



Subject: Highlights of the 86th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: TEQSA Boardroom, Level 14, 530 Collins Street, Melbourne
Meeting Date: 29 November 2016

1. ASAE 3100 Compliance Engagements

The AUASB considered and agreed on the *Disposition Paper of Submissions Received* on the ASAE 3100 ED, and considered and approved for issue, subject to minor editorials, the revised standard ASAE 3100 *Compliance Engagements*.

2. GS 001 Concise Financial Reports

The AUASB considered and provided input into the draft revision of GS 001 *Concise Financial Reports*. The AUASB agreed that a further draft is to be brought back for consideration at the 1 March 2017 AUASB meeting.

3. Auditor Reporting Implementation

The AUASB noted that the first tranche of FAQs have been uploaded to the website in an interactive format.

The AUASB discussed issues relating to audit reports for parent and consolidated financial reports and Stapled Security groups. It was agreed that the first scenario was consistent with the position outlined in the IAASB FAQs, while Stapled Security groups are unique Australian scenarios and therefore meet the compelling reasons test.

The AUASB approved amending ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* to clarify that KAMs are only required to be communicated in both cases on the group financial report as a whole. In both scenarios, the auditor is to use professional judgement to determine whether to communicate KAMs specifically for the parent entity or the issuer .

An exposure draft will be presented at a special AUASB meeting on 12 December 2016 with the proposed amendments. If approved, the exposure draft will be issued subsequently with a 30-day comment period.

The AUASB also discussed issuing further FAQs to assist with implementation of the enhanced auditor's report.

4. ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report

The AUASB discussed and approved the issue, subject to minor amendments, of the revised draft EDs, 05/2016 ASA 250 *Consideration of Laws and Regulations in the Audit of a Financial Report* and 06/2016 ASA 2016-1 *Amendments to Australian Auditing Standards*. The exposure drafts will be issued after an internal quality review with a 90-day comment period.

5. Discussion of agenda and key papers for IAASB meeting 5 - 9 December in New York

The AUASB discussed a number of key papers that will be presented at the next IAASB meeting to be held on 5 – 9 December 2016 in New York, particularly those pertaining to ISAs 540, 315, 600, ISQC1 and professional scepticism.

6. Enhanced External Reporting - update

The AUASB reviewed the draft submission on the IAASB's *Working Group Paper on Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements*. The AUASB endorsed the views of the stakeholders as reflected in the draft submission, subject to liaison with the NZAuASB.



7. Retiring AUASB Members

The AUASB Chairman recorded formal thanks from the Board to retiring members Caithlin McCabe and Jane Meade for the superb contribution they had made during their term on the AUASB.

She also thanked all the AUASB Members and staff for their dedication and hard work during the year.

In Camera Sessions:

8. Revision of Audit Committees – A Guide to Good Practice – 2nd edition

The AUASB considered and provided input into the draft *Audit Committees - A Guide to Good Practice*. The AUASB agreed that additional work was required and that an amended draft be brought back for further consideration at the 1 March 2017 AUASB meeting.

9. Peer Review

The AUASB considered the results of the peer review conducted under the auspices of the FRC and subsequent feedback to the Chairman in individual meetings.

Strategy Session held on 28 November 2016:

On the day before the AUASB meeting the AUASB were involved in a two hour strategy session hosted by Justin Lachal (AASB/AUASB National Director). The meeting focused on the profile of the AUASB, stakeholder engagement, process improvement and future issues impacting the audit and assurance community. There was general consensus that the current strategy could be enhanced and simplified. Further work on the strategy would be progressed early in the new year.

***The next meeting of the AUASB will be held in the TEQSA Boardroom,
Level 14, 530 Collins Street, Melbourne
on Wednesday, 1 March 2017 commencing at 10.00 a.m.
The meeting will be open to the public.***