



Subject: Minutes of the 60th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 26 November 2012, from 8.45 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 – to 12.30 p.m.
Mr Neil Cherry
Ms Valerie Clifford
Mr John Gavens – from 12.00 p.m.
Ms Elizabeth Johnstone
Prof. Nonna Martinov-Bennie
Mr Colin Murphy
Mr Greg Pound
Mr David Simmonds
Mr Bernie Szentirmay
Ms Kristen Wydell

Apologies
Ms Dianne Azoor Hughes – from 12.30 p.m.
Mr John Gavens

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

Declarations of Interest and Board Member Appointments

(Agenda item 1 – Minute 807)

“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.

The Chairman thanked retiring Board Members, Ms Dianne Azoor Hughes, Ms Elizabeth Johnstone and Mr David Simmonds for their significant contributions to the work of the Board.



Minutes

(Agenda item 2 – Minute 808)

The Board approved the minutes of the 59th meeting held on 10 September 2012, and Special Meeting held on 2 October 2012.

Matters Arising and Action list

(Agenda item 3 – Minute 809)

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 810)

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

- FRC Audit Quality Taskforce meeting on 12 September and 19 November 2012
- FRC Integrated Reporting Taskforce meeting on 12 September 2012
- Presentation at IIA-A – CAE Service meeting on 13 September 2012
- Presentation at Group of 100 – National Executive dinner on 24 September 2012
- Treasury videoconference – Portfolio Agency Heads meeting on 24 September 2012
- Key meetings and events attended during Prof. Arnold Schilder's (IAASB Chairman) visit on 1-4 October 2012:
 - Interview: Agnes King, The Australian Financial Review
 - Interview: John Beveridge, In The Black, Herald Sun
 - Interview: Eric Johnston, The Age
 - CPA Australia Roundtable on Auditor Reporting
 - CPA Australia Podcast on Auditor Reporting
 - Meeting with Australasian Council of Auditors-General (ACAG)
 - Meeting with The Hon Bernie Ripoll MP, Parliamentary Secretary to the Treasurer
 - Address at the RACV Club - Directions in Auditing and Assurance: Challenges and Opportunities
 - Auditor Reporting Roundtable in Sydney
 - Meeting with ASIC in Sydney
 - Investors Meeting on Auditor Reporting hosted by Paul Bruncker of JP Morgan in Sydney
 - Meeting with Lynn Wood, Chairman, FRC in Sydney
 - Meeting with APRA - John Laker, Chairman, Ian Laughlin, and Rob Sharma in Sydney
 - Roundtable on Improving the Auditor's Report, Kuala Lumpur. MK ran session on Going Concern



- FRC Nominations Committee videoconference on 16 October 2012
- NZAuASB phone meeting on 17 October 2012
- IAASB Audit Quality Task Force meeting - London on 1-2 November 2012
- IAASB Auditor Reporting Task Force telephone meeting on 12-14 November 2012
- NZAuASB Joint Board Strategy Day on 21 November 2012

Fundraising Project

(Agenda item 5 – Minute 811)

The Board approved the issue of ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information* included in a Prospectus or other Document, accompanied by its Basis for Conclusions document.

The Board considered a Board member's concern with respect to the drafting of certain requirements within the "Projection" section of ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, and consequently requested some editorial amendments to be made to this section. After considering the drafted amendments, the Board approved for ASAE 3450 to be issued, together with its Basis for Conclusions document.

Both Standards are operative for engagements commencing 1 July 2013.

GS 004 Audit Implications of Prudential Reporting Requirements for General Insurers

(Agenda item 6 – Minute 812)

The Board received an update on the project to revise GS 004 and noted that further meetings with the Project Advisory Group (PAG) and APRA on auditor report issues will be held in the coming months

Review Engagements

(Agenda item 7 – Minute 813)

The Board considered and approved two exposure drafts (EDs 02/12 and 03/12) on review engagements. The first ED proposes adoption of the revised international standard: ISRE 2400 *Engagements to Review Historical Financial Statements*, which was approved by the IAASB at its June 2012 meeting. The Board accepted the proposed amendments to ISRE 2400 for use in the Australian environment, and requested some further improvements. The second ED proposed only minor editorial amendments to ASRE 2415 arising from the proposed adoption of ISRE 2400. The Board confirmed that ASRE 2405 and ASRE 2410 would not be updated at this time but review, and possible revision, would be held over to a later date. Both EDs will be published in early December with responses requested by 8 February 2013.



Managed Investment Schemes

(Agenda item 8 – Minute 814)

The Board received an update on the projects to revise GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes*, and GS 014 *Auditing Mortgage Schemes*, action currently being undertaken by ASIC on managed investment schemes, and noted correspondence received from ASIC in relation to its proposed revision of the applicable Regulatory Guides that apply to managed investment schemes. It was agreed to defer work on this project until ASIC revises its applicable Regulatory Guides in 2013.

ASIC Presentation

(Agenda item 9 – Minute 815)

Mr John Price (ASIC Commissioner) and Mr Doug Niven (ASIC Senior Executive Leader) presented to the Board on the ASIC Audit Update including discussion of ASIC's strategic priorities, audit regulatory activities and inspection programs.

NGERS and Clean Energy Schemes Assurance

(Agenda item 10 – Minute 816)

The AUASB approved a new Guidance Statement, titled GS 021 *Engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes*. The Guidance Statement will be issued in early December.

International

(Agenda item 11 – Minute 817)

- (a) The Board noted the AUASB submission to the IAASB on the Auditor Reporting Invitation to Comment: Improving the Auditor's Report issued 12 October 2012
- (b) The Board received reports on IAASB Task Forces – Auditor Reporting, Audit Quality and ISA Implementation Monitoring.
- (c) The AUASB discussed key agenda items for the IAASB meeting to be held on 10-13 December in New York, USA.
- (d) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other national standard setters

Assurance on Water Accounting Reports

(Agenda item 12 – Minute 818)

The AUASB approved the proposed exposure draft of a standard for assurance engagements on general purpose water accounting reports, which has been jointly developed with the Water Accounting Standards Board (WASB). The AUASB requested that staff further liaise with the Project Steering Committee and WASB with a view to finalising certain editorials to the exposure draft prior to its expected release in mid-December.



Other Matters

(Agenda item 13 – Minute 819)

(a) Integrated Reporting

The Board received an update on the international and local initiatives on integrated reporting.

(b) ACNC Not-for –Profits

The Board received an update on recent developments and noted that the ACNC Bill 2012 was recently passed by the Australian Parliament.

(c) SBR/XBRL

The Board received an update on recent developments with respect to SBR, including the use of SBR in processing and reporting superannuation transactions, the availability of SBR-enabled software and the uptake of SBR.

(d) AUASB Consultative Meeting

The Board noted the Agenda for the AUASB Consultative meeting to be held 27 November 2012.

(e) Report against work program

The Board received a report on AUASB outputs against the work program for the period July to November 2012.

(f) Board Reviews – consider feedback

The Chairman provided feedback on Board Member reviews conducted over the last two months.

Next Meeting

The next meeting of the AUASB will be held on 25 February 2013.

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: 25 February 2013