Bank Confirmations

(Agenda item 6 – Minute 578)

The Board approved, with minor amendments, the final version of the Guidance Statement GS 016 *Bank Confirmation Requests* for release in May 2010.

Prudential Reporting Requirements of the Auditor of a Life Company

(Agenda item 7 – Minute 579)

The Board considered an outline of the draft revision of AGS 1024 *Prudential Reporting Requirements of the Auditor of a Life Company*.

The Board noted that a Project Advisory Group (PAG) has been established, and that a further meeting with APRA to discuss materiality and links to APRA guidelines has been scheduled.

A final version of the proposed guidance statement will be considered at the 7-8 June AUASB meeting for approval to release by 30 June 2010.

Specified Assurance Procedures

(Agenda item 8 – Minute 580)

The Board received an update on the project to develop an assurance standard on Specified Assurance Procedures, including agreed upon procedures.

The Board discussed key issues including:

- Reasonable assurance – risk assessment procedures need to be considered.
- Expectation gap – understanding and perception of the auditor's report.
- The form and content of the proposed pronouncement was considered.

A further update is to be presented at the 7-8 June 2010 AUASB meeting.

National Greenhouse and Energy Reporting (NGERS) and Carbon Pollution Reduction Schemes (CPRS)

(Agenda item 9 – Minute 581)

The Board received an update on the Department of Climate Change (DCC) programs involving auditing and assurance matters – in particular NGER, CPRS, EITE and ESAS programs. The Board noted that the NGERS Audit Regulations and NGER Audit Determination were approved and issued in December 2009. The Board also noted that the DCC has considered the AUASB's submission on the draft Audit Determination Guidance to support the NGER Audit Determination and is still working on redrafting the guidance.

The Board noted that the CPRS legislative package, which was blocked by the Senate in December 2009, was reintroduced to Parliament in February 2010. The Senate is likely to debate the scheme when they sit again in May/June 2010. The EITE and ESAS programs await ratification of the CPRS Bills.

ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity

(Agenda item 10 – Minute 582)

The Board considered a draft revision of ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Company, which addresses the proposed changes to the Corporations Act allowing certain companies limited by guarantee to be subject to a review of their financial report rather than an audit. The Board, however, agreed that a separate standard be prepared to address the review requirements of such companies. This standard will

direct the auditor to the relevant standard for these reviews, i.e. ASRE 2400 or ASRE 2410, depending upon whether an audit has been conducted in the prior year.

The proposed new standard will be presented for consideration at the 7-8 June 2010 AUASB meeting.

Standard Business Reporting

(Agenda item 11 – Minute 583)

The Board considered the first draft of an AUASB Bulletin on developments relating to Standard Business Reporting including the use of eXtensible Business Reporting Language (XBRL).

A final version will be considered for release at the 7-8 June AUASB meeting.

Assurance on Water Accounting Reports

(Agenda item 12 – Minute 584)

The Board received an update on the project to work with the Water Assurance Standards Board (WASB) to consider the development of a pronouncement relating to assurance on water accounting reports.

Preliminary timelines indicate development and release of an exposure draft by mid 2011.

The Chairman and Executive Director will attend the WASB Board Meeting scheduled tentatively for 17 May 2010, to discuss key elements of the project including:

- Working groups – drafting and advisory groups comprising technical experts.
- Type of pronouncement required – initial indications are that an assurance standard may be required.
- Nature of assurance required.
- Key issues to be included in the pronouncement.
- Project schedule to allow adequate time for AUASB and WASB due process

Fundraisings and Comfort Letters

(Agenda item 13 – Minute 585)

- (a) The Board received an update on the Fundraisings project – a third draft of the proposed ASAE for *Assurance Engagements in Connection with Proposed Fundraisings* has been considered by the PAG at its March meeting.

The Board agreed on proposed paragraphs under requirements and guidance indicating that the provision of Materiality Letters by assurance practitioners is not considered an assurance service.

- (b) The Board received an update on the Comfort Letters project – the PAG has finalised their review of the suggested outline of the proposed standard. The AUASB Technical Group is in the process of developing the first draft of an exposure draft version of the proposed standard for consideration by the PAG in July 2010.

ASIC Audit Inspection Program – Public Report 2008-2009

(Agenda item 14 – Minute 586)

The Board considered findings of the report, the need for communication with constituents and whether there are any implications for the Australian Auditing Standards.

A report on key findings that may have implications for the AUASB is to be prepared for the 7-8 June 2010 AUASB meeting.

International Matters

(Agenda item 15 – Minute 587)

- (a) The Board received a report on the March 2010 IAASB meeting which was attended by the AUASB Chairman.
- (b) The Board received updates from taskforce members on IAASB projects:
 - Review and Compilations – Ms D Azoor Hughes
 - Pro Forma Information in Prospectuses – Mr D Simmonds
- (c) The Board considered the agenda for the IAASB-NSS meeting scheduled for 29-30 April 2010.
- (d) The Board received a report on the recent activities of the International Auditing and Assurance Standards Board (IAASB) and an update on other international audit and assurance related matters.

Other Business

(Agenda item 16 – Minute 588)

- (a) Office of Best Practice Regulation – Department of Finance and Deregulation

The Board noted confirmation of the AUASB's compliance with the best practice regulation requirements for the period 1 July to 31 December 2009. The Board discussed implications of proposed changes to OBPR requirements in the forthcoming year.
- (b) The Board discussed topics of interest for the visit of Professor Arnold Schilder, IAASB Chairman.
- (c) ED 01/10 Proposed ASAE 3402 *Assurance Reports on Controls at a Service Organisation*

The Board approved the final version of ED 01/10 Proposed ASAE 3402 *Assurance Reports on Controls at a Service Organisation* for release with a comment period of 30 days until 21 May 2010.
- (d) No other matters or emerging issues noted.

Next Meeting

The next meetings of the AUASB will be held on Wednesday 12 May and Monday 7 June and Tuesday 8 June 2010.

Close of Meeting

The Chairman closed the meeting at 5.00 p.m.

Approval

Signed as a true and correct record

M H Kelsall

Chairman

Date: 8 June 2010