



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **6**

Meeting Date: 12 September 2011

Subject: Service Organisations – Revised Draft Guidance Statement GS 007

Date: 30 August 2011

Action Required

For Information Purposes Only

Agenda Item Objectives

To agree the format and content of revised Guidance Statement GS 007 in preparation for final QA and approval out-of-session.

Background

This project is to revise GS 007 to anchor to the new suite of clarity Auditing Standards, including ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*, and new Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation*. A revised draft GS 007 was presented to the July Board meeting, which incorporated all of the requirements with respect to service organisations contained in ASA 402 and ASAE 3402 with the intention of being a “one-stop shop” in line with the earlier Board decision and Project Advisory Group recommendation.

By maintaining GS 007 as a “one-stop shop” whilst ensuring consistency with the requirements of ASA 402 and ASAE 3402, a great deal of duplication was created which caused GS 007 to be extremely lengthy. Following consideration of the draft revised GS 007, the Board decided that the duplication with ASA 402 and ASAE 3402 should be removed so that GS 007 deals only with the additional guidance relevant to investment management services.

The Board agreed that the revised GS 007 should be operative for periods commencing 1 January 2012 with early adoption permitted, to allow time for duplication to be removed and the guidance statement issued before the applicable reporting period commences. In the meantime, the Board requested that stakeholders be alerted to the fact that clarity standards ASA 402 and ASAE 3402 are applicable to engagements conducted under GS 007 for financial years ended 30 June 2011.

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Matters to Consider

The AUASB issued an Alert, *ASA 402 and ASAE 3402 Requirements to be Applied by User and Service Auditors Using GS 007*, emailed to subscribers and posted on the AUASB website on 1 August 2011, to bring stakeholders attention to the new standards applicable to service organisation engagements for 30 June 2011.

The Technical Group has revised GS 007, removing duplication with ASA 402 and ASAE 3402, which has halved the guidance provided, reducing it from 163 paragraphs to 87 paragraphs. When removing this duplication, we have inserted anchors to all of the requirements in ASA 402 and ASAE 3402 to prompt the user and service auditors to refer back to the standards. In addition, further input has been obtained with respect to the control objectives from relevant industry specialists through the PAG and amendments made to make the objectives clearer and more relevant.

The revised GS 007, operative for periods commencing 1 January 2012, is presented to the Board to agree the shorter format and content.

AUASB Technical Group Recommendations

The Technical Group recommend that the Board agree the format and content of the GS 007 or provide any amendments required so that a final quality assurance can be conducted and GS 007 finalised and circulated to the Board for out-of-session approval.

Material Presented

- Agenda Item 6 Board Meeting Summary Paper
- Agenda Item 6.1 AUASB Alert *ASA 402 and ASAE 3402 Requirements to be Applied by User and Service Auditors Using GS 007*, 1 August 2011.
- Agenda Item 6.2 Draft Revised GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* (Clean Version)
- Agenda Item 6.3 Draft Revised GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services* (Marked Up Version) [electronic only]

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Agree format and content of revised GS 007 for final QA and approval out-of-session	Agreement of format and content	AUASB	12 September 2011	Pending

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