

31 October 2011

The Chairman
Auditing and Assurance Standards Board

Via email: edcomments@auasb.gov.au

Dear Chairman

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Consultation Paper: Assurance Engagements on General Purpose Water Accounting Reports

Thank you for the opportunity to comment on the consultation paper on *Assurance Engagements on General Purpose Water Accounting Reports*.

The Institute of Internal Auditors – Australia (IIA-Australia) is the professional body representing Australian internal auditors. With more than 3,200 members in all states and territories across Australia our membership is made up of internal auditors in government, the corporate sector, and professional practice.

The IIA in Australia is an affiliate of the global Institute of Internal Auditors (IIA Global) which represents more than 170,000 members in 165 countries around the world. IIA Global promulgates the *Code of Ethics* and issues the *Professional Practices Framework* containing *The International Standards for the Professional Practice of Internal Auditing* which is recognised globally as the authoritative guidance on internal audit matters.

IIA-Australia has reviewed the consultation paper and obtained additional input from our members. Overall, IIA – Australia is supportive of the exposure draft in its current format. However, we wish to bring to your attention the following:

- Table 1: Matters addressed in a standard for assurance engagements on GPWAR – Other matters – we believe it appropriate to add ‘using the work of internal audit’ (which is later included in paragraphs 121 and 122)
- Paragraph 123 states ‘Similar to an internal audit function,,,would not be independent of the management group,,,’ IIA-Australia strongly opposes the inclusion of the internal audit function in such a statement. The International Standards for the Professional Practice of Internal Auditing Standard 1110 – Organizational Independence specifically addresses this issue. Organisational independence is effectively achieved when the chief audit executive reports functionally to the board.

Thank you for the opportunity to comment on the exposure draft. If you wish to discuss the matters raised by IIA – Australia in further detail, please feel free to contact Stephanie Koehn, Technical Manager on +612 9267 9155 or at stephanie.koehn@iia.org.au.

Yours sincerely



Christopher McRostie
Chief Executive Officer

