



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**        **8.1.0**

**Meeting Date:**            4-5 December 2018

**Subject:**                    Glossary – Terms with multiple definitions

**Date Prepared:**            13 November 2018

**Prepared By:**              Tim Austin

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. The objectives of this paper are to:
  - (a) **Update** the AUASB on the ATG’s consideration of; whether amendments can be made to Australian-specific standards to reduce the number of terms with multiple definitions, and the timing of amendments (if any); and
  - (b) **Inform** the AUASB of other planned activities to maintain the ‘quality’ of the standards.

## Background

### *Australian-specific definitions (Objective A)*

2. During the development of the revised glossary, the ATG identified a large number of terms in the AUASB standards with multiple definitions. The ATG informed the AUASB that the duplications were either consistent with international equivalents; or, in the case of Australian-specific standards, were the result of an AUASB decision to amend a term to be more subject-matter specific.
3. The Glossary was approved, subject to amendments and final approval by the chair, at the September 2018 AUASB Meeting. As part of the discussion at the September AUASB meeting, the ATG was directed to consider whether amendments can be made to Australian-specific standards to reduce the number of terms with multiple definitions.
4. Since September 2018, the ATG have begun activities to consider whether changes are appropriate.
5. However, as presented in the September 2018 Glossary papers, whilst there are some terms which can be easily amended (for example changing in ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports* “lead assurance practitioner” to “**the** lead assurance practitioner” to align with the definition in ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*) a number of terms will require further research of minutes and working papers to appropriately inform the AUASB of the rationale at the time for modifying the term and whether it is appropriate to change.

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6. To allow sufficient time for the research to be completed, proposed ATG changes to terms in Australian standards will be brought to the AUASB for first consideration at the March 2019 AUASB meeting.

*Other planned activities (Objective B)*

7. As part of procedures to prepare *ASA 540 Auditing Accounting Estimates and Related Disclosures* and *ASA 2018-1 Amendments to Australian Auditing Standards* for approval, a matrix of cross-references was prepared (See **Agenda Item 8.1.1**). The objective of this matrix was to identify all cross-references throughout the standards which referenced ASA 540 or standards which were impacted by conforming or consequential amendments, to confirm the completeness of the amending standard. (See **Agenda Item 6.1.0** for discussion of ASA 540 cross-references)
8. The process of preparing the matrix identified a number of areas of improvement in the standards, including:
  - (a) Out-of-date cross-references to external documents (ASIC Regulatory Guides and APES 110 *Code of Ethics for Professional Accountants* (APES 110));
  - (b) Out-of-date references to AASB Standards; and
  - (c) Inconsistencies in formatting and other style considerations.

As part of maintaining the ‘quality’ of the standards, changes to respond to the above areas will be considered by the ATG and brought to the AUASB throughout 2019.

9. The suite of Australian Auditing Standards (ASAs) make reference to ASIC Regulatory Guides and sections of APES 110 (see examples below). These documents are treated as ‘external documents’ in the context of legislative instruments. References to them do not automatically update to the most recent version of the document, requiring the AUASB to update these references as required.

**ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, footnote \* paragraph Aus A22.1**

See, for example, ASIC Regulatory Guide 26 Resignation of Auditors (June 1992).

ATG comment – This RG was reissued in June 2015.

**ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*, footnote 6 paragraph A9.**

See, for example, Sections 210.14 of APES 110 Code of Ethics for Professional Accountants.

ATG Comment – Restructured APES 110 will likely result in changes.

10. The intention of the ATG is to update references to ASIC Regulatory Guides and APES 110 alongside conforming and consequential amendments arising from the issuance of ASA 315 *Identifying and Assessing Risks of Material Misstatement*. This timing will reduce the number of compilations required to be completed by the ATG and will be in force before the restructured APES 110 is effective from 1 January 2020. Any proposed updates to references to ASIC Regulatory Guides will be discussed with ASIC Staff and proposed updates to references APES 110 will be discussed with APESB Staff.

**Material Presented**

Agenda Item 8.1.0                      BMSP Terms with Multiple Definitions  
Agenda Item 8.1.1                      Matrix of Cross-references  
Agenda Item 8.1.2                      AUASB Glossary 2018

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**Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	N/A	N/A	AUASB	4-5 December 2018	

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