



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **3**

Meeting Date: 16 April 2019

Subject: Updated AUASB International Strategy

Date Prepared: 9 April 2019

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Action Required

For Information Purposes Only

Agenda Item Objectives

1. For AUASB members to review and provide feedback on the updated AUASB International Strategy described below.

I. Background

2. The 'AUASB International Strategy' describes how the AUASB influences and engages on International auditing and assurance matters to support its mandate and domestic agenda.
3. The International Strategy was last revised and presented for review at the April 2018 AUASB meeting.
4. It has been revised again for the April 2019 AUASB meeting to reflect changes made to the AUASB exposure draft process.

II. The AUASB's International Mandate and Current Strategy

5. The AUASB has an obligation to be actively engaged in International auditing and assurance matters by virtue of the following legislative and oversight requirements:
 - (a) Under section 227B(1)(d) of the ASIC Act, the AUASB's functions include a requirement to "participate in and contribute to the development of a single set of auditing standards for world-wide use".
 - (b) The Financial Reporting Council requires the AUASB to use auditing standards issued by the IAASB as a base from which to develop local Auditing and Assurance standards.
6. Consequently the AUASB has adopted as part of its current vision, mission and strategy the following elements that specifically address our International mandate:

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- (a) Contribute to the development of a single set of auditing and assurance standards and guidance for world-wide use (Mission);
 - (b) Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users, using IAASB Standards where they exist, modified as necessary (Strategic Objective 1); and
 - (c) Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships (Strategic Objective 3).
7. Other elements of the AUASB vision, mission and strategy also contain activities relevant to the AUASB's International mandate, such as engaging with other international stakeholders to influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting (Strategic Objective 5).
8. In addition, the protocol for cooperation agreed between the NZ External Reporting Board (XRB) and the FRC, AASB and AUASB Chairs requires the AUASB, inter alia, to use its best endeavours to achieve the following outcomes:
- (a) Minimise the differences between auditing and assurance standards issued in Australia and New Zealand;
 - (b) To the maximum extent possible, the AUASB and NZAuASB present similar positions at international forums; and
 - (c) Maximise the contribution to, and thus the influence of the AUASB and the NZAuASB upon the IAASB.

III. Updated AUASB International Strategy

9. In response to feedback from Board Members received in 2017/18 the AUASB Technical Group developed an AUASB International Strategy for consideration at the April 2018 AUASB meeting. A copy of the updated version of this strategy is contained in **Appendix 1**
10. The AUASB International Strategy consists of standard tasks the AUASB performs in relation to the IAASB's regular activities, as well as other internationally focused tasks that the AUASB may undertake on a less regular or project specific basis.
11. In developing the AUASB International Strategy a number of guiding principles designed to underpin the responsibilities of AUASB Members and Technical Group Staff when considering and implementing our International influencing activities were identified. These are listed in Paragraph 5 of the AUASB International Strategy document contained in **Appendix 1**.
12. To facilitate the AUASB International strategy AUASB meetings in 2018 and 2019 have been held a week before their corresponding IAASB meeting dates, thus avoiding the need to schedule additional AUASB meetings/teleconferences. Unless AUASB members disagree, a similar approach will be adopted when selecting dates for 2020 AUASB meetings.

AUASB Technical Group's recommendation and action required by the AUASB

13. AUASB members are requested to review and provide feedback on the updated AUASB International Strategy. Updates from the April 2018 version of the Strategy have been highlighted in **red**.

Material Presented

Appendix 1

AUASB International Strategy (Updated - April 2019)

AUASB International Strategy (April 2019)

Background

1. The AUASB has an obligation to be actively engaged in International auditing and assurance matters by virtue of the following legislative and oversight requirements:
 - (a) Under section 227B(1)(d) of the ASIC Act, the AUASB’s functions include a requirement to “participate in and contribute to the development of a single set of auditing standards for world-wide use”.
 - (b) The Financial Reporting Council requires the AUASB to use auditing standards issued by the IAASB as a base from which to develop local Auditing and Assurance standards.
2. Consequently the AUASB has adopted as part of its current vision, mission and strategy the following elements that specifically address our International mandate:
 - (a) Contribute to the development of a single set of auditing and assurance standards and guidance for world-wide use (Mission);
 - (b) Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users, using IAASB Standards, where they exist, modified as necessary (Strategic Objective 1); and
 - (c) Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships (Strategic Objective 3).
3. **The objective of the AUASB International Strategy is to:**
 - (a) **Influence international standards and guidance to achieve public interest outcomes and also serve as the most effective base possible for Australian auditing and assurance standards.**
 - (b) **Minimise the risks to Australian reporters, practitioners, users and other stakeholders, whilst optimising the value of these international standards and guidance to achieving the AUASB’s strategic priorities;**
 - (c) **Operationalise the internationally focused aspects of AUASB’s functions and strategic objectives; and**
 - (d) **Outline the methods the AUASB apply to influence the International standard setting agenda in accordance with our mandate.**
4. The strategy consists of both regular international functions undertaken by AUASB members and Technical Group staff to ensure adequate analysis and input into regular IAASB activities and other operational or strategic tasks that support our engagement on international standard-setting issues.
5. The AUASB International Strategy is built upon a number of guiding principles which underpin the responsibilities AUASB Members and Technical Group Staff have when considering and implementing our International influencing activities. These principles are:

Number	Principle
1	All Board Members should come to the Board meetings sufficiently prepared to ensure that they have identified their major concerns with International issues on the agenda, and to be in a position to discuss their concerns.
2	Feedback and issues raised by AUASB Board Members on International matters are communicated with the right International representatives and the outcomes from any International engagement are communicated back to the AUASB.

APPENDIX 1 – AUASB International Strategy (updated April 2019)

Number	Principle
3	The AUASB identify and promote opportunities to work together and share resources with the NZAuASB and other relevant National Standard Setters, and jointly consider best ways to influence internationally. when developing and finalizing our responses to International Auditing and Assurance issues.
4	The AUASB identify and promote opportunities to work with other National Standard Setters, both bilaterally and through the IAASB National Standard Setters Forums, to influence the outcomes of global projects in accordance with in accordance with public interest outcomes
5	The AUASB identify, cultivate and promote the appointment of high quality Australian representatives on relevant International auditing and assurance Committees/Working Groups, and once appointed we support them in their roles. and align our activities wherever possible to increase our global influence.
6	In connection with our AUASB Evidence Informed Standard Setting Strategy, the AUASB identifies and supports the development of evidence supporting the AUASB's responses to International Auditing and Assurance issues, and the informing of international issues.

Regular AUASB International Functions

6. As part of its technical work program the AUASB will perform the following tasks in relation to the IAASB's regular activities:
- (a) The AUASB Chair and AUASB Technical Director to coordinate a process to ensure the AUASB provide regular feedback on the IAASB's strategy and work plan as requested.
 - (b) The AUASB Chair and AUASB Technical Director will monitor the development and release of IAASB board meeting agendas and other relevant communications and ensure these are adequately addressed in AUASB meetings.
 - (c) For each major IAASB project an AUASB Board member (Subject matter expert) and AUASB Technical Group member with the appropriate knowledge, expertise and capacity will be identified.
 - (d) The designated AUASB Technical Group member for each project will initially review, make available and provide comments on the relevant IAASB papers as soon as practically possible to the relevant AUASB member. Collectively the AUASB Board member and AUASB Technical Group member then determine which board papers should be included in the AUASB Board Meeting mail out based on the status of the project. The aim should be to provide sufficient information to AUASB members so that they are suitably prepared to discuss the key issues associated with each global project at that point in its development.
 - (e) As a minimum, for each major IAASB project an '**IAASB Project Summary Template**' (Refer Appendix 2) will be updated prior to and presented in the board papers at each AUASB meeting that precedes an IAASB meeting. The template provides a summary of the top 2 - 3 issues on the topic in the IAASB papers, a recommendation of the activities to best influence the direction of the IAASB project as a result of the AUASB's analysis (e.g. who to speak to, what is the desired outcome, etc), as well as a summary of the next steps or other actions required.
 - (f) This process is to help inform and direct discussion. It is still a requirement that all Board Members come to the Board meetings sufficiently prepared to ensure that they have identified their major concerns with International issues on the agenda, and be in a position to discuss their concerns.

APPENDIX 1 – AUASB International Strategy (updated April 2019)

- (g) A summary of the AUASB’s feedback on these major IAASB projects will be prepared by the AUASB Technical Director after each AUASB meeting and supplied to the AUASB Chair and other Australasian IAASB members.
- (h) Following each IAASB meeting, feedback will be provided to AUASB members by the AUASB Chair and Technical Director, as well as the notes/highlights from the IAASB meeting being included in the AUASB board papers.
- (i) The Australasian IAASB members have a standing invitation to attend AUASB meeting as official guests/observers and provide feedback comments on IAASB matters to the AUASB. Specifically the AUASB Chair will invite the Australasian IAASB members attend at least one AUASB meeting to provide an update on IAASB developments each year. Similar presentations from IFAC representatives will also be sought and encouraged where relevant.
- (j) Any significant IAASB matters which arise outside of the normal IAASB meeting process will be communicated to AUASB members on an as required basis by the AUASB Chair or AUASB Technical Director.

Other AUASB International Strategic Projects

Global regulatory matters

- Monitor the outcome of responses to the Monitoring Group Consultation Papers on Global auditing and assurance standard setting
- Regularly engage with ASIC on global regulatory matters (e.g. IFIAR, IOSCO) impacting on the auditing and assurance profession

IFAC/IAASB engagement

- Identify opportunities to have more Australian representatives who are advocates for the AUASB appointed to IFAC Committees and Working Groups
- Develop and foster direct relationships with IAASB members who are Taskforce leaders on specific topics Australia has a key interest in (e.g. EER, AUP)
- Identify opportunities for AUASB members or staff to contribute to IAASB Taskforces
- Assist IAASB staff in organising global and regional IAASB National Standard Setters Forums
- Share relevant Thought Leadership associated with AUASB Strategic Projects with the IAASB
- Identify opportunities to contribute to global and regional audit and assurance events and conferences (e.g. World Congress of Accountants)
- Consider opportunities for staff secondments or joint project work with the IAASB

Engagement with other National Standard Setters

- In conjunction with the NZAuASB development a network of regional (i.e. AsiaPac) National Audit and Assurance Standard Setters
- Identify opportunities to conduct bilateral and multilateral projects with other NSS’s (e.g. Auditor Reporting with NZ and Canada; EER with South Africa)
- Share relevant Thought Leadership associated with AUASB Strategic Projects with other National Standard Setters
- Consider opportunities for secondments or joint project work with other National Standard Setters

Other

- Build relationships and influence with other significant International stakeholder groups relevant to the Auditing and Assurance profession (e.g. IIRC, WBCSD, Climate Change TF)
- Support Quality Academic Research by Australian Universities which enhances Australia's reputation as a leader in Auditing and Assurance
- Have AUASB members and staff attend and present on Strategic Projects at relevant International conferences