



Subject: Highlights of the 74th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Meeting Date: 24 February 2015

1. Auditor Reporting

The AUASB discussed the proposed planning documents outlining the methodology and timetable for revising its auditing standards as a consequence of the IAASB's changes outlined in the auditor reporting, other information and disclosures projects. The AUASB agreed to adopt the IAASB's effective date for all standards being financial reporting periods ending on or after 15 December 2016, with early adoption to be permitted.

Subject to the timing of the international approval process, the AUASB will seek to draw together the ISA 700 reporting suite of standards and the associated revisions with the ISA 720 revisions. The AUASB recognised the importance of harmonising timelines with those of the NZAuASB and requested changes to the plan and timetable to be discussed at the next meeting.

The AUASB also considered a number of technical questions and a marked up draft of revised ASA 700, together with an illustrative example auditor's report under the *Corporations Act 2001*. The AUASB resolved how the issues are to be dealt with in the development of the AUASB exposure drafts.

The AUASB agreed to consider, prior to the next board meeting, a draft submission on the IAASB's Exposure Draft regarding auditor reporting related conforming amendments to standards (ISAs 800 and 805) on special purpose financial statements reporting, with a view to approving the final submission at the 20 April 2015 meeting (comment period closes on 22 April 2015).

The AUASB also considered the possible audit implications of the IAASB's Disclosures proposal to include disclosures that have been cross-referenced out of the financial statements to form part of the financial statements. In this regard, the AUASB noted the AASB's recent decision to now permit cross-referencing of certain disclosures within applicable Australian Accounting Standards in conformity with applicable IFRSs issued by the IASB. The AUASB agreed to monitor developments in this area for possible audit implications but did not believe any changes were necessary to the auditing standards at this stage.

2. Grant Acquittals and Multi-Scope Engagements

The AUASB considered a further draft of GS 022 *Grant Acquittals and Multi-Scope Engagements* and provided some further drafting comments. A final draft of the proposed Guidance Statement will be brought back for approval to the 20 April 2015 AUASB meeting.

3. Approval of Project Plans

The AUASB considered the project plan to issue guidance in the form of a Bulletin on ASA 600 *Special Considerations – Audits of a Group Financial Report (including the Work of Component Auditors)*. The AUASB agreed to conduct further research with National Standard



Settlers from Canada and South Africa before discussing the plan again at the next meeting on the 20 April 2015.

The AUASB considered and approved the project plans to revise ASAE 3100 *Compliance Engagements* and ASAE 3500 *Performance Engagements*. The AUASB approved the establishment of Project Advisory Groups for each project.

4. Bulletin on Internal Audit

The AUASB considered the draft Bulletin *Internal Audit – Impact of Direct Assistance Prohibition on Group Audits*. The AUASB practitioners have been requested to enquire of their overseas counterparts in jurisdictions where they have similar prohibitions, further information regarding the current treatment of this prohibition in relation to service organisation reports. The feedback received will be considered at the 20 April 2015 AUASB meeting.

5. GS 005 Using the Work of a Management's Expert

The AUASB considered ASIC's comments on the draft GS 005 *Using the Work of a Management's Expert*. The AUASB requested several editorials and the amended draft guidance statement will be circulated to the AUASB for an out-of-session vote to approve the issue of the guidance statement.

6. GS 018 Franchising Code

The AUASB considered and approved the need to revise GS 018 *Franchising Code of Conduct – Auditor's Report*. A project plan will be brought to the next meeting.

The next meeting of the AUASB will be held on Monday, 20 April 2015 commencing at 10.00 a.m.

at Level 7, 600 Bourke Street, Melbourne

The meeting will be open to the public