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AUASB AND NZAuASB COMMUNICATION PROTOCOLS

Australian Government
Auditing and Assurance Standards Board

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Protocols for a Communication Policy between the AUASB and the NZAuASB that will ensure a joint consideration of compelling reason amendments during the standard setting process

Overall principles

1. The overall principles are that there should be sufficient appropriate communication, dialogue and sharing of information and the position or decisions of each Board on the development of auditing and assurance standards in order to:

   - reduce the risk of unintended differences in the final auditing and assurance standards approved by each Board;
   - enhance the individual and collective understanding of each Board and the effective application of the *compelling reason test* in each jurisdiction;
   - enhance the quality and robustness of each Board's debate and consideration of issues relevant to the development and promulgation of auditing and assurance standards through the sharing of views and discussions of each Board on a particular matter; and
   - facilitate, or enhance, the accountability that each Board has back to their respective Governments for the contribution to, or delivery on, the Trans-Tasman outcomes framework, in particular, enhancing the ability for auditors in one jurisdiction to operate in the other jurisdiction through the effective harmonisation of auditing and assurance standards.

Sharing of information

2. Communication on the known possible compelling reason amendments in either of the two jurisdictions occurs during the due process of each Board. To mitigate or reduce the risk of unintended differences in the two jurisdictions, the points in the standard setting process for sharing of information are (refer to the flowchart in Appendix 1):

   i. When the IAASB ED is released for exposure internationally (for any issues identified at this stage).

   ii. At the close of the comment period for the international ED, and before finalising the submissions by each Board to the IAASB.

   iii. As soon as the IAASB standard is finalised.

   iv. At the close of the AUASB consultation on the AUASB ED.

3. As a matter of course staff inform their respective Board of any possible emerging differences/issues throughout the process by liaising with staff from the other Board.

Content of the communication

4. Each Board communicates to the other Board any contentious issues identified with a proposed international standard, and the proposed compelling reason amendments.

5. The content of the communication will depend on the stage reached in the due process of each Board. The communication is to include as much of the following matters that are known at each communication point:

   i. The reason why it is a contentious issue in the particular jurisdiction;

ii. The proposed amendment to the international standard;

iii. The rationale as to why the Board considers it to be a compelling reason amendment, with reference to the joint policy on convergence and harmonisation; and

iv. a request to the other Board for its view on whether :

- it is also a contentious issue in its jurisdiction; and
- the proposed amendment meets the compelling reason test in its jurisdiction.

Form/manner of the communication

6. The form of the communication could be one of the following, or a combination thereof:

i. Verbal feedback from the respective Chair of the other Board;

ii. Staff papers prepared based on feedback from staff from the other Board;

iii. Board meeting papers of the other Board.

Resolving differences

7. Where the two Boards have different views about the matters identified as contentious and/or the compelling reasons for amendments, the Boards jointly consider, debate and resolve any differences. The appropriate process for this joint consideration is agreed by the two Boards on a case by case basis, and could be one of the following (under direction by each Board):

- A joint Board meeting (for example by videoconference)
- Consideration of joint staff papers at each of the subsequent Board meetings
- Consideration by Chairs and Directors only
- Consideration by Chairs only

Where the two Boards reach different conclusions after the joint consideration of their different views on compelling reason amendments, the rationale for the different conclusions are clearly documented and communicated to the audit market in both jurisdictions.

Appendix 1: Flowchart depicting current processes of the NZAuASB and AUASB, and communication points