



Subject: Minutes of the 122nd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Via Zoom Teleconference
Date: Friday 19 February 2021 11:00am – 1:00pm

Attendance

AUASB Members:

- Mr Bill Edge (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
- Mr Andrew Porter

AUASB Technical Staff:

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

AASB-AUASB Staff

- Mr Justin Williams

Apologies:

- None

Minutes

(Agenda Item 1 – Minute 1432) Agenda and introduction

The Chair welcomed members to the 122nd AUASB Meeting.

The Chair updated AUASB members about his status as the Acting Chair following the resignation of the previous AUASB Chair at the end of 2020, and progress by the relevant Minister and The Treasury on the process to appoint a permanent AUASB Chair.



(Agenda Item 2 – Minute 1433) Quality Management Suite Standards – Australian Modifications

The Chair introduced the discussion about the proposed Australian modifications to the planned AUASB Quality Management Standards (ASQM 1, ASQM 2 and ASA 220), noted that the matters addressed in the AUASB Board papers would be dealt with on an ‘exceptions’ basis and any discussions about the implications of the Quality Management Standards themselves would be deferred until the March 2021 AUASB meeting.

The AUASB Technical staff described how the full suite of the Quality Management Standards, associated conforming amendments to other ASA’s and other relevant documents (such as the Basis of Conclusions) would be presented to the AUASB for review and approval at the March 2021 AUASB meeting. However, to ensure the final versions of the Quality Management Standards can be compiled for inclusion in the March 2021 AUASB Board papers, feedback was sought from AUASB members on the proposed ‘Aus’ amendments to each standard.

Board members raised a number of queries about the method technical staff had applied to incorporate modifications to the proposed Quality Management Standards arising from the *Corporations Act 2001* (the Act). Specifically, AUASB members wanted to ensure there was consistency in how the relevant elements of the Act are referenced in the standards, particularly in relation to the Independence requirements. Different options were discussed, with a number of AUASB members expressing support for there being a singular reference to the Act in each Quality Management Standard, rather than having multiple references spread through the application material as had been originally proposed and as currently incorporated through the extant ASQC 1 Standard in accordance with existing AUASB drafting conventions.

The AUASB Technical staff presented alternative methods by which they consider this could be achieved. A number of AUASB members expressed support for including a single, up front reference to the requirements of the Act in the introductory section of each standard, whilst others considered this would be better addressed by making changes to the AUASB Preamble. The Technical staff were directed to review each option to determine which would be the best approach to apply in response to this issue in the final versions of the Quality Management Standards to be presented at the March 2021 AUASB Meeting.

AUASB members also considered whether multiple references to specific requirements of the Act should be retained in the application guidance of the Quality Management Standards, specific to laws and regulations (not independence related, for example documentation retention). Again, there were mixed views on this issue expressed by AUASB members, so the Technical staff were again directed to consider this matter further with the input of the AUASB Chair and determine a preferred response for the AUASB to consider.

In addition to the Australian modifications relating to the Act the AUASB also:

- Discussed and agreed the approach the Technical staff had proposed to amend and include various definitions throughout the proposed Quality Management Standards. The AUASB agreed in principle with the proposals, however the AUASB wanted this reviewed to ensure there is consistency as to how these modifications are applied to each individual standard;
- Supported that various public sector specific references in the extant version of ASQC 1 do not need to be carried forward to the revised Quality Management Standards given in particular that the new standards all contain public sector-specific application material. The AUASB noted that in New Zealand the NZAuASB has asked its staff to consult with the Office of the Auditor-General about whether that new material removes the need to carry forward any of the public sector-related NZ paragraphs in the extant standard; and that the same process could be expected to be undertaken by ACAG in Australia;
- Noted the work that had been performed to date with the APESB to align the approach of both boards when developing and issuing the revised Quality Management Standards, including in relation to the requirement for engagement quality reviews in ISQM 2; and
- Discussed how deletion of text from the IAASB versions of the Quality Management Standards are appropriately communicated and disclosed to ensure transparency once the final AUASB versions of the standards are finalised.



(Agenda Item 3 – Minute 1434) AUASB Strategy Discussion (Board Only)

The AASB-AUASB Managing Director led the AUASB through a session that firstly described the current operational conditions faced by the AUASB and secondly described potential future changes to the AUASB that may arise due to changes in government policy or prevailing economic conditions.

AUASB members were then asked to comment on a series of questions relating to the current and future strategy settings of the organisation. AUASB members provided positive feedback on the AUASB's recent performance and current strategic approach, but also identified additional opportunities the AUASB could explore and threats that may impact the AUASB's ability to meeting its objectives going forward. There was also a brief discussion about how well the AUASB engages with its stakeholders and other regulatory bodies and how this could be further enhanced.

The matters discussed by the AUASB in this session will be considered as part of the planning for the upcoming AASB/AUASB joint meeting scheduled to be held on 2 March 2021.

(Agenda Item 4 – Minute 1435) Other Business

An AUASB member raised a query whether the AUASB are planning to provide a response to the current exposure draft issued by the IESBA in relation to 'Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code'. This matter will be discussed by the AUASB Technical staff with representatives from the APESB and added to the Agenda for discussion by board members at the March 2021 AUASB meeting.

Next Meeting

The AUASB will be holding its next meeting via Zoom Video Conference on Wednesday 10th March and Friday 12th March 2021.

Close of Meeting

The Chair closed the meeting at 1.00 pm on Friday 19th February 2021.

Approval

Signed as a true and correct record.

W R Edge
Chair

Date: 10 March 2021