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Ref: KLB/TN/VH

21 March 2023

Dear Chair,

SUBMISSION – EXPANDING KEY AUDIT MATTERS BEYOND LISTED ENTITIES

We appreciate the opportunity to provide comment to the Australian Auditing and Assurance Standards Board on the Audit Evidence Consultation Paper on *Expanding Key Audit Matters beyond listed entities*.

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We support the International and Australian Auditing and Assurance Standards Boards' efforts to facilitate greater consultation in the standard setting process. We acknowledge that the requirements within the *Expanding Key Audit Matters beyond listed entities* "the Paper" given there is limited evidence that Key Audit Matters "KAMs" have fundamentally enhanced audit quality in their current form, we do not believe there is any compelling argument or need for expanding the KAM requirements to other types of entities.

Our detailed responses to the questions contained in *Expanding Key Audit Matters beyond listed entities* are attached to this letter and we would welcome the opportunity to engage in any further discussion of this topic with other interested parties.

Please contact either myself or Tim Nesbitt, Director - Audit & Accounting Technical (03 8612 9596 or tim.nesbitt@pitcher.com.au) or Veronica Hallett Director – Audit & Accounting Technical (03 8610 5118 or veronica.hallett@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely,

K L Byrne
Partner

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Response to *Expanding Key Audit Matters beyond listed entities*

Question 1 Do you support requiring the communication of KAMs in the auditor's report for the following:

- **Option 1: Listed entities only (i.e., No amendment to ASA 701); or**
- **Option 2: Listed entities plus certain other types of entities; or**
- **Option 3: All audited financial reports.**

We strongly support Option 1, as there is limited evidence that KAMs have enhanced audit quality for listed entities or that clients would be willing to cover the additional costs of extended KAM reporting. Consequently, there seems to be no compelling reasons and little/no benefit to extending the use of KAMs.

Question 2 If in response to Question 1 you support Option 2, for which types of entities do you think auditors should be required to communicate KAMs? Do you support one of the suggested ways to segment the population of entities described in this discussion paper; or is there another way you would segment the population of entities that KAMs should apply to?

N/a refer above.

Should other segments see value in the KAMs then we assume they will legislate for their inclusion and presumably accept the additional costs, therefore there is no reason for the auditing standards to increase the scope if there is no user need or demand.

Question 3 If you do not support any of the Options currently under consideration by the AUASB in this discussion paper, do you have any suggestions for alternative options the AUASB should consider when evaluating the population of entities that KAMs should apply to going forward?

Our strong preference is not to extend the scope of KAMs usage.