



Subject: Minutes of the 91st meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: CPA Australia
Level 3, 111 Harrington Street, Sydney
Meeting Date: 26 April 2017 from 8.30am – 5.00pm

Attendance

AUASB Members: Roger Simnett (Chairman)
Ms Robin Low (Deputy Chairman)
Mr Gareth Bird
Mr Robert Buchanan
Ms Jo Cain
Mr Chris George
Prof. Nonna Martinov-Bennie
Mr Colin Murphy
Ms Carolyn Ralph
Mr Justin Reid
Mr Ashley Wood

AUASB Technical Group: Mr Matthew Zappulla
Ms Rene Herman
Ms Marina Michaelides
Ms Anne Waters
Mr Mark Dowling

Welcome

(Agenda Item 1 – Minute 1112)

The AUASB Chairman welcomed the AUASB members to his first meeting as Chair.

Minutes

(Agenda Item 1 – Minute 1113)

The AUASB discussed minutes of the 88th (1 March 2017), 89th (7 March 2017) and 90th (27 March 2017) AUASB meetings.

The AUASB approved the minutes of the 89th meeting and requested amendments to the minutes of the 88th and 90th meetings to clarify decisions made at the meetings in respect to the reporting of key audit matters for audits of stapled securities issuers.

Declarations of Interest

(Agenda Item 1 – Minute 1114)

“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.



NZAuASB update
(Agenda Item 1 – Minute 1115)

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

- NZ XRB / NZAuASB strategy day held on 5 April 2017;
- NZAuASB meeting held on 12 April 2017 which focused on ethical and professional standards (including Long Association and changes to the structure of the IESBA Code); and
- Development of a technical advisory group to support Lyn Provost, who was recently appointed as member of the IAASB.

ASAE 3500 Performance Engagements

(Agenda Item 2 – Minute 1116)

The AUASB voted unanimously in respect of the following recommendation presented to the AUASB by the AUASB Technical Group:

- ED XX ASAE 3500 approved to issue for a 60 day exposure period. Issuance is subject to OBPR clearance and internal quality control processes being completed and finalised.

ISA 540 Auditing Accounting Estimates and Related Disclosures

(Agenda Item 3 – Minute 1117)

The AUASB discussed and approved the project plan to be adopted by the AUASB Technical Group in relation to the IAASB exposure draft on ISA 540.



Auditor Reporting Implementation – Frequently Asked Questions (FAQs)

(Agenda Item 4 – Minute 1118)

The AUASB discussed and voted on the FAQs as presented by the AUASB Technical Group. A summary of the AUASB decisions is reflected below:

Key audit matters for parent and consolidated entities

A quorum was present and the AUASB voted in respect to the following recommendation presented by the AUASB Technical Group:

- Approve FAQ in relation to the reporting of Key Audit Matters (KAMs) for parent and consolidated entities.

The AUASB voted unanimously in favour of this recommendation.

Key audit matters for condensed interim financial reports

- Discussed the FAQ drafted by the AUASB Technical Group on communication of KAMs for condensed interim financial reports.
- The AUASB agreed it was more appropriate to amend ASA 701 for this matter and requested that this amendment be included in the amending standard ASA 2017-1 (refer Minute 1117 below).
- A quorum was present and the AUASB voted in respect to the following amendment to ASA 701:
 - KAMs are not required to be communicated in the auditor's reports on condensed interim financial reports prepared in accordance with AASB 134 *Interim Financial Reporting*.

The AUASB voted unanimously in favour of this amendment to ASA 701.

Key audit matters for stapled security groups

- The AUASB discussed the FAQ as prepared by the AUASB Technical Group on the reporting of KAMs for individual members of a stapled security group. The AUASB decided not to issue this FAQ as there were divergent views on this issue.
- The AUASB discussed whether it was appropriate to amend ASA 701 as was proposed in exposure draft 07-16 and it was decided it was appropriate to vote on this matter.
- A quorum was present and the AUASB voted in respect of the proposed amendment to ASA 701 in exposure draft 07-16:
 - KAMs are not required to be communicated for the individual stapled issuers and that KAMs are only required to be communicated at the stapled group level only
- The required number of member votes was not obtained to amend ASA 701 for this matter, with 7 members voting for, 3 against and 1 abstaining.
- As an alternative to releasing an FAQ on this topic it was agreed that an AUASB Bulletin reflecting deliberations on this matter would be developed by the AUASB Technical Group to assist Auditors for the upcoming June 2017 reporting period. The AUASB agreed to an out of session vote on this Bulletin.

Other FAQs

- Discussed and requested editorial amendments to several other FAQs, to be approved for issue by the AUASB out of session.
- Approved the drafting of additional FAQs by the AUASB Technical Group based on additional queries received from practitioners.



Auditor Reporting Implementation – Amending Standard ASA 210, 700, 701, 800 and 805

(Agenda Item 4 – Minute 1117)

The AUASB discussed the proposed ASA 2017-1 covering amendments to ASA 700, ASA 800 and ASA 805 and requested further amendments in relation to ASA 701 and ASA 210.

A quorum was present and the AUASB voted in respect of the following recommendation presented to the board by the AUASB Technical Group:

- Approval to issue an amending standard, without exposure, and corresponding revised compiled standards ASA 700, ASA 800 and ASA 805

The vote was passed unanimously. The AUASB agreed that re-exposure of the final amending standard was not necessary as the changes were not considered significant from what was previously exposed.

The AUASB agreed that due to the nature of the changes not being significant there is no requirement for the proposed standard to be exposed. The AUASB approved the issue of ASA 2017-1 subject to an out of session 'fatal flaw' review by the AUASB in May 2017.

Auditor Reporting Implementation – Auditor's Responsibilities Statements

(Agenda Item 4 – Minute 1118)

The AUASB discussed updates to the Auditor's Responsibilities Statements and requested a number of minor amendments to the Statements. The AUASB requested that the updated Statements be provided for AUASB approval at the next AUASB meeting on 30 May 2017.

ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report

(Agenda Item 5 – Minute 1119)

The AUASB provided comments in relation to ASA 250 and related conforming amendments. At the request of the AUASB, final approval has been deferred until the AUASB meeting on 30 May 2017, taking into consideration the outcomes of the APESB meeting to be held on 19 May 2017.

Strategy Session (closed session)

(Agenda Item 8 – Minute 1120)

The AUASB discussed a number of matters in relation to the AUASB's Vision, Mission and Strategic Objectives, as well as a review the current AUASB Board policies and procedures. These matters will be discussed further at the upcoming joint strategy session to be held with the AASB on 29 May 2017 and at the next AUASB meeting on 30 May 2017.

Next Meeting

The next regular meeting of the AUASB will be held will be on 30 May 2017 in the TEQSA Boardroom, Level 14, 530 Collins Street, Melbourne on Tuesday 30 May 2017.



Close of Meeting

The Chair closed the meeting at 5.00 p.m.

Approval

Signed as a true and correct record.

Prof Roger Simnett
Chair

Date: 30 May 2017