



Subject: Minutes of the 116th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Via Zoom Teleconference
Date: Tuesday 21 April 2020 9:00am – 4:30pm

Attendance

AUASB Members: Professor Roger Simnett (Chair)
Ms Julie Crisp (Deputy Chair)
Mr Gareth Bird
Mr Robert Buchanan (NZAuASB Chair)
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: None

Minutes

(Agenda Item 1 – Minute 1363) Agenda and introduction

The Chair welcomed members to the 116th AUASB Meeting.

(Agenda Item 1.3 – Minute 1364) Minutes of Previous AUASB Meetings

Draft minutes for the AUASB meetings held on 3 March 2020 in Melbourne and 10 March 2020 via Teleconference were discussed.

Minor amendments were requested to the minutes of the AUASB's meeting held on 3 March 2020 by one member. It was agreed this change could be reflected by the AUASB Technical Group staff following the meeting and approved by the AUASB Chair out of session.

The minutes for the AUASB meeting held on 10 March 2020 via Teleconference were approved.

(Agenda Item 1.5 – Minute 1365) AUASB Chair Update

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

- Congratulations to AUASB member and NZAuASB Chair Robert Buchanan on his appointment to the Public Interest Oversight Board (PIOB).



- Details of recent meetings with the IAASB and other National Standard Setters on the impact of the Coronavirus epidemic on global auditing issues.
- Good progress has been made on changes to ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, with this item to be ready for approval by the AUASB at the June 2020 AUASB meeting and discussed further under Agenda Item 4 (refer below).
- An update on the work being done to promote and seek feedback on the IAASB's proposed Extended External Reporting (EER) Guidance, including plans to collaborate with the NZAuASB on this project.
- Details of other recent meetings with NSS representatives, and the upcoming IAASB NSS meeting being held in May 2020 via videoconference.

(Agenda Item 1.8 – Minute 1366) 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 April 2020 meeting, which included the approval of the NZ equivalent of ASRE 2410 and consideration of the IESBA's exposure drafts on Non-Assurance Services and Fees.
- Approval of the adoption of an NZAuASB equivalent of the AUASB's Guidance Statement 005 *Evaluating the Appropriateness of a Management's Expert's Work*.
- Details on the XRB's response to the impact of the Coronavirus epidemic, including an increased focus on potential modifications to audit reports as a result of Coronavirus epidemic in the local market.

(Agenda Item 2 – Minute 1367) Audit Quality Update

The AUASB Technical Group informed the AUASB that the Financial Reporting Council (FRC) had decided to delay the Audit Committee Chairs and Investor Audit Quality surveys due to the COVID-19 pandemic until later in 2020. The AUASB agreed that this was appropriate given the current disruption in businesses.

The AUASB were also informed about the work the AUASB Chair and ATG staff have been involved in as part of the FRC's COVID-19 working group. The primary aim of this FRC working group is to ensure collaboration and knowledge sharing with other standards setters and regulators (AASB, ASIC, ASX & APRA).

(Agenda Item 3 – Minute 1368) Coronavirus Guidance

The AUASB Technical Group (ATG) provided an update to the AUASB on the Frequently Asked Questions (FAQs) issued on the AUASB's website to date and areas where further FAQs and guidance will be issued over the coming weeks.

The AUASB provided positive feedback on the quality and responsiveness of FAQs and guidance that has been issued, including the joint publication with the AASB, and also agreed with the areas identified by the ATG where future guidance was required. The AUASB discussed the significant challenges being faced by auditors in the current environment as a result of the significant uncertainties regarding restrictions in travel and business activity, including accessing client premises and information to obtain sufficient appropriate audit evidence. The AUASB also discussed the importance of auditors exercising professional scepticism when assessing if there is sufficient appropriate audit evidence in the changing auditing environment.

These challenges are likely to result in more Material Uncertainties in Relation to Going Concern, Emphasis of Matter Paragraphs and Modified Audit Opinions in Audit Reports going forward. The AUASB agreed that it was important to continue to provide guidance to auditors to assist them in navigating these challenging times.

(Agenda Item 4 – Minute 1369) ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* – Update

The AUASB considered the ASRE 2410 joint sub-committee's recommendation in relation to how to describe the auditor's responsibility in relation to going concern in the interim review report. The AUASB agreed with the recommendation not to include the auditor's responsibility in relation to going concern in the review report due to the complexity of going concern in a limited assurance environment, and to avoid the potential for misunderstanding by using lengthy wording that may inadvertently create an imbalance in the review report.



Lengthy wording could have the unintended consequence of elevating the importance of going concern when considered in the context of the entire auditor's responsibilities and reporting. As a result of not including the auditor's responsibility for going concern in the review report the AUASB also agreed with the ATG recommendation to also not include management's responsibility for going concern in the review report. ASRE 2410 will be presented to the AUASB at its upcoming June 2020 meeting for approval.

(Agenda Item 5 – Minute 1370) GS 009 Auditing Self-Managed Superannuation Funds – Update

The ATG provided an update to the AUASB on the steps undertaken to finalise the revision to GS 009 since the March 2020 Board meeting. The Board debated the merits of the structure and purpose of GS 009, noting that this guidance statement (GS) is different to many other GS's in that it encapsulates references to a broad number of Australian Auditing Standards, the Code of Ethics and applicable legislation. A number of AUASB members raised this as an issue which should be reviewed by the AUASB for GS that are developed going forward and the AUASB Chair committed to reviewing the process by which the scope and nature of GS's are revised at an upcoming AUASB meeting. However, other members drew attention to the specific needs of many auditors of self-managed funds, who have always been supportive of the comprehensive nature of the guidance and would expect that to be retained.

The AUASB agreed to provide feedback and any further comments and feedback about GS 009 to the ATG out of session so these can be considered and the revision of the GS before the June 2020 reporting season commences. Subject to the volume of changes requested by the board the ATG will seek approval from the AUASB to issue GS 009 either in May or June 2020.

(Agenda Item 6 – Minute 1371) Guidance Statement Discussion Paper

As a result of the discussions held about the need to review the AUASB's basis under which the scope and nature of GS's are developed or revised, this agenda item was deferred to a future AUASB meeting. Subsequent to the review of the AUASB's Framework Pronouncements, that govern how GS's are developed or revised, the Guidance Statement Discussion Paper will be revised and brought back to the AUASB for review.

(Agenda Item 7 – Minute 1372) Assurance Framework Publications

The AUASB was presented with an updated version of the proposed guide being developed by the AUASB to assist prescribers of assurance engagements (usually as part of a framework of regulatory compliance) to draft clear and effective requirements. AUASB Members provided comments on the content and examples of the guide and considered that the publication sufficiently covered the areas needed. The release of this publication will support the AASB-AUASB combined project to review reporting frameworks in Australia. Subject to the changes requested by the AUASB there was support for this document to be issued as soon as practical.

(Agenda Item 8 – Minute 1373) Removal of Special Purpose Reporting

Now that the AASB has confirmed its arrangements for the removal of special purpose reporting (i.e. various 'for-profit' private sector entities are no longer able to prepare special purpose financial statements (SPFS) for reporting periods beginning on or after 1 July 2021) the ATG briefed the AUASB on current and proposed actions the ATG are coordinating with the AASB to communicate this change and develop guidance for auditors. The AUASB supported the proposed actions, which include updating ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks* to reflect the new AASB requirements.

(Agenda Item 9 – Minute 1374) AUASB Forward Agenda

The AUASB were presented with a list of current AUASB priority projects based on the current AUASB technical work program and other known projects which need to be completed over the rest of the 2019-20 reporting period. With the COVID-19 event diverting many of the ATG staff's responsibilities and impacting the ATG's ability to engage with stakeholders in the usual fashion a revision of the technical work program was necessary. The AUASB provided feedback on which projects needed prioritisation in the current environment. A strong view was expressed that AUASB projects should be managed based on clear principles to guide our priorities and strategic objectives. There was also a request that implementation support activities associated



with the rollout of ASA 540 should not be delayed. The ATG will revise the list of AUASB priority projects based on the feedback from members and use this to determine the Agendas for the remaining AUASB meetings scheduled for 2020.

Next Meeting

The AUASB will be holding its next meeting via Videoconference on Tuesday, 26th May 2020 commencing at 9.00 a.m.

Close of Meeting

The Chair closed the meeting at 4.30 pm.

Approval

Signed as a true and correct record.

Roger Simnett
Chair

Date: 26 May 2020