



Subject: Minutes of the 126th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Via Zoom Teleconference
Date: Tuesday 7 September 2021 10:00am – 2:30pm and Friday 10 September 2021 9:00am – 12:30pm

Attendance

AUASB Members:

- Mr Bill Edge (Chair)
- Ms Julie Crisp (Deputy Chair)
- Mr Gareth Bird [NB: Until Agenda Item 10]
- Mr Robert Buchanan (NZAuASB Chair)
- Ms Jo Cain
- Mr Klynton Hankin
- Dr Noel Harding
- Mr Rodney Piltz [NB: from Agenda Item 3]
- Ms Carolyn Ralph
- Mr Andrew Porter
- Ms Michelle Shafizadeh

AUASB Technical Group Staff:

- Mr Matthew Zappulla
- Ms Rene Herman
- Ms Marina Michaelides
- Ms Anne Waters
- Ms Johanna Foyster
- Mr Tim Austin
- Ms See Wen Ewe
- Mr James Wake

Observers:

- Prof. Roger Simnett (Agenda Items 9 and 10 only)

Apologies:

- None

Minutes

(Agenda Item 1 – Minute 1469) Agenda and introduction

The Chair welcomed members to the 126th AUASB Meeting.

(Agenda Item 1.3 – Minute 1470) Minutes of Previous AUASB Meetings

The minutes for the AUASB meeting held on 8 and 9 June 2021 were noted, having been previously approved by AUASB members out of session.

(Agenda Item 1.5 – Minute 1471) AUASB Chair Update

Matters raised by the AUASB Chair for the attention of the AUASB were:

- An overview of the AUASB's strategic priority areas for 2021-22.
- An update on appointments to the IAASB from our region and the process to appoint a new FRC Chair.
- The recent release of the AUASB's Bulletins on EER Assurance and Data Integrity.



(Agenda Item 1.8 – Minute 1472) NZAuASB Update

The NZAuASB Chair provided an update to the AUASB on a number of matters addressed at the September 2021 NZAuASB meeting and other issues the NZAuASB is currently focusing on, including:

- an update on the development of a new Review Standard on Service Performance Reporting;
- the NZAuASB's exposure of proposed amendments to the Code of Ethics relating to Non Assurance Services;
- recent outreach by the XRB on audit and assurance reform in New Zealand; and
- climate change reporting developments, including how the legislation requiring disclosure by New Zealand entities is progressing.

In his capacity as a member of the Public Interest Oversight Board (PIOB) the NZAuASB Chair also updated the AUASB about the new PIOB Nominations Committee and the PIOB's most recent list of Public Interest Issues for the IAASB.

(Agenda Item 2 – Minute 1473) FRC and Audit Quality Update

The AUASB reviewed an updated FRC Audit Quality Action Plan and provided feedback on a number of points which will be considered for inclusion following the upcoming September 2021 FRC meeting.

The AUASB were also informed about the AUASB Technical Staff's plans to develop a new AUASB Bulletin addressing topical issues and standard-setting activities being undertaken in response to recent Audit Inspection Findings. This Bulletin is intended to be presented for review at the next AUASB Meeting.

ACTION – AUASB Technical Staff to develop an AUASB Bulletin addressing recent ASIC Audit Inspection Findings for review at the November/December 2021 AUASB Meeting.

(Agenda Item 3 – Minute 1474) ASA 560 Approval of final Standard

The AUASB reviewed and unanimously approved an updated version of ASA 560 *Subsequent Events*, with no further amendments requested from the version of this standard approved as an exposure draft at the previous AUASB meeting.

(Agenda Item 4 – Minute 1475) Preamble – Approval of final Standards

The AUASB reviewed and unanimously approved an updated version of ASA 101 *Preamble to AUASB Standards*, with no further amendments requested from the version of this standard approved as an exposure draft at the previous AUASB meeting.

In addition, the AUASB reviewed and unanimously approved updates to these other AUASB pronouncements which contained conforming and consequential amendments as a result of the updated Preamble being approved:

- *Foreword to AUASB Pronouncements*
- *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*
- *ASA 700 Forming an Opinion and Reporting on a Financial Report.*

(Agenda Item 5 – Minute 1476) Narrow-Scope Projects – Revised Due Process

The AUASB reviewed proposed changes to the AUASB Due Process Framework designed to streamline standard-setting activities and associated consultation processes that need to be applied when undertaking narrow scope projects. A number of amendments to the revised due process were discussed, including whether amendments to standards arising from narrow scope projects should be subject to public exposure. The AUASB supported that the public exposure of all changes should occur, with the exception of minor editorial amendments. All feedback provided by the AUASB will be included in an updated Due Process Framework document to be compiled by technical staff and shared for 'fatal flaw' review out of session.



ACTION – AUASB Technical Staff to update the AUASB Due Process Framework with respect to Narrow Scope Projects to incorporate feedback from AUASB Members and distribute it for ‘fatal flaw’ review out of session.

(Agenda Item 6 – Minute 1477) ASA 800 – Consequential Amendments arising from changes to the AASB Reporting Framework

The AUASB reviewed and unanimously approved proposed amendments to ASA 800 *Special Considerations—Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*. The standard was updated to reflect changes made to Australian Accounting Standards by the AASB that impact the ability for certain for-profit entities to prepare Special Purpose Financial Statements.

(Agenda Item 7 – Minute 1478) GS 010 Update

An updated version of Guidance Statement GS 010 *Responding to Questions at an Annual General Meeting* was presented to the AUASB for consideration. The revised Guidance Statement (GS) was updated by AUASB Technical Staff to reflect changes to Auditor Reporting requirements and expand the usefulness of the GS for auditors. Main changes include new guidance in relation to fraud, emerging risks (for example climate risk and cybersecurity risks) and the audit of the Remuneration Report, and additional sample questions in the Appendix.

AUASB members provided feedback on the updated GS and requested some terms be amended to better align the GS with drafting conventions and the requirements of the auditing standards. Additionally, there were some additional topics areas AUASB members asked to be included in the updated GS. Once these changes had been presented and agreed an updated version of the Guidance Statement was then unanimously approved by the AUASB.

(Agenda Item 8 – Minute 1479) AUASB Technical Work Program

The AUASB reviewed the updated 2021-22 Technical Work Program, with an emphasis on the six strategic priority areas identified for the current period – EER Assurance, LCE Audits, Technology, the IAASB Agenda, rollout of the Quality Management Standards and Audit Quality. Some minor suggested amendments were put forward by AUASB members which will be incorporated into the work program by AUASB Technical Staff.

(Agenda Item 9 – Minute 1480) LCE Consultation Paper – Review and Approval

The AUASB considered the concept of a dual consultation as presented in the Consultation Paper Exposure of the IAASB’s Auditing of Financial Statements of Less Complex Entities (ISA for LCE); and Consideration of Possible alternative options for Australian LCE audits (Consultation Paper). On balance, the AUASB agreed that the needs of stakeholders would be best served by considering as a package, both the ISA for LCE as well as alternative options for Australian LCE audits.

The AUASB provided input into the Consultation Paper, with a particular focus on the need for the Consultation Paper to provide:

- additional information highlighting to stakeholders the areas of AUASB concern;
- additional clarity on the Alternative Options for Australian LCE audits;
- an additional question on exposure to understand whether stakeholders expected a reduction in audit effort as a result of using the LCE standard; and
- an explanation, highlighting to stakeholders that the questions on the ISA for LCE as presented in Appendix 1 to the Consultation Paper are modified from the IAASB’s Explanatory Memorandum.

The AUASB approved the release of the Consultation Paper with an exposure period of 120-days, with one AUASB Board Member, Dr Noel Harding voting against the issuance of the Consultation Paper. Dr Harding considered that the public interest needs of Australian stakeholders would not be met through the intended dual consultation approach. Dr Harding considered that there was not enough focus on stakeholder input into questions posed by the IAASB on the ISA for LCE which in his view would inhibit the AUASB’s ability to influence the international standard setting process in line with the AUASB’s International Strategy.



(Agenda Item 10 – Minute 1481) IAASB Agenda

The AUASB received updates from the AUASB Technical Staff on the topics for deliberation at the upcoming IAASB September 2021 meeting including:

- Progress on the development of the final Group Audits standard (ISA 600) which is on schedule to be approved at the IAASB's December 2021 meeting;
- The outcomes from the IAASB's Auditor Reporting Post Implementation Review;
- An update on the Draft 2022-23 IAASB Workplan; and
- Details of conforming amendments to Assurance Standards arising from the changes to the Quality Management Standards approved previously.

AUASB members provided some feedback on the direction of the Group Audits standard, expressing concern that some of the planned changes are still not going to address regulator concerns.

The AUASB accepted a recommendation from AUASB Technical Staff that now the IAASB's Auditor Reporting Post Implementation Review is complete the AUASB should revisit the applicability of Key Audit Matters beyond only Listed Entities in Australia.

As part of the revision of the IAASB's Workplan AUASB members expressed concern that greater emphasis has not been made on Fraud, the update of Standards on Review Engagements (especially ISRE 2410) and the need to review the requirements of ISA 720 relating to Other Information. There were also discussions about how the IAASB could or should do more to address Assurance over Climate Change Disclosures in the immediate term. Feedback on these points was relayed to the Australian IAASB representative observing this agenda item, Prof. Roger Simnett, who supported the AUASB's views and noted they would be considered at the upcoming IAASB meeting.

ACTION – AUASB Technical Staff to commence a project to review ASA 701 to evaluate which other entities may be required to include Key Audit Matters in their Audit Reports in future, with initial observations to be shared with the AUASB at the November/December 2021 meeting.

Next Meeting

The AUASB will hold its next meeting on Tuesday 30th November 2021 and Wednesday 1st December 2021.

Close of Meeting

The Chair closed the meeting at 12.30 pm on Friday 10th September 2021.

Approval

Signed as a true and correct record.

W R Edge
Chair

Date: 8 October 2021