



Subject: Minutes of the 59th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 10 September 2012 from 8.45 a.m. to 5 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 (9. 40 a.m. to 5 p.m.)
Mr Neil Cherry
Ms Valerie Clifford (until 3.50 p.m.)
Ms Elizabeth Johnstone (until 2.40 p.m.)
Prof. Nonna Martinov-Bennie
Mr Colin Murphy (until 4.00 p.m.)
Mr Greg Pound
Mr David Simmonds
Mr Bernie Szentirmay
Ms Kristen Wydell

Apologies Mr John Gavens

In attendance Mr Richard Mifsud (Executive Director) – in part
Ms Anna Cooshna
Ms Susan Fraser – in part
Ms Claire Grayston – in part
Ms Marina Michaelides – in part
Mr Howard Pratt – in part
Ms Patricia Wales – in part

Declarations of Interest

(Agenda item 1 – Minute 794)

“Declarations of Interests” forms for Members were tabled, amended and confirmed 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 2012 Minutes

(Agenda item 2 – Minute 795)

The Board approved the minutes of the 58th meeting held on 23 July 2012, with a minor amendment to minute 790.



Matters Arising and Action list

(Agenda item 3 – Minute 796)

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 797)

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

- FRC Audit Quality Taskforce meeting on 26 July 2012
- Treasury meeting to discuss Financial Reporting and Audit Quality and Policy on 6 August 2012
- FRC Nominations Committee meeting on 7 August 2012
- IAASB Audit Quality Task Force teleconference on 9 August 2012
- NZAuASB meeting on 23 August 2012

Fundraisings

(Agenda item 5 – Minute 798)

The AUASB received an update on ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*.

The Board considered the Issues Papers and updated drafts of the Proposed Standards incorporating changes requested at the 23 July 2012 meeting. The Board discussed whether the drafts needed to be re-exposed and agreed that re-exposure would not be required as the underlying assurance principles and procedures contained in both drafts did not change significantly from the Exposure Draft.

The proposed final standards, with further amendments and editorials will be approved on an out-of-session basis prior to the next board meeting.

AUASB Functions and Processes

(Agenda item 6 – Minute 799)

The Board approved, subject to final editorial amendments, the final draft on the *AUASB Functions and Processes*. The paper provides information about the AUASB's mandates, its operations and processes for the development of pronouncements and other publications. The *AUASB Functions and Processes* will be approved for publication by the Chairman (out-of-session) along with the Foreword and the policies on convergence with IAASB standards and harmonisation with NZAuASB standards.



Auditor Reporting

(Agenda item 7 – Minute 800)

The AUASB considered the proposed approach to responding to the IAASB's invitation to comment (ITC) on *Improving the Auditor's Report* and provided initial comments to assist in the preparation of the AUASB's response to the IAASB on the ITC. It was noted that Auditor Reporting Forums will be held on 11 and 13 September, and further roundtables involving the IAASB Chairman, will be held on 1 and 3 October 2012. Submissions to the IAASB are due by 8 October 2012.

Integrated Reporting Presentation

(Agenda item 8 – Minute 801)

Mr Michael Bray (Member, Business Reporting Leaders Forum) presented to the Board on the latest developments in Integrated Reporting. His presentation covered:

- International Integrated Reporting (IR) draft framework;
- IR in Australia;
- Timetable of International Integrated Reporting Committee(IIRC) activities to date and moving forward;
- How IR assists business (addressing the reporting gaps, application of the IR concepts and principles, significant business benefits).

The Board thanked Mr Bray for his presentation.

Review Engagements – ISRE 2400

(Agenda item 9 – Minute 802)

The Board considered the implications of ISRE 2400 *Engagements to Review Historical Financial Statements*, approved by the IAASB at its June 2012 meeting, which is awaiting formal release by the IAASB. The Board agreed in principle to the AUASB Technical Group's suggested amendments with two further changes. The Board approved the project plan to replace ASRE 2400 with ISRE 2400 and update ASRE 2405, ASRE 2410 and ASRE 2415 with consequential editorial amendments only. It was also agreed that ASRE 2405 will, in due course, be revised and recast in "clarity format".

NGER and Clean Energy Schemes Assurance

(Agenda item 10 – Minute 803)

The Board received an update on developments at DCCEE and Clean Energy Regulator and considered the first draft of the Guidance Statement on Engagements under the National Greenhouse and Energy Reporting, Clean Energy and Related Schemes.



GS 004 *Audit Implications of Prudential Reporting Requirements for General Insurers*

(Agenda item 11 – Minute 804)

The board received an update on the progress of the APRA LAGIC Capital Standards project. The Board approved the project plan to revise GS 004 *Audit Implications of Prudential Reporting Requirements for General Insurers* in line with the new suite of general insurance prudential standards being issued by APRA.

International Matters

(Agenda item 12 – Minute 805)

- (a) The AUASB received reports on the IAASB projects: *Auditor Reporting*, *Audit Quality* and *ISA Implementation Monitoring*.
- (b) The AUASB discussed key agenda items for the IAASB meeting to be held on 17-21 September in New York, USA.
- (c) The AUASB 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 806)

- (a) ACNC

The Board received an update on recent discussions with Treasury about the third draft of the ACNC Bill 2012 and implications for audit and assurance matters, and an update on the House of Representative Committee recommendations into the ACNC legislation released on 17 August 2012.

- (b) ASIC Managed Investments

The Board received an update on the action currently being undertaken by ASIC on Managed Investments Schemes, following the collapse of Trio Capital, as well as a summary of the impact on GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes*. The Board approved the project plan to revise GS 013 as appropriate.

- (c) Assurance on Water Accounting Reports

The AUASB received a further project update on the development of a standard for assurance engagements on general purpose water accounting reports, including a copy of a preliminary draft of the proposed exposure draft, for information only.

- (d) SBR / XBRL update

The Board received an update on recent developments with respect to the Australian version of the IFRS Taxonomy, used for financial reporting in Australia.

- (e) Audit Committees Best Practice Guide

The Board noted that the Audit Committees a Guide to Good Practice – a joint publication with the Australian Institute of Company Directors (AICD) and The Institute of Internal Auditors-Australia



(IIA-A), was released on 28 August 2012. Details for the purchase of the Audit Committees Guide are available on the AUASB website.

Next Meeting

The next meeting of the AUASB will be held on 26 November 2012.

The Chairman closed the meeting at 5:00 p.m.

Approval

Signed as a true and correct record.

M H Kelsall
Chairman

Date: 26 November 2012