



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5(b)iv**
Meeting Date: 18 April 2018
Subject: Auditor Reporting
Date Prepared: 10 April 2018

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide an update on Auditor Reporting strategic project.

Background

The objective of this project is to:

Shorter term (2017-18)

- Support implementation and understand the experience of key stakeholders in order to issue guidance and communications as appropriate.

Longer term (2018-2020)

- Understand the experience in years 2 – 4 in order to:
 - a) continue to support implementation and issue guidance and other communications as appropriate to support consistency of application.
 - b) consider if it is beneficial and appropriate to issue other communications based on the Australian experience.
- Preparation for Post implementation review:
 - a) evaluate areas of the standards commonly misunderstood or misapplied. This will enable us to identify areas of the standards that may require redrafting.
 - b) understand the cost vs fees implications to practitioners, and the perceived value to users. This will enable us to evaluate the impact of the changes to the capital markets and whether efficient economic value is achieved. We can use this to inform our decision on further expansion of application (for

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example, communication of key audit matters for public interest entities), and/or re-balancing any non-value adding activities to market participants.

- c) assess whether the intended benefits of the new auditor's report have been achieved.
- d) understand our stakeholders' views on any proposed future amendments to auditor reporting standards identified and proposed from our evidence gathering activities and outreach.
- e) actively influence the IAASB in the future direction of international auditor reporting standards.

Update since last meeting

- Other information
 - a. based on feedback from auditors and observations from reviewing a sample of auditor's reports, the following article was authored by Anne Waters, AUASB Senior Project Manager, and published as part of the CA ANZ's *Perspective* series, [*Improving transparency of the auditor's work performed on 'Other Information'*](#). This article discusses practical issues faced by practitioners and tips to assist. Refer to Appendix 1.
 - b. To be discussed at the NSS meeting
 - i. What are they observing in their jurisdiction?
 - ii. Is the Other Information paragraph improving the communicative value of the AR?
 - c. Feedback to be received through the ACC and investor survey
 - i. Does the Other Information paragraph provide clarity over the work performed by the auditor?
- Working with a number of academics on in progress relevant research which will assist us with the post implementation review.
- Meeting with the firms on their experience and observations including second year experience.
- Feedback from Audit Committees via the FRC Audit Quality survey.
 - a. impact on effectiveness of communication / interaction with the auditor?
 - b. impact on perception of quality of the audit?
 - c. impact on the quality of disclosures in the FR?
- Feedback from investors via the FRC Audit Quality survey and / or interviews.
 - a. impact on their views of audit quality?
 - b. does it increase transparency about the audit and is this valuable to users?
 - c. Does it impact your confidence in the audit that was performed?

Material Presented

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