



Subject: Highlights of the 30th meeting of the AUASB
Venue: Australian Securities and Investments Commission, No 1 Martin Place, Sydney
Date: 14 April 2008

1. Approval of Pronouncements and Exposure Drafts

- (a) The AUASB considered comments received in respect of exposure draft ED 5/07 – ASAE 3100 Compliance Engagements and a final draft of the standard.

The Board considered the revised draft of the standard and requested various amendments. A final revision will be considered for approval out of session.

It is anticipated that the standard will be released in May, and will be operative for reporting periods and engagements commencing on or after 1 July 2008.

- (b) The AUASB considered and approved for release, subject to final edits, as exposure drafts the following 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)*

The Board also approved issuance of the *Explanatory Guide to Review Engagements*, which describes the background, development and application of these standards leading to the eventual withdrawal of AUS 902 *Review of Financial Reports*.

The above standards will be applicable for reporting periods and engagements commencing on or after 1 July 2008.

The Exposure Drafts will be issued as soon as possible and will have an exposure period of 45 days from the date of issue.

2. ASA Redrafting (Clarity Format)

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

- *ASA 240 The Auditor's Responsibility to Consider Fraud in the Audit of a Financial Report*
- *ASA 315 Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*
- *ASA 260 Communicating with Those Charged with Governance*

The Board approved the approach taken to the redrafting project, including the content and format of supporting papers which will accompany each redraft presented at future Board meetings.

Final redrafts of the standards listed above, together with five other redrafted standards, will be presented for approval to issue as exposure drafts at the 2-3 June 2008 AUASB meeting.

3. Other Projects

- (a) Interim Guidance – Reporting Pursuant to APRA Prudential Reporting Requirements for Authorised Deposit-Taking Institutions (ADIs).

The Board was provided with an update on progress with the project to develop interim guidance to assist ADI auditors reporting pursuant to the prudential reporting requirements specified in APRA Prudential Standard APS 310 *Audit & Related Arrangements for Prudential Reporting* – to apply to 31 March 2008 and 30 June 2008 reporting periods.

It was agreed to develop draft interim guidance, which includes an example report format to be used by ADI auditors reporting pursuant to APRA's proposed revised APS 310 reporting requirements for reporting periods ending 31 March 2008 and 30 June 2008. This guidance will be finalised and made available to auditors of advanced ADIs as required

- (b) Audit Implications of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The Board was provided with an update and discussed the project issues on the audit implications of AASB 1049.

The Chairman of the Project Advisory Group advised of an upcoming meeting with the Chair of the Heads of Treasury to discuss and understand their expectations on crucial issues.

- (c) The AUASB approved project plans to update, amend, revise and reissue the following Guidance Statements as appropriate:

- *AGS 1038 Access to Audit Working papers (update and reissue)*
- *AGS 1042 Reporting on Control Procedures at Outsourcing Entities (amend)*
- *AGS 1054 Auditing Revenue of Charitable Entities (revise and reissue)*

- (d) The AUASB approved the withdrawal of the following pronouncements effective from dates as noted:

- *AGS 1026 Superannuation Funds – Auditor Reports on Externally Managed Assets Special Considerations in the Audit of Small Entities (1 July 2008)*

- AGS 1048 *The Special Considerations in the Audit of Small Entities* (immediately)
- AGS 1056 *Electronic Commerce – Effect on the Audit of a Financial Report* (immediately)
- AGS 1066 *Reporting by Auditors on Compliance With International Financial Reporting Standards* (immediately)

The next AUASB meeting will be held on 2-3 June 2008 at Level 7,600 Bourke Street, Melbourne. 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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