



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **7**

Meeting Date: 18 July 2017

Subject: ED ISA 540 *Auditing Accounting Estimates and Related Disclosures*

Date Prepared: 11 July 2017

Action Required

For Information Purposes Only

Agenda Item Objectives

To obtain AUASB input into the draft response to the IAASB ED ISA 540 *Auditing Accounting Estimates and Related Disclosures*.

Background

In April 2017, the IAASB released for comment ED ISA 540 *Auditing Accounting Estimates and Related Disclosures*. Responses for this ED are due 1 August 2017. The timing of the release of the final standard is dependent on the comments received, and won't be known until later this year, however is likely to be in early / mid 2018.

Strategy to gather stakeholder feedback as per project plan:

1. Conduct 3 roundtables (Brisbane, Melbourne and Sydney)
2. Meet with Regulators
3. Liaise with NZAuASB

Progress made to date:

1. Roundtables:
 - Brisbane Roundtable held on 8 May 2017: 15 external attendees, represented by: big 4, mid-tier, CPA and QAO.
 - Melbourne Roundtable held on 19 May 2017: 16 external attendees represented by big 4, mid-tier, ACNC, CAANZ, CPA and VAGO.
 - Sydney Roundtable held on 5 June 2017: in excess of 20 external attendees represented by big 4, mid-tier, ACNC, CAANZ, CPA and AONSW.
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2. Liaised with NZAuASB technical team. NZ issues similar to Australia. Expecting draft response to raise similar matters.
3. Received Comment letters:
 - Deloitte – refer agenda item 7.2. Approach under *matters to consider* below has been discussed and agreed with Gareth Bird.
 - AICD – refer agenda item 7.3. Key points raised already addressed in draft AUASB submission:
 - i. overall increase in audit effort
 - ii. auditor re-performance
 - iii. scalability across entities and estimates
 - iv. length and usability of standard
 - v. impact on preparers – through financial reporting standards
4. Response drafted – refer agenda items 7.4 and 7.5

Next Steps:

1. Continued liaison with NZAuASB and co-ordinate respective responses. Chair and Technical Director to attend NZAuASB meeting 26 July 2017.
2. Discussions with regulators.

Matters to Consider/input requested:

1. Specific feedback on cover letter (AI 7.4)
2. Specific feedback on draft response (AI 7.5)
3. Specific matters as highlighted on the annotated (AUASB notes included) Deloitte comment letter (AI 7.2):
 - a. question 2 page 3 (professional scepticism);
 - b. question 4 page 5 (not low IR); and
 - c. question 7 page 7 (external information sources)
4. Discuss ASIC feedback from morning session

Material Presented

Agenda Item 7	AUASB Board Meeting Summary Paper
Agenda Item 7.1	Annotated summary of feedback from roundtables
Agenda Item 7.2	Annotated (AUASB comments included) Deloitte Comment letter – ED 540
Agenda Item 7.3	AICD Comment letter – ED 540
Agenda Item 7.4	Draft covering letter to IAASB
Agenda Item 7.5	Draft response letter to IAASB
	Electronic Link to ED ISA 540