



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **13(a)**

Meeting Date: 12 September 2011

Subject: Other Matters - Managed Investment Schemes

Date: 5 September 2011

Action Required

For Information Purposes Only

Agenda Item Objectives

Consider *Managed Investment Schemes Discussion Paper* and determine if the AUASB have any matters to raise with the Corporations and Markets Advisory Committee (CAMAC).

Background

The regulatory regime for Managed Investment Schemes (MISs), imposed by the *Corporations Act 2001* (the Act), is administered by ASIC. The reporting and audit requirements in the Act for registered MIS are in summary:

- Annual financial report, director's report and auditor's report, to be issued to members (s.314) and lodged with ASIC (s.319).
- Compliance plan, to ensure compliance with the Act and the scheme's constitution, and auditor's consent to audit the compliance plan submitted to ASIC on application for registration (s.601EA & s.601HA).
- New compliance plan to be lodged with ASIC, if the compliance plan is modified (s.601HE).
- Annual auditor's report on each responsible entity's compliance with the compliance plan to be given to the current responsible entity (RE) and lodged with ASIC (s.601HG).

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

- The auditor of the RE's financial report is prohibited from acting as auditor of the registered scheme's compliance plan, although another auditor from the same firm may do so. The auditor of a scheme's financial report may also audit their compliance plan (s.601HG).

ASIC's Regulatory Guides provide guidance on MIS compliance plans as follows:

- RG 45 *Mortgage schemes – improving disclosure for retail investors* (2008).
- RG 46 *Unlisted property schemes – improving disclosure for retail investors* (2008).
- RG 116 *Commentary on compliance plans received by ASIC Agricultural industry schemes* (2004).
- RG 117 *Commentary on compliance plans: Financial asset schemes* (2004).
- RG 118 *Commentary on compliance plans: Contributory mortgage schemes* (2004).
- RG 119 *Commentary on compliance plans: Pooled mortgage schemes* (2004).
- RG 120 *Commentary on compliance plans: Property schemes* (2004).
- RG 132 *Managed investments: Compliance plans* (1998).
- RG 144 *Mortgage investment schemes* (2000).

The AUASB has issued the following guidance with respect to auditing managed investment schemes:

- GS 013 *Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes* (2009).
- GS 014 *Auditing Mortgage Schemes* (2009).

Matters to Consider

CAMAC issued a discussion paper on Managed Investment Schemes in June 2011 inviting submissions by 30 September 2011 on:

- any aspect of the matters coming within the terms of reference, including the issues raised and questions posed in the paper; or
- any other matters related to the operation of MISs that call for legislative or other regulatory reform.

The paper, attached as agenda item 13(a).1, does not mention any matters or raise any issues relating to audit or assurance.

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AUASB Technical Group Recommendations

The AUASB Technical Group request the Board to advise of any issues arising from practice, with respect to the audit of managed investment schemes' financial report or compliance plan, which may warrant legislative change and so should be raised by submission to CAMAC.

Material Presented

Agenda Item 13(a) Board Meeting Summary Paper

Agenda Item 13(a).1 CAMAC Managed Investment Schemes Discussion Paper- June 2011 (electronic only)

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Decide if an AUASB submission to CAMAC is required.	Identify any issues which need to be raised in a submission.	AUASB	12 September 2011	Pending

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