



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **13(c)**
Meeting Date: 9 September
Subject: Australian Charities and Not-for-Profit Commission (ACNC)
Date Prepared: 26 August 2014

Action Required

For Information Purposes Only

Agenda Item Objectives

To inform the AUASB of the work performed with the ACNC in regard to auditor's report templates.

Background

1. The financial year [period] ended 30 June 2014 was the first reporting period when all medium and large registered entities (i.e. entities registered with the ACNC) were required to submit to the ACNC, financial reports that had been subject to audit or review by an independent "auditor".
2. Relevant aspects of the ACNC legislative arrangements relating to financial reporting are:
 - (a) To an extent, ACNC financial reporting and the responsible entities' declaration, together with the associated assurance requirements, were modelled on parts of the *Corporations Act 2001*, particularly those relating to companies limited by guarantee;
 - (b) Certain ACNC legislation nullifies reporting under the *Corporations Act 2001*, when a registered entity has reported under ACNC requirement;
 - (c) Under consequential and transitional legislation, transitional arrangements are available to those medium and large registered entities that do not prepare GPFs or SPFRs in accordance with any other financial reporting requirements. Any such SPFRs must (also) comply with certain requirements set out in the (single) ACNC Regulation - particularly those that specified compliance with certain Accounting Standards; and
 - (d) Transitional financial reporting arrangements are available for the financial reporting year [period] to 30 June 2014 only and are expected to be utilised by those entities that have not prepared GPFs or SPFRs in the past.
3. From the beginnings of the ACNC, AUASB staff has developed a good working relationship with Treasury and ACNC staff.

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4. Earlier this year, senior ACNC staff approached AUASB staff to discuss an approach to the development of auditor's reports for both reasonable and limited assurance.
5. It was agreed that the ACNC would develop templates based on the illustrative auditor's reports contained within the AUASB Standards; and that AUASB staff would provide suggestions and review the templates.
6. The ACNC staff has developed a suite of illustrative audit and review reports as well as pro forma financial reports for use under the transitional provisions – these financial reports are aligned to the historical financial information required to be included in the Annual Information Statement which must be submitted to the ACNC by all registered entities.

Matters to Consider

Part A – General

1. AUASB staff will provide a verbal overview of:
 - (a) The transitional financial reports (medium and large), including the responsible entities' declaration.
 - (b) The suite of 11 illustrative auditor's reports comprising audits and reviews of:
 - (i) GPFRs and SPFRs; and
 - (ii) Transitional financial reports.

Included in the suite of auditor's reports are examples of:

- Modified opinions/conclusions; and
- Other reporting obligations (as applicable) under sections 60-45 or 60-50 of the ACNC Act.

Part B – NZAuASB

1. The ACNC legislative arrangements apply only in Australia and therefore there are no implications for NZ.

Part C – “Compelling Reasons” Assessment

1. N/A

The proposed changes conform with IAASB modification guidelines for NSS?

Y N

Material Presented

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