



Subject: Highlights of the 29th meeting of the AUASB
Venue: AUASB Offices Melbourne
Date: 25-26 February 2008

1. Membership

The Chairman welcomed Ms Valerie Clifford and Mr John Gavens to their first meeting as members of the AUASB. The Chairman also acknowledged the contribution of recently retired board members, Mr Kim Smith and Mr Kevin Neville, whose terms concluded at the end of 2007.

2. Approval of Pronouncements and Exposure Drafts

- (a) The AUASB considered and approved for release an Exposure Draft of the proposed Standard on Assurance Engagements ASAE 3500 *Performance Engagements* (Revision of AUS 806 and AUS 808).

The ED will be released on 29 February with final comments due by 15 April 2008.

- (b) The AUASB considered and approved for release Guidance Statement GS 007 *Audit Implications on the Use of Service Organisations for Investment Management Services*.

The Guidance Statement will be released early next month, and will be operative for reporting periods commencing on or after 1 July 2008.

3. Sustainability – Assurance on Greenhouse and Energy Reporting

The AUASB received an update on recent meetings with the Department of Climate Change and the status of the Department's project on issuing Regulations and Policy under the National Greenhouse and Energy Reporting Act (NGER).

The AUASB has been advised by the Department that it is the process of obtaining feedback on its Regulations Discussion Paper in order to begin drafting its external audit requirements under the NGER, which would incorporate ASAE 3000 and ASAE 3100, once the latter is finalised. The AUASB agreed to continue working with the Department on the proposed audit requirements.

4. Review Engagements

The AUASB considered amendments to the proposed Standards on Review Engagements:

- ASRE 2400 *Review of Financial Reports*

- ASRE 2405 *Review of Other Historical Financial Information*
- ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*

The IAASB, at its December 2007 meeting, approved amendments to ISRE 2410. The changes extend the scope of the standard to cover historical financial information other than interim financial information, and also broaden its coverage to include all other reviews of financial statements undertaken by the auditor in addition to reviews of interim financial reports. The IAASB amendments are effective from 1 January 2008.

The AUASB agreed to revised wording to the suite of Australian Standards on Review Engagements to reflect the change in scope and requested that:

- Additional guidance be included in all review Standards to clarify the meaning of Financial Report.
- The explanatory diagrams contained within the Explanatory Guide to Review Engagements be included in the Preface of all review Standards.
- Revisions of the proposed Standards be circulated for out of session approval to release as exposure drafts, with a 45 day exposure period.

5. ASA Redrafting (Clarity Format)

The AUASB considered an overview of the ASA Redrafting Project Plan and in particular:

- Use of the revised ISAs as the base Standard
- Drafting policies and rules that clearly address:
 - Australian regulation and legislation
 - Requirements due to ASAs being legislative instruments
 - Matters clearly in the public interest
- The proposed timetable which contemplates completion of all redrafting by July 2009, and revised ASAs becoming operative for financial reporting periods commencing on or after 1 January 2010.

The AUASB agreed on policies and rules and approved the overall project plan.

6. Other Projects

Compliance Engagements

The AUASB was updated on responses to ED 5/07 ASAE 3100 *Compliance Engagements* received to date.

The responses are to be reviewed and considered in detail and a final version of the Standard is to be presented for approval at the 14 April AUASB meeting.

Authorised Deposit-taking Institutions

The AUASB approved a project plan to develop and issue guidance to assist auditors of Authorised Deposit-taking Institutions (ADIs) reporting pursuant to the prudential reporting requirements specified by APRA Prudential Standard APS 310 Audit and Related Arrangements for Prudential Reporting.

This guidance will be issued as an Addendum to AGS 1008 and will include example illustrative prudential reports for audits of ADIs with 31 March 2008 and 30 June 2008 reporting periods.

Self Managed Superannuation Funds

The AUASB considered a first draft of proposed Guidance Statement on Financial and Compliance audits of Self Managed Superannuation Funds.

The AUASB requested further amendments and that the final revision be tabled for approval at the 14 April AUASB meeting.

Bank Confirmation Requests

The AUASB considered a first draft of proposed Guidance Statement on Bank Confirmation Requests (revision of AGS 1002)

The AUASB requested consideration of further input from constituents and that a final revision be tabled for approval at the April AUASB meeting

Audits of Small and Medium-sized Entities

The AUASB considered the Guide to Using International Standards on Auditing in the Audits of Small and Medium-sized Entities issued by the International Federation of Accountant's (IFAC) Small and Medium Practices (SMP) Committee in December 2007.

The AUASB was informed that the Institute of Chartered Accountants in Australia will be adapting the guide for issuance in Australia, and welcomed this initiative.

7. International Matters

The AUASB considered and discussed key agenda items for the March IAASB meeting.

The next AUASB meeting will be held on 14 April 2008 in Sydney at the offices of the Australian Securities and Investment Commission, No 1 Martin Place, Sydney. The meeting will be open to the public.

Details of the meeting agenda are posted on the AUASB web site www.auasb.gov.au in the week prior to the meeting.

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