



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**

Meeting Date: 21 October 2014

Subject: GS 017 *Audit Implications for Prudential Reporting Requirements of a Life Company*

Date Prepared: 7 October 2014

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide the AUASB with a preliminary draft of revised GS 017 *Audit Implications for Prudential Reporting Requirements of a Life Company* for review and comment.

Background

1. The AUASB approved the project plan to revise GS 017 *Prudential Reporting Requirements for Auditors of a Life Company* (issued by AUASB in June 2010) in line with the new suite of Prudential Standards for Life Companies (issued by APRA in January 2013) at the 9 September 2014 meeting.
2. Following the September AUASB meeting a preliminary draft of GS 017 was circulated to the PAG Liaison Group (which consists of the Big 4 Accounting Firms) on 9 September with a second iteration on 2 October for comment. To date, comments have been received from two of the PAG members and these have been incorporated into the preliminary draft provided to the AUASB for comment.

Matters to Consider

Part A – General

1. It should be noted that the majority of marked up changes to GS 017 are related to updated references to recently issued APRA Prudential Standards or Reporting Standards and or updated references to AUASB standards or guidance statements including changes to definitions etc.
2. The key addition to GS 017 is the inclusion of paragraphs 41 to 46 under the area of understanding the entity and its environment and more specifically in relation to identifying and assessing the risks of a Life Company through risk assessment procedures. To do this the auditor must firstly gain an understanding of the Life Company's Prudential Capital Requirement (PCR) which is intended to

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take account of the full range of risks to which a life company is exposed. The auditor will need to consider risks in relation to accounting estimates that may be used in calculating the PCR of a Life Company.

The inclusion of these paragraphs is consistent with guidance included in GS 004 *Audit Implications of Prudential Reporting Requirements for General Insurers and insurance Groups* revised by the AUASB in May 2013.

Outstanding Matters

1. Further comments on the preliminary draft from PAG Liaison Group
2. OBPR – RIA and clearance
3. APRA – review and comments

Part B – NZAuASB

1. N/A

Part C – “Compelling Reasons” Assessment

1. N/A

The proposed changes conform with IAASB modification guidelines for NSS? N/A Y N

AUASB Technical Group Recommendations

The AUASB Technical Group recommend that the AUASB consider and agree to the marked up changes to the preliminary draft as presented, subject to any further comments received from the PAG Liaison Group or APRA.

Material Presented

Agenda Item 5	AUASB Board Meeting Summary Paper
Agenda Item 5.1	GS 017 <i>Audit Implications for Prudential Reporting Requirements of a Life Company</i> – Preliminary Draft (Marked Up Version)
Agenda Item 5.2	GS 017 Project Timeline Update

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to provide comments on GS 017 preliminary draft.	Comments at Board meeting.	AUASB	21 October 2014	