



Subject: Minutes of the 102nd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Teleconference
Date: 31 July 2018, 2pm to 4pm

Attendance

AUASB Members: Professor Roger Simnett (Chair)
Ms Robin Low (Deputy Chair)
Mr Robert Buchanan
Ms Jo Cain
Ms Julie Crisp
Mr Chris George
Dr Noel Harding
Ms Carolyn Ralph
Mr Justin Reid
Mr Ashley Wood

AUASB Technical Group: Mr Matthew Zappulla
Ms Marina Michaelides
Ms Rene Herman
Ms Anne Waters
Mr Tim Austin
Ms. Anna Wu

Apologies: Mr Gareth Bird

Minutes

Welcome & Introduction

(Agenda Item 1 – Minute 1216)

The AUASB Chair, Prof. Roger Simnett AO, welcomed AUASB Members, Technical Group staff and public observers and outlined the objectives of the meeting, which was to consider for approval exposure drafts (EDs) associated with the release of ASA 315 and ASA 540.

The Chair also went through the due process considerations that have been factored in when determining the meeting agenda and board papers, and outlined the change in process regarding piloting the issuance of the ASA 315 EDs at the same time that they are being exposed internationally. This change in process is in accordance with the determination reached at the AUASB's April 2018 Board meeting.

Explanatory Guide – ED ASA 315 & ED ASA 540

(Agenda Item 2 – Minute 1217)

The AUASB Technical Group provided an overview of the purpose for issuing the Explanatory Guide for EDs 01/18, 02/18, 03/18 & 04/18, with an emphasis on how stakeholders have been informed about the procedures the AUASB Technical Group have undertaken to reflect the different approaches taken to the EDs for ASA 315 and ASA 540.

AUASB Members queried some aspects of the Explanatory Guide, in particular there was a discussion to clarify when 'compelling reasons' need to be considered as part of the AUASB due process.



AUASB Members also suggested a number of other editorial changes to the Explanatory Guide which will be incorporated into the final version.

ED ASA 315 *Identifying and Assessing the Risks of Material Misstatement*

(Agenda Item 3 – Minute 1218)

The AUASB Technical Group presented a summary of the board papers prepared in relation to the EDs for ASA 315.

AUASB members were informed that whilst there had been extensive changes made by the IAASB to the international equivalent of the proposed standard (ISA 315) since the AUASB last provided feedback at its June 2018 meeting, not all matters raised by the AUASB had been clearly addressed. However these matters will be considered again when compiling final submission to the IAASB on ISA 315.

AUASB members were specifically requested to review the Explanatory Memorandum and the questions stakeholders should respond to when the EDs are released.

The AUASB requested there be consistency between the questions asked for each of the EDs being released, as well as number of other changes to the questions in the Explanatory Memorandum for respondents to address.

A concern was expressed that the AUASB is exposing these EDs before the AUASB has had a chance to deliberate on whether there may be any 'compelling reasons' which result in differences between ASA 315 and its international equivalent (ISA 315). The Chair and AUASB Technical Group staff advised that discussion of this issue and other feedback board members have on ISA 315 will occur at the September 2018 AUASB Meeting, prior to the AUASB Technical Group conducting a series of Roundtable sessions with stakeholders in September and October 2018.

The Chair called for a vote on this basis and all AUASB members present approved the issuance of the EDs for ASA 315, subject to the changes requested by AUASB members being reviewed and approved by the AUASB Chair.

An additional AUASB meeting will be scheduled in late October 2018 to consider stakeholder responses and finalise the AUASB's submission to the IAASB in respect of the exposure draft for ISA 315. The closing date for submissions on the EDs will be 15 October 2018.

ED ASA 540 *Auditing Accounting Estimates and Related Disclosures*

(Agenda Item 4 – Minute 1219)

The AUASB Technical Group presented a summary of the board papers prepared in relation to the EDs for ASA 540, which included a summary of main changes made by the IAASB when they approved the international equivalent to the proposed standard (ISA 540).

The AUASB revisited the key issues on ISA 540 that were previously discussed at the June 2018 AUASB meeting and were informed by the AUASB Technical Group staff how these issues were addressed by the IAASB in the final version of the standard.

The AUASB members discussed the due process associated with determining whether any, 'compelling reasons' that result in differences between ASA 540 and its international equivalent exist. As a consequence of these discussions the AUASB resolved to update the Explanatory Memorandum that will be released with EDs 03/18 & 04/18 to include specific questions for respondents consideration that focus on those areas of the standard the AUASB had previously raised specific concerns on. The Chair and a number of board members requested that the questions needed to be presented in a neutral fashion so respondents views were not unduly influenced by any position the AUASB has had previously. The AUASB Technical Group



were directed to revise the questions relating to the ASA 540 EDs, have them redistributed for AUASB consideration subsequent to the meeting and then approved by the Chair before being finalised.

A number of other minor changes to the Explanatory Memorandum were requested by AUASB members and these will be adopted in the final version.

The Chair called for a vote to approve the EDs for ASA 540 and all AUASB members present voted to approve the issuance of the EDs, subject to the changes requested by AUASB members being made and reviewed and approved by the AUASB Chair before being released publicly for comment.

An additional AUASB meeting will be scheduled in late October 2018 to consider stakeholder responses to ED ASA 540 in conjunction with finalising the AUASB's submission to the IAASB in respect of the exposure draft for ASA 315. The closing date for submissions on the EDs will be 15 October 2018.

Other Business

(Agenda Item 5) – Minute 1220)

No other matters were raised.

Next meeting

The next regular meeting of the AUASB will be held in the Sydney, on Wednesday, 12 September 2018, commencing at 8:30 am.

Close of Meeting

The Chair closed the meeting at 4.00 p.m.

Approval

Signed as a true and correct record.

Roger Simnett
Chair

Date: 12 September 2018