



Minutes of the thirty-first meeting of the Auditing and Assurance Standards Board (AUASB), held at the offices of the AUASB, Melbourne, from 9.00 a.m. to 5.00 p.m. on Monday 2 June, and 8.45 a.m. to 12.15 p.m. on Tuesday 3 June 2008.

Agenda items 1 to 4 were discussed in a closed session
All other agenda items were discussed in public.

ATTENDANCE

Members present	Merran Kelsall - Chairman Jon Tyers – Deputy Chairman Dianne Azoor Hughes Mike Blake Valerie Clifford John Gavens Chris Hall – (Day 1 only) Elizabeth Johnstone Professor Christine Jubb Ian McPhee - (Day 1 only) Clive Mottershead Greg Pound David Simmonds
Apologies	Chris Hall - Day 2 Ian McPhee - Day 2 Elizabeth Johnstone - Day 2 from 9.30 a.m.
Staff in attendance	Richard Mifsud – Executive Director Howard Pratt – in part Susan Fraser – in part Marina Michaelides – in part Johanna Foyster – in part Claire Grayston – in part Alan Marrone

DECLARATIONS OF INTEREST (Agenda item 1 – Minute 400)

Members have adopted the standing policy of declaring any interest they have in and issue before the AUASB.

No declarations of interest were declared.

The Chairman tabled the “declaration of interest” form utilised by the Financial Reporting Council, for future use by the AUASB.



MINUTES

(Agenda item 2 – Minute 401)

The Board considered the minutes of the thirtieth meeting of the AUASB held 14 April 2008 and requested an amendment to the attendance record and other minor amendments. Subject to these amendments the Board approved the minutes.

MATTERS ARISING FROM ACTION ITEMS NOT DEALT WITH ELSEWHERE

(Agenda item 3 – Minute 402)

Matters arising brought forward

The status of matters arising brought forward from previous AUASB meetings was noted. The Board requested inclusion of an action item to consider UK Auditing Practice Board bulletin, and a clear indication of responsibilities and timelines for action items in future reports.

REPORTS FROM AUASB CHAIRMAN AND CORPORATE MATTERS

(Agenda item 4 – Minute 403)

(a) Reports on recent meetings attended:

Merran Kelsall

The Chairman and Executive Director have attended meetings with numerous constituents to seek advice on the application date of the Redrafted ASAs (Clarity) including:

- Big Four firms
- 7 medium tier firms
- NSW and Victorian Auditors-General
- Professional bodies
- ICAA – Audit Advisory Committee – small firms
- ASIC

The Chairman and Executive Director also attended:

- ICAA/CPA Round Table Conferences on Emissions Trading held on 19 and 21 May 2008
- FRC Finance Committee meeting

Other meetings attended by the Chairman:

ASIC Standing Chairs Accounting and Auditing Committee
Treasury – Minister Sherry
ASIC Audit Chairs Roundtable
Ken Spencer Memorial Lecture
FRC Nominations Committee



Other meetings attended by the Executive Director:
ASIC, Doug Niven

The Chairman and AUASB Technical Staff gave presentations at the following conferences:

- AICD Conference (M Kelsall)
- ICAA Audit Conference
Brisbane (S Fraser)
Sydney (S Fraser)
- ICAA Business Forum
Brisbane (H Pratt)
Perth (H Pratt)
Sydney (R Mifsud)
Melbourne (R Mifsud)
- NIA Audit Conference Adelaide (R Mifsud)

(b) Corporate Matters

Transition to Financial Management Accountability Act

The Chairman and senior staff are working with Treasury staff to progress the transition of the AUASB to a Statutory Committee and the Office of the AUASB to an FMA Act Agency from 1 July 2008 as smoothly as possible.

(c) 2008-2009 AUASB Business Plan and Work Program

The AUASB has continued working with the FRC and AASB to provide its business plan for 2008-09 in a consistent format, incorporating the concept of “strategy on a page”.

The Board considered the Business Plan and supporting schedules as follows:

Attachment	B	AUASB 2008-2009 Business Plan
	C	Resource Implication for Work Plan
	D	AUASB Work Plan 2008-2009
	E	IAASB v AUASB Gap Analysis
	F	Timeliness for Adopting IAASB Clarity Standards in Australia



The Board discussed the timing of the release and applicability of the Redrafted ASAs at great length, noting:

- Delay in adopting the redrafted ASAs will result in non conformity with the ISAs – in particular with the eleven ISAs that have been revised and redrafted.
- Big 4 firms and mid tier firms with international practices and methodology all advise that their firms will alter their practises with effect from December, 2009.
- Adoption from 1 July 2010 to ease the burden on small practitioners with allowance of early adoption will result in two sets of standards and create confusion in the market place.
- The AUASB's statutory mandate is to work towards one set of auditing standards for world-wide use.
- The Board agreed that a 1 January 2010 adoption date is important to maintain Australian standing in the international arena.

The Chairman noted that the technical group is currently operating at 2.5 FTEs under budget in order to minimise the deficit for the current year, and this has significantly impacted on our capacity to deliver against the work program.

The Board approved the Business Plan and supporting schedules recommending a staffing level of 8.5 FTEs to achieve the Work Plan goals.

It was noted that the Chairman would present these documents as part of her report to the forthcoming FRC meeting on 11 June.

ASAE 3100 – COMPLIANCE ENGAGEMENTS (Agenda item 5 – Minute 404)

The Board considered a final revision of the standard – ASAE 3100 *Compliance Engagements* following:

- Consideration of comments received in respect of exposure draft ED 5/07.
- Approval received from the OBPR in respect of regulatory impact statement requirements.
- Consideration of comments received in respect of the ED on Performance Engagements for any items that may impact on this standard.



The Board agreed to change the application date to reporting periods or engagements commencing on or after 1 October 2008, with early adoption permitted.

The standard will be released in late June.

**PROPOSED GUIDANCE STATEMENT – AUDITOR’S REPORT ON THE REMUNERATION REPORT PURSUANT TO SECTION 300A OF THE CORPORATIONS ACT 2001
(Agenda item 6 – Minute 405)**

The Board considered a draft Guidance Statement on the auditor’s reporting responsibilities regarding the Remuneration Report required under section 300A of the *Corporations Act 2001*. The Guidance Statement will replace the pre-existing AUASB guidance which has become redundant with the introduction of new reporting requirements under section 308 (3C).

The main objective of the Guidance Statement is to provide an example auditor’s report which practitioners will be able to use for the upcoming financial year-end reporting. The Guidance Statement will be approved out of session and is expected to be issued soon after the changes to AASB 124 have been approved by the Accounting Standards Board.

**GS 009 FINANCIAL AND COMPLIANCE AUDITS OF SELF MANAGED SUPERANNUATION FUNDS
(Agenda item 7 – Minute 406)**

The Board received an update on the project and resolved that the Guidance Statement will be finalised when the Australian Taxation Office issues the following approved forms:

- Approved form of Auditor’s Report
- Approved form of Auditor/Actuary Contravention Report
- Compliance Checklists

**REVIEW ENGAGEMENTS
(Agenda item 8 – Minute 407)**

The Board received an update on comments received in respect of exposure drafts of the following proposed standards on Review Engagements:

- ASRE 2400 *Reviews of Financial Reports Performed by an Assurance Practitioner Who is not the Auditor of the Entity*
- ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*



- *ASA 2008-1 Amendments to Australian Auditing Standards (Amendments to ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity)*

Comments received to date are generally supportive and the AUASB technical group is presently considering all comments and proposed amendments.

Final revisions of the proposed standards will be considered for out of session approval later this month and it is anticipated that the standard will be released in late June.

ASA REDRAFTING (CLARITY FORMAT) (Agenda items 9 Minute - 408)

The Board considered supporting papers and draft versions, in clarity format, of the following auditing standards:

- *ASA 230 Audit Documentation*
- *ASA 240 The Auditor's Responsibilities relating to Fraud in an Audit of a Financial Report*
- *ASA 260 Communicating with Those Charged with Governance*
- *ASA 300 Planning an Audit of a Financial Report*
- *ASA 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment*
- *ASA 600 Special Considerations in Audits of Group Financial Statement Reports (Including the Work of Component Auditors)*

The Board requested various amendments and that final redrafts of the standards listed above, together with six other redrafted standards, be presented for approval to issue as exposure drafts at the 21-22 July AUASB meeting.

INTERNATIONAL MATTERS (Agenda item 10 – Minute 409)

The Board received reports on the following:

(a) IAASB meeting – 16-20 June

The Board considered key issues for agenda items on the upcoming IAASB meeting.

(b) ISA 210 project update

The Board received an update on the project. The technical group is presently preparing a disposition paper on comments received on exposure draft of ISA 210.



OTHER MATTERS

(Agenda item 11 – Minute 410)

(a) **ASAE 3500 *Performance Engagements***

The Board received an update on the project status – the technical group is presently considering comments received in respect of the exposure draft on Performance Engagements

(b) **Sustainability – greenhouse and energy reporting**

The Chairman reported on roundtable conferences and other meetings which she and Mr Mifsud attended.

The Board noted that the AUASB staff have met on a number of occasions the Department of Climate and have made suggestions regarding the proposed audit approach under the National Greenhouse and Energy Reporting Act, to be considered under the proposed regulations under that Act.

The AUASB will also liaise with the IAASB taskforce on assurance on carbon emissions.

(c) **ASIC Regulatory Guide 69 *Debentures – Improving Disclosures for Retail Investors***

The Board was informed that ASIC is in the process of redrafting the Guide to establish the requirement to audit against each of the eight benchmarks outlined in the Guide.

The AUASB will liaise with and advise ASIC on the new audit requirements.

MEETINGS

The next meeting of the AUASB will be held in Melbourne on Monday 21 July and Tuesday 22 July 2008.

There being no further business, the Chairman declared the meeting closed.

Signed as a true and correct record.

M H Kelsall
Chairman