



Subject:	Minutes of the 43 rd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue:	Ken Spencer Room, AUASB offices Level 7, 600 Bourke St, Melbourne
Date:	22 February 2010, from 9.00 a.m. to 5.00 p.m.

All agenda items were discussed in public.

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 Ms Elizabeth Johnstone Dr Christine Jubb Mr Colin Murphy Mr Greg Pound Mr David Simmonds
Apologies	Mr Chris Hall Mr Clive Mottershead
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 559)

“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.

Minutes

(Agenda item 2 – Minute 560)

The Board approved the minutes of the 42nd meeting held 7 December 2009.

Matters Arising and Action list

(Agenda item 3 – Minute 561)

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 562)

The Chairman reported on key meetings attended since the last meeting including the ASIC Standing Chairs Committee on Accounting and Auditing.

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. Further presentations are scheduled in March 2010 in all state capitals.

Planning

(Agenda item 5 – Minute 563)

The Board considered a status report on current projects and key initiatives for the Business Plan for the year ending 30 June 2010.

Final Business Plan will be considered for approval at the 19 April AUASB meeting.

Assurance Framework

(Agenda item 6.1 – Minute 564)

The Board considered and approved (with minor amendments) the final versions of the *Framework for Assurance Engagements*, which will be released in March 2010.

Assurance Standard ASAE 3402 Assurance Reports on Controls at Service Organisations

(Agenda item 6.2 – Minute 565)

The Board considered a draft of the proposed Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation*. The Board requested a number of amendments and a further draft will be considered for out- of-session approval for release as an exposure draft. Release (with a comment period of 30 days), is anticipated in March 2010.

The proposed Standard will replace AGS 1042 *Reporting on Control Procedures at Outsourcing Entities*.

The Board also approved a plan to revise Guidance Statement 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*. The revised Guidance Statement will be released with ASAE 3402.

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

(Agenda item 7 – Minute 566)

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 in December 2009. The Board also noted that draft Audit Determination Guidance to support the NGER Audit Determination would be released for public comment shortly. The Board resolved to provide its comments and suggested alterations to this draft document to the DCC on a Government-in-confidence basis.

Guidance Statements

(Agenda item 8 – Minute 567)

The Board approved, with minor amendments, the final versions of the following Guidance Statements for release in March 2010:

- (a) GS 001 *Concise Financial Reports*
- (b) GS 006 *Electronic Publication of the Auditor's Report*
- (c) GS 008 *The Auditor's Report on a Remuneration Report Pursuant to Section 300A of the Corporations Act 2001*.

The proposed guidance statements include amendments to conform with the "Clarity" ASAs effective for reporting periods commencing on or after 1 January 2010.

Fundraisings and Comfort Letters

(Agenda item 9 – Minute 568)

- (a) The Board received an update on the Fundraisings project – a second draft of the proposed ASAE for *Assurance Engagements in Connection with Proposed Fundraisings* has been considered by the PAG and a further draft which reflects their comments is being prepared for consideration in March 2010. The Board approved the following issues raised by the PAG:
 - The scope of the ASAE may include the examination of prospective financial information for other purposes that may not be connected with fundraisings, takeovers and schemes of arrangement.
 - A Materiality Advice Letter should be addressed in the Proposed ASAE.
 - Legal advice is to be sought on the assurance practitioner's responsibilities in respect of subsequent events.
- (b) The Board received an update on the Comfort Letters project – a second PAG meeting was held in February and an issues paper on the nature and application of the pronouncement was considered. The Board agreed that the proposed pronouncement proceed as an assurance standard.

Bank Confirmations

(Agenda item 10 – Minute 569)

The Board received an update on the project to revise AGS 1002 *Bank Confirmation Requests*. A draft of the proposed Guidance Statement will be considered at the 19 April 2010 AUASB meeting. Release of the Guidance Statement is expected in May 2010.

International Matters

(Agenda item 11 – Minute 570)

- (a) 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
- (b) 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
- (c) The Board noted submissions lodged to the IAASB on consultation papers on the following projects:
- Proposed ISAE 3410 Assurance on a Greenhouse Gas Statement (draft)
 - Complex Financial Instruments

Corporate Law reform Bill

(Agenda item 12 – Minute 571)

- (a) The AUASB submission issued 3 February 2010 was noted.
- (b) The Board considered proposed changes that may have implications for the Auditing Standards.

As a result of the impending reforms outlined in the draft Corporate Law Reform Bill, the Board agreed to commence revision of ASRE 2400 for the reviews of financial reports of companies limited by guarantee.

Other Business

(Agenda item 13 – Minute 572)

- (a) Inquiry into Victorian Audit Act (1994) – it was agreed that a brief submission be made to the Victorian Public Accounts and Estimates Committee.
- (b) Other matters and emerging issues:
- i SBR/XBRL – an article is to be prepared on Australian developments.
 - ii Assurance for Water Accounting Reports – the Board received an update on developments in the areas of water accounting and related assurance. The Board

agreed in principle on the formation of a Joint Working Group consisting of members of the AUASB and the Water Accounting Standards Board.

Next Meeting

The next meetings of the AUASB will be held on Tuesday, 9 March 2010 (teleconference with Ms C McCabe on IAASB matters), followed by a general meeting on 19 April 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: 19 April 2010