



**Subject:** Minutes of the 114<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** Rattigan Room, Productivity Commission, Level 12, 530 Collins Street, Melbourne  
**Date:** Tuesday 3 March 2020 9:00am – 5:00pm

## Attendance

AUASB Members:

- Professor Roger Simnett (Chair)
- Ms Julie Crisp (Deputy Chair)
- Mr Gareth Bird
- Mr Robert Buchanan (NZAuASB Chair, via Video Conference, Agenda Item 1 only)
- Ms Jo Cain
- Mr Klynton Hankin
- Dr Noel Harding
- Mr Rodney Piltz
- Ms Carolyn Ralph
- Mr Justin Reid

AUASB Technical Group:

- Mr Matthew Zappulla
- Ms Rene Herman
- Ms Marina Michaelides
- Ms Anne Waters
- Ms Johanna Foyster
- Mr Tim Austin
- Ms See Wen Ewe
- Mr James Wake

Apologies: Mr Robert Buchanan (NZAuASB Chair, Agenda Item 2 onwards)

## Minutes

### (Agenda Item 1 – Minute 1344) Agenda and introduction

The Chair welcomed members to the 114th AUASB Meeting.

### (Agenda Item 1.3 – Minute 1345) Minutes of Previous AUASB Meetings

Draft minutes for the AUASB meeting held on 4 February 2020 in Melbourne were discussed, with minor amendments made prior to approval by the Board.

### (Agenda Item 1.5 – Minute 1346) AUASB Chair Update

Matters raised by the AUASB Chair for the attention of the AUASB were:

- Details of recent meetings with ASIC and the upcoming meeting of the Financial Reporting Council.
- The AUASB discussed the role of principle-based standards and how regulators apply these standards as part of the audit inspection process.
- An update on ISA 600 *Group Audits*, which should be approved for exposure in March by IAASB, and what due process the AUASB should apply when exposing this standard in Australia. This led to a discussion about how the AUASB needs to review and update its standard setting process



documentation. The project to do this will be led by the AUASB Technical Group, who will work with the New Zealand Auditing and Assurance Standards Board (NZAuASB) staff to revise the AUASB's due process for standard setting later in 2020.

- Progress on deliberations with the NZAuASB on changes to ASRE 2410 *Standards on Review Engagements*. The subcommittee comprising of members from both the AASB and NZAuASB will meet later in March 2020 to progress this project.
- That issues raised in relation to GS 008 *The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001* at the February 2020 AUASB will be deferred to April 2020 AUASB Meeting.
- Arrangements for the upcoming visit to Australia by the International Auditing and Assurance Board Chair, Tom Seidenstein.

#### **(Agenda Item 1.8 – Minute 1347) NZAuASB Update**

The NZAuASB Chair provided an update to the AUASB on the significant matters currently impacting the NZAuASB, including:

- The key matters the NZAuASB addressed at its February 2020 meeting, which included the approval of the NZ equivalent of ASA 315 and a briefing for the NZAuASB from the New Zealand Accounting Standards Board regarding the Primary Financial Statements exposure draft currently out for comment by the IASB.
- An update on the joint meeting with the NZASB held in February 2020, which addressed several relevant topics for the AUASB, such as the level of non-audit fees, EER and Going Concern
- That the NZAuASB is currently working with the NZ FMA on a second report summarising the NZ implementation of Key Audit Matters reporting, with a draft version of this report due shortly.
- There is support for the NZAuASB to review and adopt similar guidance that the AUASB has developed when updating GS 005 once it has been approved.

#### **(Agenda Item 2 – Minute 1348) Audit Quality Update**

The AUASB received an update on the Parliamentary Inquiry into the Regulation of Auditing in Australia, including that the Interim Report from this inquiry had recently been released. The recommendations included in the Interim Report are broadly consistent with many of the submissions received and include initiatives to:

- enhance the auditor's independence;
- define categories and associated fee disclosure requirements in relation to audit and non-audit services;
- provide more transparency on ASIC's inspection findings; and
- consider whether the reporting requirements in relation to fraud and going concern are sufficient and appropriate.

The AUASB will continue to monitor developments associated with the inquiry and consider if an initial response to the Interim Review's recommendations is necessary at future meetings.

#### **(Agenda Item 3 – Minute 1349) ASA 315 – Review and Approval of Conforming Amendments**

Following the approval of ASA 315 *Identifying and Assessing the Risks of Material Misstatement* (ASA 315) at the February 2020 AUASB meeting, the AUASB reviewed and approved ASA 2020-1 *Amendments to Australian Auditing Standards*, determining there were no aspects of the amending standard which met the AUASB's 'compelling reason test' as its international equivalent is consistent with Australian regulatory arrangements and principles and practices that are considered appropriate in Australia. This amending standard includes the consequential and conforming amendments to other Australian Auditing Standards as a result of ASA 315 being issued.

The AUASB also reviewed and updated the ASA 315 Basis for Conclusions, making a number of amendments to the document that transparently communicate how the feedback received from Australian stakeholders



through the ASA 315 exposure process and changes made by the IAASB to the revised standard have been addressed in the final version of ASA 315.

ASA 315 and ASA 2020-1 will be released via the AUASB Website in mid-March 2020.

**(Agenda Item 4 – Minute 1350) GS 005 – Review and Approval**

The AUASB received an update on the revisions made to GS 005 *Evaluating the Appropriateness of a Management's Expert's Work* (GS 005), including a discussion of the updates shared with the AUASB before the 3 March 2020 meeting in a turn-around document. The AUASB was updated as to the due process undertaken by the AUASB Technical Group (ATG) when revising GS 005, including receiving an update as to how feedback from ASIC staff 'have been addressed by the ATG.

The AUASB discussion centred around the inclusion of the consideration of the sources of information from a management's expert within the "Considerations in determining whether to use the work of a management's expert" section of the Guidance Statement. Some AUASB members expressed concern that this inclusion could be seen as 'quasi-requirements' which would be regulated against, which was not the intent of the ATG and the Project Advisory Group (PAG) working on the Guidance Statement. The intent of the ATG and the PAG was a consideration of the availability of appropriate sources of information. The AUASB requested that this section be further revisited by the ATG before being brought back for consideration by the AUASB for approval.

Additionally, the AUASB considered that the consideration of the accuracy of a management expert's past estimates be moved from the "Competency" section of the Guidance Statement to the section "Evaluation of the Appropriateness of the work of a Management's Expert".

After considering the further changes made by the ATG at the AUASB meeting, the AUASB voted to approve and issue GS 005. The final Guidance Statement is expected to be released in March 2020 following final quality control and formatting of the document.

**(Agenda Item 5 – Minute 1351) Guidance Statement Discussion Paper**

Due to time constraints this agenda item was deferred to the following AUASB meeting.

**(Agenda Item 6 – Minute 1352) GS 009 – Update and Review**

The AUASB received an update on key matters raised by the GS 009 *Auditing Self-Managed Superannuation Funds* (GS 009) Working Group and progress on the proposed revisions to GS 009. The AUASB discussed whether any of the key matters raised by the working group may need to be communicated separately in a Bulletin or Alert once the project to revise the GS 009 is completed. It was agreed a further draft of GS 009 will be presented to the April AUASB meeting.

**(Agenda Item 7 – Minute 1353) EER Survey Report/Analysis**

Due to time constraints this agenda item was deferred to the following AUASB meeting.

**(Agenda Item 8 – Minute 1354) GS 012 – Update and Review**

The AUASB Technical Group (ATG) updated the AUASB on progress with the revision of GS 012 *Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions* (ADIs) (GS 012). The ATG provided feedback on issues discussed at the GS 012 Working Group's February 2020 meeting, which included consideration of the treatment of Registered Financial Corporations (RFCs), revised materiality guidance, the format of the auditor's ASAE 3150 assurance report (Part C of the APS 310 engagement) and key matters to raise with APRA.

The Board considered a first draft of the revised GS 012 and provided feedback on specific matters highlighted by the ATG for Board consideration. The Board discussed, in general, the nature and format of APRA related Guidance Statements and whether inclusion of background information and narrative in these pronouncements, to provide context, were useful to practitioners. The Board asked the ATG to consult with the Working Group to consider ways in which the pronouncement could be made more succinct and to improve linkage of guidance to specific AUASB standards.



The AUASB supported the ATG's and Working Group's recommendation to exclude RFCs from the scope of the revised GS 012, on the basis that significant differences between RFCs and ADIs made the drafting of a single guidance statement complex. The Board agreed that separate tailored guidance may be more useful to RFC auditors - for example, in the form of an AUASB Bulletin or FAQs, once APRA has settled reporting requirements for RFCs.

Further, the AUASB considered updated guidance on materiality to address new subject matter and to clarify how APRA's Reporting Practice Guide RPG 702.0 *RBA/ABS Data Quality for the EFS Collection* is to be applied to the different components of the engagement. The ATG also provided a brief outline of how APRA's Prudential Standard APS 910 *Financial Claims Scheme* will be included in the scope of the revised GS 012 and identified matters to be finalised in consultation with the Working Group and ARPA.

The ATG will circulate an updated draft of the revised Guidance Statement to the GS 012 Working Group and APRA for review and further consultation. The proposed revised GS 012 will be tabled at the June 2020 AUASB meeting for consideration and approval to issue.

**(Agenda Item 9 – Minute 1355) LCE implications for Australian Standard Setting**

Due to time constraints this agenda item was deferred to the following AUASB meeting.

**(Agenda Item 10 – Minute 1356) IESBA Exposure Drafts on Fees & Non-Assurance Services**

Due to time constraints this agenda item was deferred to the following AUASB meeting.

**(Agenda Item 11 – Minute 1357) Other Business**

AUASB members were brought up to date with the development of the combined AASB-AUASB FAQs on the impact of the COVID-19 epidemic for financial report preparers and auditors. A draft copy of this guidance was shared with AUASB members and feedback was requested to be sent after the AUASB meeting.

**(Agenda Item 12 – Minute 1358) Digital ASA Standards Prototype**

The AUASB was presented with a clickable prototype of a digital version of the AUASB's standards. The ATG outlined the current challenges that users have raised with accessing the AUASB's standards in a PDF format and demonstrated the functionality and structure that a web-based version of the standards could have to respond to those challenges. The AUASB were very supportive of this initiative and considered it extremely important to progress this. The AUASB technical staff will continue the development of this tool over the course of 2020, collaborating with the IAASB and other national standard setters where appropriate.

**Next Meeting**

The AUASB will be holding its next meeting via Teleconference on 10<sup>th</sup> March 2020 commencing at 9.00 a.m., to review items on the March 2020 IAASB Agenda.

The next meeting of the AUASB will be held in Sydney, on Tuesday 21 April 2020 commencing at 9.00 a.m.

**Close of Meeting**

The Chair closed the meeting at 5.00 pm.



**Approval**

Signed as a true and correct record.

Roger Simnett  
*Chair*

Date: 21 April 2020