



**Australian Government**  
**Auditing and Assurance Standards Board**



**Australian Government**  
**Bureau of Meteorology**

**Water Accounting  
Standards Board**  
An independent advisory Board to the Bureau of Meteorology

# Consultation Paper:

## Assurance Engagements on General Purpose Water Accounting Reports

Respondents are invited to comment on all or any of the questions raised in this consultation paper.

Comments are requested by **31 October 2011**.

Comments received will be published on the AUASB and Bureau websites, unless otherwise requested.

**Name:** .....

**Organisation:** .....

**Email:** .....

**Phone:** .....

*To use this form, save it to your desktop then complete the questions in one or more stages. Remember to save your responses to questions each time you close the form. When the form is complete, please click the "Return Via Email" button on the last page.*

- Q1. Which of the three alternatives do you prefer for a standard on assurance engagements on General Purpose Water Accounting Reports (GPWAR)? Please provide reasons to support your view.<sup>1</sup>
- Q2. Do you agree that the qualifications' requirements in the proposed assurance standard should be principles-based and not prescriptive? Please provide reasons for your view.
- Q3. If you answered 'yes' to Question 2, are the suggested qualifications' requirements and guidance in paragraphs 23-24 appropriate?
- Q4. Are there any other qualifications' requirements and guidance that should be included in the assurance standard?
- Q5. Do you think that the standard should be available for application by anyone with appropriate skills and who can meet appropriate ethical and quality control requirements, or do you believe it should be restricted to only those persons with particular accreditation from certain bodies?

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<sup>1</sup> It is suggested that respondents may wish to reconsider Question 1 after reviewing the entire consultation paper as other key issues may influence the response to this question.

- Q6. Please provide details of regulators that may be appropriate to set accreditation requirements for assurance practitioners performing engagements on GPWAR.
- Q7. Do you agree that the proposed assurance standard should include a requirement relating to compliance with relevant ethical principles, including independence?
- Q8. Would a requirement such as that in paragraph 38, with additional guidance such as that in paragraph 39, cover assurance practitioners from a range of backgrounds?
- Q9. Do you believe that appropriate safeguards relating to threats to independence can be put in place to ensure the integrity of the assurance process? If so, please list some of those safeguards?
- Q10. Please provide details of codes of ethics or conduct, or other professional requirements, or laws and regulations, covering other professional groups that may be involved in assurance engagements on GPWAR, which contain similar ethical requirements to those contained in the *Code of Ethics for Professional Accountants*.

- Q11. Should assurance be provided on the GPWAR as a whole, taking into account each component of the GPWAR: the Contextual Statement, water accounting statements, note disclosures and the Accountability Statement?<sup>2</sup>
- Q12. Should assurance be provided on the Contextual Statement in a GPWAR?
- Q13. Do you consider that assurance can be provided on each of the three aspects covered in the Accountability Statement? Please provide reasons to support your views.
- Q14. Would the assurance practitioner need to perform any specific or additional procedures in relation to the unaccounted-for difference?
- Q15. Are there any other items or elements within the components of a GPWAR that present complexities in terms of assurance?

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2 Respondents may wish to reconsider Question 11 after reviewing paragraphs 46-54 and Questions 12 and 13.

- Q16. Should the proposed assurance standard allow for both reasonable and limited assurance?
- Q17. If you consider that limited assurance should be covered in the proposed standard for assurance engagements on GPWAR, please identify the circumstances in which limited assurance might be appropriate.
- Q18. Do you agree that single-layered assurance reports are preferable for GPWAR? Please provide reasons to support your views.
- Q19. Do you agree that the proposed standard for assurance engagements on GPWAR should include requirements and guidance relating to the content of the assurance report to promote consistency in assurance reporting?
- Q20. Do you consider that illustrative assurance reports would be helpful and should be included in the proposed assurance standard?

- Q21. Should the proposed assurance standard include requirements and guidance on the different types of assurance conclusions that may be included in an assurance report on a GPWAR?
- Q22. Are the types of assurance conclusions discussed in this consultation paper relevant to assurance engagements on GPWAR?
- Q23. Should the proposed assurance standard include requirements and guidance on Emphasis of Matter and Other Matter paragraphs in the assurance report?
- Q24. Please provide examples of matters that may be included in an Emphasis of Matter paragraph in an assurance report on a GPWAR.
- Q25. Please provide examples of matters that may be included in an Other Matter paragraph in an assurance report on a GPWAR.

- Q26. Do you agree that it is appropriate to use a principles-based approach, rather than prescribing a numeric level for materiality in the proposed standard for assurance engagements on GPWAR?
- Q27. Are there any specific considerations necessary in the application of 'traditional' assurance procedures to assurance engagements on GPWAR?
- Q28. Are there any other procedures that have not been identified that you consider would be applicable to assurance engagements on GPWAR?
- Q29. Should the proposed assurance standard include requirements and guidance relating to using the work of assurance practitioners' experts?
- Q30. Are there any special considerations that are required when the assurance practitioner uses the work of an assurance practitioner's expert in an assurance engagement of GPWAR?

- Q31. Should the proposed assurance standard include requirements and guidance relating to using the work of management's experts?
- Q32. Are there any special considerations that are required when the assurance practitioner uses the work of a management's expert in an assurance engagement on GPWAR?
- Q33. Are you aware of any internal audit functions that perform work related to the water accounting function of a management group likely to be a GPWAR preparer and, if so, should the assurance standard provide for the use of the work of internal audit by the assurance practitioner?
- Q34. Are you aware of any QA/QC, or peer review, functions undertaken that are related to the water accounting function of a management group likely to be a GPWAR preparer?
- Q35. What impact, if any, will the existence of QA/QC, or peer review, functions have on assurance engagements on GPWAR?



- Q36. Are you aware of any group water report entities involving more than one component entity or of a water report entity involving a number of components of a water system? If so, please provide details.
- Q37. Should the proposed standard for assurance engagements on GPWAR provide requirements and guidance for group assurance practitioners when using the work of component assurance practitioners?
- Q38. What should be the assurance practitioner's responsibilities regarding information included in the Future Prospects note in a GPWAR?
- Q39. Does the information in the Future Prospects note in a GPWAR present any challenges for assurance practitioners? If so, please provide details.
- Q40. Should the proposed assurance standard for GPWAR include requirements regarding subsequent events?

- Q41. Please provide examples of *adjusting events after the reporting period*, as defined in ED AWAS 1, together with any assurance implications arising from them.
- Q42. Are there any circumstances that would warrant the provision of assurance less frequently than the frequency of the preparation of the GPWAR?
- Q43. What are the implications for the usefulness of an assurance report where a limited assurance engagement is undertaken in one period, followed by reasonable assurance in the next period, if the assurance conclusion must be modified as a result?

Other comments not covered in the questions above