



Subject: Minutes of the 94th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Fraser and King Room
CA ANZ Level 9, 33 Erskine Street, NSW 2000
Date: 18 July 2017 from 8.30 a.m. to 5.00 p.m.

Attendance

AUASB Members:

- Professor Roger Simnett (Chair)
- Ms Robin Low (Deputy Chair)
- Mr Gareth Bird
- Mr Robert Buchanan
- Mr Chris George
- Professor Nonna Martinov-Bennie
- Mr Colin Murphy
- Mr Justin Reid
- Ms Carolyn Ralph
- Mr Ashley Wood

AUASB Technical Group:

- Mr Matthew Zappulla
- Ms Rene Herman
- Ms Marina Michaelides
- Ms Anne Waters
- Mr Mark Dowling

Apologies: Ms Jo Cain

Minutes

(Agenda Item 1(b) – Minute 1142)

The AUASB discussed and approved the minutes of the 92nd (held on 28 May 2017) and 90rd (held on 13 June 2017) meetings, subject to approval by the Chair out of session.

Declarations of Interest

(Agenda Item 1(c) – Minute 1143)

“Declaration of Interests” forms for members were tabled and confirmed. Members have adopted a standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the AUASB.

Matters Arising from Previous Meetings and Action List

(Agenda Item 1(d) – Minute 1144)

The status of matters arising brought forward from previous AUASB meetings and action items were noted.



NZAuASB update

(Agenda Item 1(e) – Minute 1145)

The NZAuASB Chairman provided an update on the latest New Zealand activities including:

- His attendance at the recent National Standards Setters (NSS) meetings hosted by the IESBA and the IAASB;
- An update on the proposed Standards on Service Performance Information for both the NZAuASB and the NZASB as they move towards finalisation.
- The expected release of the new round of Auditor Reporting FAQs based on the latest AUASB updates; and
- An update on the auditor reporting project being conducted with the FMA. The FMA will be collecting statistics with the NZAuASB conducting interviews and roundtables. Other input has also been provided via the New Zealand Shareholders Association who recently conducted a survey of stakeholders.

Strategy Session (closed session)

(Agenda Item 2 – Minute 1146)

The AUASB discussed the joint AUASB/AASB Vision, Mission and Strategic Objective that was produced by a subcommittee of AUASB and AASB members following the joint AASB/AUASB strategy meeting held on 29 May 2017.

Update from IFAC President (closed session)

(Agenda Item 3 – Minute 1147)

The AUASB received an update from Rachel Grimes (IFAC President) in relation to the risks and opportunities confronting IFAC, including potential impacts on the future of the IFAC global independent standard setting boards (including the IAASB).

Update from June 2017 IAASB and NSS Meeting (closed session)

(Agenda Item 4 – Minute 1148)

The AUASB were provided an update by the Technical Director on highlights from the NSS meeting held in New York on 15/16 June 2017 and well as the IAASB meeting held on 19-22 June 2017. Highlights included:

NSS Meeting

- The AUASB Chair presented an update on the Australian environment including implementation challenges relating to auditor reporting.
- Updates from other jurisdictions (including Canada, Germany, Hong Kong, Japan, Netherlands, New Zealand, South Africa, United Kingdom and USA).



IAASB Meeting

- Discussion of recommendations arising from the Quality Control Task Force (QCTF) review of ISQC 1, including:
 - Revisions to improve the robustness and scalability of the standard; and
 - Other recommendations in relation to improvements in quality control at the network and engagement level.
- Presentations summarising high level observations noted from comment letters received in response to the discussion papers on *Supporting Credibility and Trust in Emerging Forms of External Reporting* and *Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics*. Based on discussions at the IAASB meeting and current availability of IAASB resources it is clear that both of these projects are not considered high priorities on the IAASB agenda.
- An update on the activities of the Professional Scepticism Working Group (PSWG), including the adoption of “levels” of professional scepticism.

ASIC Inspection Program (closed session)

(Agenda Item 5 – Minute 1149)

The AUASB received an update from John Price (Assistant Commissioner) and Doug Niven (Senior Executive Leader – Accountants and Auditors) in relation to the results from the recently released Audit Inspection Program Report for 2015-16. The presentation included discussion on the impact for standard setters such as the AUASB.

AUASB Charter and Due Process Documents (closed session)

(Agenda Item 6 – Minute 1150)

The AUASB discussed the proposed AUASB and AASB Board Charter as well as planned updates to existing due process documentation and provided a number of recommendations for the consideration of the AUASB Chair and Technical Group.

ISA 540 Auditing Accounting Estimates and Related Disclosures

(Agenda Item 7 – Minute 1151)

The AUASB discussed a number of matters relating to the upcoming submission on the ISA 540 exposure draft, including:

- Feedback from the three roundtables that were held in Melbourne, Sydney and Brisbane
- Discussions held with regulators to date, including ASIC
- Achieving the appropriate messaging and tone (including amendments to wording)

Feedback received from AUASB members will be incorporated into the final AUASB submission due to be sent to the IAASB by 1 August 2017.



Auditor Reporting Update

(Agenda Item 8 – Minute 1152)

The AUASB Technical Group provided an update on the Auditor Reporting project as follows:

- The following have been released and were communicated to stakeholders via the AUASB July Update:
 - ASA 2017-1 *Amendments to Australian Auditing Standards* and Explanatory Statement
 - Basis for Conclusions ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* (Basis for Conclusions)
 - FAQs on 'ASX quoted (AQUA) securities' and 'Material Uncertainty Relating to Going Concern'
 - Updated Auditor Responsibility Statements
- It was noted that Basis for Conclusions was approved by the AUASB in an out of session vote on 19 June 2017 and the FAQs were approved at the AUASB Teleconference on 13 June 2017.
- The AUASB will monitor auditor reporting over the June reporting season (including Stapled Security Groups), and continued implementation support would be provided via additional FAQs as appropriate. The AUASB Technical Group will work with NZAuASB in developing FAQs.
- The following compilations have been lodged with Federal Register of Legislative Instruments and will be released as soon as clearance is received:
 - ASA 210 *Agreeing the Terms of Audit Engagements*
 - ASA 700 *Forming an Opinion and Reporting on a Financial Report*
 - ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*
 - ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*
 - ASA 805 *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*
- The AUASB Technical Group will commence planning the next steps for this project, which will involve reaching out to stakeholders to obtain evidence about the benefits, the costs, and the issues being encountered. It was agreed that there is benefit in working with academics who can assist in gathering information in relation to auditor reporting. Other possibilities are to survey auditors and targeted outreach to preparers and investors. A Project Plan will be prepared for AUASB input and approval.

Other Business

(Agenda Item 9 – Minute 1153)

The AUASB were provided an update on the following items:

- The recently released ASIC information sheet 221 on Internal Audit;
- The AUASB submission to the APESB in relation to the IESBA's Exposure Draft *Proposed Application Material Relating to professional scepticism and professional judgement*;
- The AUASB Speaking Register;
- An initial discussion in relation to the proposed meeting dates for 2018.



AUASB 2017-18 Work Plan

(Agenda Item 9 – Minute 1154)

The AUASB discussed and provided recommendations in relation to the AUASB Corporate Plan for 2017/18 – 2020/21. The Corporate Plan will form the basis for the ongoing AUASB Technical work plan for the current period. Items discussed and recommended for inclusion as strategic projects were:

- Auditor Reporting (including preparation for the post implementation review)
- Emerging Forms of External Reporting (EER)
- Data Analytics
- SMEs/SMPs
- Guidance for Audits of Public Sector entities
- Audits of Charities and Not For Profit entities
- Engagement with local regulators
- Data analytics / Digitisation of the audit
- The Auditor of the Future

The AUASB Technical Group will incorporate the feedback received from AUASB members into its Corporate Plan and Workplan and present these for review at the next AUASB meeting.

Next Meeting

The next regular meeting of the AUASB will be held in the TEQSA Boardroom, on Level 14, 530 Collins Street, Melbourne, on Tuesday, 12 September 2017 commencing at 9.00 a.m.

Close of Meeting

The Chairman closed the meeting at 5.00 p.m.

Approval

Signed as a true and correct record.

Roger Simnett
Chairman

Date: 12 September 2017