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AUASB issues Revised Guidance for Auditors of Authorised Deposit-taking Institutions

The Auditing and Assurance Standards Board (AUASB) has completely revised and reissued its guidance for auditors of Authorised Deposit-taking Institutions (ADIs) with the release today of a new Guidance Statement, GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions*.

The new Guidance Statement has been developed in consultation with the Australian Prudential Regulation Authority (APRA) and auditors, to provide guidance when reporting under the prudential reporting requirements of APRA's revised APS 310 *Audit and Related Matters*, which became effective from 1 January 2009.

The revised APS 310 provides for two types of engagements to be conducted by an appointed auditor: namely, routine reporting engagements and special purpose engagements. APRA has clarified in the revised APS 310, the level of assurance that the appointed auditor will provide when reporting on prudential matters. Furthermore, the appointed auditor is required to specifically report on assurance over internal controls designed to ensure the ADI has complied with prudential requirements and has provided reliable data to APRA.

Merran Kelsall, AUASB Chairman, said that the new Guidance Statement GS 012 will help improve the quality of audits and reviews undertaken for prudential reporting purposes by promoting a greater awareness and understanding amongst auditors of their role and responsibilities under APS 310.

"The scope of the prudential reporting engagements under the revised APS 310 is significantly different to that previously required. Guidance Statement GS 012 assists appointed auditors by clarifying APRA's reporting requirements and drawing attention to matters which auditors need to consider when planning, conducting and reporting to APRA on prudential matters. GS 012 will ensure a high quality, consistent approach in undertaking these audits and reviews and reporting to APRA," Ms Kelsall said.

GS 012 applies to prudential reporting engagements undertaken in relation to reporting periods commencing on or after 1 January 2009. It replaces AGS 1008 *Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions*, issued by the AUASB in July 2002.

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The Auditing and Assurance Standards Board (AUASB) is an independent, national statutory board of the Australian Government, responsible for developing standards and related guidance for auditors and providers of other assurance services.