



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **6. Auditor Reporting Implementation**

Meeting Date: 13 September 2016
Subject: Auditor Reporting Implementation
Date Prepared: 5 September 2016

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update on the Auditor Reporting Implementation project, specifically:

- (a) To consider and approve for issue the Auditor Reporting Frequently Asked Questions (FAQs).
- (b) To discuss feedback observations on recent reporting season
- (c) Status of update to GS 10 *Responding to Questions at an Annual General Meeting*
- (d) Provide an update on the Auditor Reporting Panel Discussions with Jim Sylph

Agenda Item 6a: Auditor Reporting FAQs

Background

The new and revised Auditor Reporting standards were released in December 2015 and are applicable for engagements ending on or after 15 December 2016. There has been significant changes to the audit report as a result of the revisions of ASA 700, 705, 706 and 720, and the introduction of a new standard ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.

At previous AUASB meetings, it was agreed to issue guidance to assist engagement teams with implementation and the practical application of the new standards. The overriding objective is to provide practical insights and guidance in the form of FAQs, and if considered necessary can be supplemented and updated as further questions are raised through the application period.

PAG meetings have been held on 12 July 2016, 17 August 2016 and 5 September 2016, where the draft FAQs have been discussed and reviewed.

The FAQs will be available on the AUASB website. They will be presented as a list of questions to enable users to “click” into the question to read the answer. The questions will also be available as one PDF document for users to print in their entirety.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Status

FAQs are ready for the AUASB consideration and approval for issue. Refer to Agenda Item 6a for FAQs.

AUASB Technical Group Recommendations

The draft FAQs are approved for issue.

Agenda Item 6b: Observations on recent reporting season

Approximately 20 auditor's reports have been issued early adopting the new standards. Refer to Agenda Item 6(b) for a summary of the reports for discussion. AUASB to provide insight into their observations and feedback on the recent reporting season.

Agenda Item 6c: Status of update to GS 10 Responding to questions at an Annual General Meeting

At the AUASB meeting on 22 February 2016 it was agreed that GS 10 be updated and re-issued as follows:

- To differentiate written questions received prior to the AGM from those asked during the AGM;
- To provide guidance on responding to questions on Key Audit Matters;
- To include an appendix comprising examples of questions that may arise at AGMs.

It was agreed that the next iteration of the GS would be presented to the AUASB after the next AGM season so that it could include examples of questions actually asked.

Action required

The AUASB provide examples and input to the AUASB Technical Group to assist with developing the example questions.

Agenda Item 6d: Update on the Auditor Reporting Panel Discussions with Jim Sylph

The panel members have been confirmed:

Melbourne, 21 November

Neville Mitchell – CFO Cochlear Ltd

Andrew Cronin – Audit and Assurance Partner, PwC, Service Stream Ltd

Tanya Branwhite – Future Fund

John Stanhope – Audit Committee Chair, QBE Ltd

Sydney, 22 November

Neville Mitchell – CFO Cochlear Ltd

Matthew Lunn – Audit and Assurance Partner, PwC, ASX Ltd

Raaz Bhuyan – Wavestone

Jann Skinner – Audit Committee Chair, QBE Ltd

Material Presented

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| Agenda Item 6 | AUASB Board Meeting Summary Paper |
| Agenda Item 6.a | Draft FAQs [Confidential] |
| Agenda Item 6.b | Listing of audit reports issued with KAMs |

| No. | Action Item | Deliverable | Responsibility | Due Date | Status |
|-----|---|-------------|----------------|-------------------|--------|
| 1. | Approve the draft FAQs | Approval | AUASB | 13 September 2016 | o/s |
| 2. | Provide example input to the AUASB Technical Group to assist with developing the example questions. | Examples | AUASB | 29 November 2016 | |