Australian Government

Auditing and Assurance Standards Board

Level 7, 600 Bourke Street
Melbourne VIC 3000 Australia
PO Box 204, Collins Street West
Melbourne VIC 8007

22 June 2009

Mr Harry Hilton
A/Assistant Director, Monitoring
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Dear Mr Hilton,

Economic Regulation Authority Western Australia
Draft Audit Guidelines for Electricity, Gas and Water Licences

The Australian Auditing and Assurance Standards Board (AUASB) has considered the "Draft Proposed Audit Guidelines: Electricity, Gas and Water Licences", issued in May 2009 by the Economic Regulation Authority (ERA).

The AUASB notes that the references to its suite of Assurance Standards are appropriate and consistent in the context of the guidelines as proposed by the ERA.

We would however express some concern that the ERA's proposed involvement in vetting the audit plan and the auditor's report may impinge on the concept of an independent audit or review. It is generally not the practice of regulatory bodies to approve audit plans or auditors' reports. Notwithstanding this, it would still be appropriate for the ERA to set out the broad parameters for such engagements in its proposed guidelines.

Our brief general comments on other matters covered in the Audit Guidelines are included in the Attachment to this letter.

We would encourage the Authority to work with the AUASB prior to the finalisation of the Audit Guidelines. In this regard, please do not hesitate to contact either Mr Richard Mifsud, Executive Director on (03) 8080 7445 or email rmifsud@auasb.gov.au, or Ms Marina Michaelides, Senior Project Manager on (03) 8080 7438 or email mmichaelides@auasb.gov.au.

Yours sincerely,

Merran Kelsall
Chairman

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Attachment

GENERAL COMMENTS

Para. Ref.	Reasons for Comment	Suggestions
Footnote	The footnote reference on all pages still refers to "Audit Framework".	This wording should be changed to be consistent with the title of the document "Audit Guidelines".
Contents No 11.6 "Observations"	To ensure that the document follows the general principles as set out by the ASAE 3000 suite of standards we would recommend "Observations" be included prior to "Recommendations" in the contents and body of the guidelines.	Section 11.6 "Observations" to become 11.5 and 11.5 "Recommendations" to become 11.6.
9	Section 9 refers to the "Audit plan approval" in its title. The body of section 9.2.1 and 9.2.2.use the words audit/review which is not consistent and interchangeable with the term "audit".	The use of the term "audit/review" should be made consistent throughout the guidelines as appropriate.
11.9 and 11.9.1	This section is titled "Signature of the auditor" however in the detailed bullet points there is reference to "findings and opinions". In section 11.9.1 there is also reference to "the auditor's original opinion and/or recommendation". The use of the term "opinion" has a specific meaning under the Australian Auditing Standards which is not necessarily consistent with the term signature.	We would recommend that the title be changed to "Assurance Practitioner's Conclusion" to be consistent with the wording used in ASAE 3000 suite of standards. This would also be consistent with the comments made in Section 5 paragraph two where the guidelines discuss that these types of audits/reviews can be undertaken by specialist consultants as well as the accountancy profession.