



**Subject:** Minutes of the 53<sup>rd</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** Ken Spencer Room, AUASB offices  
Level 7, 600 Bourke St, Melbourne  
**Date:** 12 September 2011 from 9.00 a.m. to 4.20 p.m.

All agenda items were discussed in public.

## Attendance

Members present	Ms Merran Kelsall (Chairman) Ms Dianne Azoor Hughes Mr Mike Blake Ms Valerie Clifford Mr John Gavens Ms Elizabeth Johnstone - by telephone Mr Colin Murphy Mr Greg Pound Mr David Simmonds Mr Bernie Szentirmay Ms Kristen Wydell
Apologies	Mr John Tyers (Deputy Chairman)
In attendance	Mr Richard Mifsud (Executive Director) Ms Anna Cooshna Ms Susan Fraser – in part Ms Claire Grayston – in part Ms Marina Michaelides – in part Ms Patricia Wales – in part

## Declarations of Interest and Board Member Appointments

### (Agenda item 1 – Minute 704)

“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.

## July 2011 Minutes

### (Agenda item 2 – Minute 705)

The Board approved the minutes of the 52<sup>nd</sup> meeting held on 25 July 2011, subject to minor amendments.



## **Matters Arising and Action list**

### **(Agenda item 3 – Minute 706)**

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.

## **Report from AUASB Chairman on Recent Meetings, Corporate Matters and Correspondence for noting**

### **(Agenda item 4 – Minute 707)**

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

- IAASB Audit Quality Task Force meeting held 28-29 July 2011.
- ASIC teleconference on Regulatory Expectations Gap held 8 August 2011.
- FRC Audit Quality Task Force meeting held 19 August 2011.
- FRC Nominations Committee Meeting held 25 August 2011.
- CPA Australia – presentation at Roundtable on Auditor Reporting held 30 August 2011.
- ASIC teleconference on Regulatory Expectations Gap held 2 September 2011.
- ICAA - presentation at Roundtable on Auditor Reporting held 5 September 2011.
- FRC Ken Spencer Memorial Lecture held 6 September 2011.
- FRC Quarterly meeting held 7 September 2011.
- Meeting with Mr Greg Medcraft (ASIC Chairman) and Mr Michael Dwyer (ASIC Commissioner) held 9 September 2011.

## **Auditing Standard ASA 2011-2 Amendments to Australian Auditing Standards**

### **(Agenda item 5 – Minute 708)**

This item was not formally discussed at this meeting and will be addressed at the next meeting of the AUASB to be held on 28 November 2011, following further consultation with ASIC.

## **Service Organisations**

### **(Agenda item 6 – Minute 709)**

The AUASB considered a revised draft of Guidance Statement GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*.



The Board:

- agreed on the format of the revised GS 007 – paragraphs duplicating those in ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation* and ASAE 3402 *Assurance Reports on Controls at Service Organisations*, have now been removed.
- agreed that a news alert be issued when GS 007 is finalised to acknowledge that GS 007 is guidance only and may be applied at the user's discretion. However, early adoption is not encouraged to enable coordination between the service and user entities.

The Board requested additional amendments and a final draft will be considered for out-of-session approval in mid-October 2011.

## **Clean Energy Scheme and NGERs**

### **(Agenda item 7 – Minute 710)**

The AUASB received an update on the status of the Clean Energy Scheme and the conduct of audits under the National Greenhouse and Energy Reporting Scheme (NGERS). The Board discussed the extent of further input that should be provided by the AUASB to the Department of Climate Change and Energy Efficiency (DCCEE) on the proposed regulations. The Board agreed that the proposed ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* will not be issued until the IAASB releases its standard on greenhouse gas statements.

## **Comfort Letters Project**

### **(Agenda item 8 – Minute 711)**

The AUASB considered a further draft of the proposed standard on Comfort Letters which incorporates many of the requirements of U.S Auditing Standard SAS 72 *Letters for Underwriters and Certain Other Requesting Parties*. The Board (in majority decision) previously agreed in principle, to release the standard as a Standard on Related Services (ASRS). Mr Pound reiterated his intention as advised at the 25 July 2011 AUASB meeting, [not to vote in favour](#) of the proposed ASRS ED.

The Board requested additional amendments. A final draft will be considered at the PAG meeting to be held 14 September 2011 and a final draft will then be considered by the Board for out-of-session approval by 28 September 2011. Once approved by the Board, the ED will be issued together with the ED on Fundraisings (approved in July) with a comment period ending 15 November 2011.

## **Assurance on Water Accounting Reports**

### **(Agenda item 9 – Minute 712)**

The AUASB received an update on the project and noted the recent release of a consultation paper – *Assurance Engagements on General Purpose Water Accounting Reports* prepared jointly with the Water Accounting Standards Board. A joint information session is to be held with the WASB on 4 October 2011. Responses on the consultation paper are due on 31 October 2011.



## Standard Business Reporting / XBRL

### (Agenda item 10 – Minute 713)

The AUASB received an update on developments regarding SBR and XBRL in Australia and internationally. AUASB staff will attend the next meeting of the ASIC working group in November to monitor developments.

## Future of Audit Report

### (Agenda item 11 – Minute 714)

The Board considered an updated staff paper on the recommendations in the *Future of Audit Report* which relate to the work of the AUASB. The Board noted that some recommendations have been addressed through AUASB projects completed after the Report was issued (for example, ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*), while other recommendations are being addressed through existing and planned, future AUASB projects (for example, the current project on Auditor Reporting) and with regard to one matter, by the AASB.

## International Matters

### (Agenda item 12 – Minute 715)

- (a) The Board received reports on task force meetings of the IAASB comprising: *Audit Quality*; *ISA Implementation Monitoring*; *Reviews of Financial Statements*; and *Compilation of Pro-forma Financial Information* projects.
- (b) The Board considered IAASB papers for significant issues contained therein for the forthcoming IAASB meeting 19-23 September 2011.
- (c) The Board considered a draft submission to the IAASB on the Consultation Paper: *Enhancing the Value of Auditor Reporting: Exploring Options for Change* and agreed to approve the final version out-of-session.
- (d) The Board noted a submission to the IAASB on ED: ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (issued 31 August 2011).
- (e) The Board noted the latest International Update being a report on recent activities of the IAASB and other national standard setters.

## Other Matters

### (Agenda item 13 – Minute 716)

- (a) The AUASB Technical Group requested input from Board Members on issues relating to assurance for Managed Investment Schemes, in order for the AUASB to make a submission, if necessary, to the Corporations and Markets Advisory Committee (CAMAC) Discussion Paper June 2011.
- (b) The Board received an update on APRA's timetable on the implementation of BASEL III capital reforms in Australia and the impact this may have on the timing of the future revision to GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions*.



- (c) The Board agreed that the proposed ASAE on Fundraisings will be released as an ED, together with the ED on Comfort Letters, with a 45 day exposure period – expected for release in late September.
- (d) A discussion paper on service organisations' internal controls reporting for non-financial information will be tabled at the 28 November 2011 Board meeting.
- (e) No other matters were noted.

### **Next Meeting**

The next meeting of the AUASB will be held on 28 November 2011.

### **Close of Meeting**

The Chairman closed the meeting at 4.20 p.m.

### **Approval**

Signed as a true and correct record.

M H Kelsall  
*Chairman*

Date: 28 November 2011