



**Subject:** Highlights of the 54<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** Ken Spencer Room, AUASB offices  
Level 7, 600 Bourke St, Melbourne  
**Date:** 28 November 2011

**1. Joint video conference with New Zealand AuASB**

The AUASB, in the spirit of closer co-operation, held a joint video conference with New Zealand colleagues from the newly formed NZAuASB. It was agreed that both the Australian and New Zealand Boards should benefit greatly from sharing resources on certain projects, and that opportunities to do so would be sought by both parties on an on-going basis. The Boards will consider developing issuing a joint statement on the principles of conformity with international auditing standards and harmonisation of auditing standards between New Zealand and Australia in early 2012.

**2. Amendments to ASA 510 and ASA 705**

The AUASB deliberated on the proposed amendments to ASA 510 *Initial Audit Engagements – Opening Balances* and ASA 705 *Modifications to the Opinion in the Independent Auditor’s Report* regarding “split opinions”. The Board considered a letter from ASIC regarding the matter of ‘split opinion’ audit reports and agreed to discuss the matter further with ASIC.

**3. Corporations Legislation Amendment (Audit Enhancement) Bill 2011**

The AUASB considered a staff paper on the proposed legislative reforms to the *Corporations Act 2001* and the *ASIC Act 2001*. It was agreed that no further action was required from the AUASB.

**4. ASIC**

Mr Michael Dwyer, Commissioner and Mr Doug Niven, Senior Executive Leader, attended the board meeting to discuss various audit related issues with the AUASB.

**5. International Matters**

- (a) The AUASB discussed taskforce meetings of the IAASB comprising: *Audit Quality*; *ISA Implementation Monitoring*; *Reviews of Financial Statements*; and *Review Engagements*.
- (b) The AUASB considered key IAASB papers, which form part of the agenda for the forthcoming IAASB meeting to be held on 5-9 December 2011.
- (c) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.



**6. Fundraisings and Comfort Letters Projects**

The AUASB received a preliminary update on key comments provided by respondents to ED 02/11 ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ED 03/11 ASRS 4450 *Comfort Letter Engagements*. The Board will consider all detailed comments and the AUASB Technical Group's recommendations at its next meeting on 27 February 2012.

**7. NGER and Clean Energy Schemes**

The AUASB was provided with an update on the status on the Clean Energy Scheme and the conduct of audits under the National Greenhouse and Energy Reporting Scheme (NGERS). The Board agreed to develop ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, in conformity with ISAE 3410 following the standard's release in mid 2012, and develop a guidance statement for applying the proposed ASAE 3410 when conducting "audits" under NGERS.

**8. Internal Control Engagements**

The AUASB agreed to commence a project to revise AUS 810 *Special Purpose Reports on the Effectiveness of Control Procedures* and issue a new Standard on Assurance Engagements. The Board suggested some amendments to the Project Plan which will be approved out-of-session.

**9. APRA**

The AUASB was presented with a general update on key APRA projects. The Board also considered audit related matters contained in the APRA discussion paper: *Prudential Standards for Superannuation*. It was agreed that the AUASB would make a submission to APRA on the discussion paper and to consider in 2012 the development of a new guidance statement that would address the audit requirements which would be contained in a new APRA prudential standard in this area.

**10. Integrated Reporting**

The AUASB considered a draft response to the IIRC paper: *Towards Integrated Reporting – Communicating Value in the 21<sup>st</sup> Century* and agreed to finalise the submission out-of-session.

**11. Assurance on Water Accounting Reports**

The AUASB received a project update on the responses to consultation paper: *Assurance Engagements on General Purpose Water Accounting Reports*, which was prepared jointly with the Water Accounting Standards Board. The Project Advisory Group and Steering Committee will meet in December to further consider next steps in the project.

**12. FEE Paper on SMP Audits**

The AUASB considered the draft of a joint AUASB Bulletin-NZAuASB (Explanatory Guide) which is based on Briefing Paper No. 7 *Proportionality and ISAs*, recently issued by The Federation of European Accountants (FEE). Subject to comments to be provided by the NZAuASB, the Board requested a revision of the draft prior to its further consideration at the 27 February 2012 meeting.

### 13. Other AUASB Matters

#### (a) Institute of Internal Auditors - Australia

The AUASB was provided with an update on discussions with the Institute of Internal Auditors (IIA-A) on:

- ISA 610 *Using the Work of Internal Auditors*; and
- the revision of the Audit Committee Guide in 2012 (in conjunction with the AICD).

#### (b) Personal Property Securities Legislative Reforms

The AUASB considered key aspects of the impending Personal Property Securities Legislative Reforms, which will take effect in February 2012. It was recognised that at this stage, there are no specific matters that the AUASB needs to consider further.

#### (c) ASA 570 *Going Concern*

The AUASB considered a draft amendment to Appendix 1 of ASA 570. The Board requested amendments which will be considered at the next meeting on 27 February 2012.

#### (d) Early implementation of revised GS 007

The AUASB considered whether it is possible for firms and their clients to implement the revised GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* prior to 1 January 2012. The Board agreed that this should not be problematic as long as firms and their clients are in agreement to early implementation.

***The next meeting of the AUASB will be held on 27 February 2012  
at Level 7, 600 Bourke Street, Melbourne***

***The meeting will be open to the public.***

*Details of the meeting agenda are posted on the AUASB website [www.auasb.gov.au](http://www.auasb.gov.au) in the week prior to the meeting.*

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