



**Subject:** Minutes of the 77<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** Ken Spencer Room, AUASB offices  
Level 7, 600 Bourke St, Melbourne  
**Date:** 28 July 2015 from 10.30 a.m. to 4.30 p.m.

All Agenda Items were discussed in public.

### Attendance

AUASB Members: Ms Merran Kelsall (Chairman)  
Ms Robin Low (Deputy Chairman)  
Ms Jo Cain  
Mr Neil Cherry  
Ms Valerie Clifford  
Mr Chris George  
Ms Caithlin Mc Cabe  
Ms Jane Meade (until 3pm)  
Mr Colin Murphy  
Mr Bernie Szentirmay

Apology: Prof. Nonna Martinov-Bennie

AUASB Technical Group: Mr Richard Mifsud (Executive Director)  
Ms Susan Fraser (in part)  
Ms Claire Grayston (in part)  
Ms Rene Herman  
Ms Marina Michaelides (in part)  
Mr Howard Pratt (in part)

### Declarations of Interest

#### (Agenda Item 1 – Minute 995)

“Declarations of Interests” forms for Members were tabled, confirmed, and amended as appropriate.

Members have adopted the standing policy in respect of declarations of interests that a specific declaration will be made where there is a particular interest in an issue before the AUASB.

### Minutes

#### (Agenda Item 2 – Minute 996)

The AUASB approved the minutes of the 75<sup>th</sup> meeting held on 9 June 2015.



## Matters Arising and Action list

### (Agenda Item 3 – Minute 997)

The status of matters arising brought forward from previous AUASB meetings and action items were noted.

## Enhancements to Auditor Reporting

### (Agenda Item 4 – Minute 998)

The AUASB was requested to consider constituents' submissions in response to ED 01/15 (60 day exposure to 30 June 2015) and the accompanying proposed dispositions thereof. The AUASB was also requested to provide preliminary clearance to the draft standards which incorporated suggestions from constituents that were considered appropriate. The exposure comments and standards related to:

- a) Revisions to ASAs 700, 705, 706, 570 and 260;
- b) New standard ASA 701; and
- c) New amending standard ASA 2015-1 dealing with conforming amendments resulting from (a) and (b) above.

The AUASB progressed its consideration of the Board papers by discussing in detail, the following issues that were listed on the attachment to the Board Meeting Summary Paper (Agenda Item 4.1); and the related proposed amendments to the standards:

- a) Re-wording to ASA 700 in relation to the auditor's independence statement and compliance with relevant ethical requirements;
- b) Wording of the requirements and guidance regarding inclusion of the partner's name in an auditor's report;
- c) Re-instatement of pre-existing references to the *Corporations Act 2001*;
- d) Agreement to establish an "auditor's responsibilities" reference document to be located on the AUASB website;
- e) Agreement to wait for the finalisation of proposed revised ASA 720 *The Auditor's Responsibilities Relating to Other Information* (exposure period to end 10 August 2015) before finalising the wording in the illustrative auditor's reports;
- f) Whether there would be sufficient compelling reason to address the identified tension that may exist where an emphasis of matter (EOM) paragraph is not allowed if a matter is considered to be a reportable key audit matter (KAM). The AUASB discussed the potentially unintended consequences of an inconsistent treatment between auditor's reports on listed entities and auditor's reports on other entities. The AUASB decided the matter would be best raised as part of the IAASB and AUASB post-implementation reviews;
- g) Agreement that the AUASB would not undertake to produce illustrative KAM examples at this time but would reconsider this as part of the post-implementation reviews; and
- h) Agreement to revise GS 010 *Responding to Questions at an Annual General Meeting*. The AUASB decided that this project need not take priority at this time given the application of the standards will see the first significant changes implemented for the financial year to 30 June 2017. It was agreed that the project could commence in the first half of 2016.

The AUASB discussed further (technical) matters raised by members and agreement was reached on applicable wording for the standards. In particular the AUASB requested a decision tree to be developed for inclusion in an appendix to the new standard, ASA 701.



The AUASB also discussed a number of matters relating to publicising the new auditor reporting regime with particular attention to the potential rewards of reaching out to the investor, director and analyst communities to promote the benefits of enhanced auditor reporting.

The AUASB provided preliminary clearance for the standards subject to the changes to which it had agreed.

It was agreed that final approval to issue the standards would occur later in the year but only when the revision of ASA 720 and the subsequent conforming disclosures amendments had been finalised thereby enabling the entire suite of auditor reporting related standards to be considered as a whole by the AUASB.

### **GS 003 Audit and Review Requirements for Australian Financial Services Licensees under the Corporations Act 2001**

#### **(Agenda Item 5 – Minute 999)**

The AUASB discussed the revised ASIC Form FS 71 to which GS 003 relates. The AUASB raised several queries with the new form and will be seeking clarification of terminology from ASIC. A discussion on GS 003 will be held over until the next AUASB meeting, pending the resolution of the FS 71 queries.

### **Revision of Assurance and Other Standards**

#### **(Agenda Item 6 – Minute 1000)**

(a) *ASAE 3500 Performance Engagements*

The AUASB considered a draft revised ED of ASAE 3500 *Performance Engagements* and confirmed that the standard would address only direct engagements on performance of an activity, which may be across multiple entities. The AUASB provided comments on the draft standard and identified matters to be addressed in further drafting. A further draft will be brought back to the 15 September 2015 AUASB meeting for further discussion.

(b) *ASAE 3100 Compliance Engagements*

The AUASB considered the first draft of ED of ASAE 3100 *Compliance Engagements* and outcomes from the last PAG meeting. Work will continue on this project with the PAG and a further draft will be brought to the 15 September 2015 AUASB meeting.

(c) *Standard on Service Performance Information*

The AUASB received an update on the NZAuASB project to develop an auditing standard on service performance information, the AUASB's participation in that project and the NZAASB and AASB projects to develop accounting standards on reporting service performance information. The AUASB discussed how these engagements may be addressed in Australia in due course.

### **International**

#### **(Agenda Item 8 – Minute 992)**

(a) *IAASB Meeting 15-19 June 2015*

The AUASB received a report on key matters discussed and outcomes of the IAASB meeting held on 15-19 June 2015 in New York including :

- Non-Compliance with Laws and Regulations;
- Data Analytics;



- ISA 810 Summary Financial Statements;
- Group Audits;
- Agreed Upon Procedures;
- Combined Discussion Paper;
- Financial Institutions; and
- Audit Quality

(b) *FEE Audit Conference*

The Chairman and the Executive Director gave a brief overview of topics covered at the FEE Audit Regulation Conference held on 22-23 June 2015.

(c) *Integrated Reporting*

The AUASB received an update on current assurance related <IR> activities being undertaken both internationally and within Australia.

## **Corporate Matters**

### **(Agenda Item 10 – Minute 994)**

(a) *Emissions Reduction Fund and Clean Energy Regulator*

The AUASB received an update on the activities of the Clean Energy Regulator and Department of Environment, including the AUASB's involvement in providing advice on draft legislation for assurance on the safeguard mechanism.

(b) *Report from AUASB Chairman on Recent Meetings*

The AUASB noted the Chairman's key meetings attended and presentations given since the last AUASB meeting.

(c) *Report from NZAuASB Chairman on Recent Activities*

The NZAuASB Chairman updated the AUASB as to the status of activities in New Zealand including research projects to determine the impact of multi-scope engagements and the impact of the demand for assurance on small entities and small practitioners.

(d) *AUASB Strategy 2015-2019 and updated Technical Work Program*

The AUASB provided input and feedback on the *AUASB Strategy 2015-2019* document which will be brought back to the 15 September 2015 AUASB meeting.

(e) *Current AUASB PAG memberships*

The AUASB noted the current PAG membership listing.

## **Next Meeting**

The next meeting of the AUASB will be held on Tuesday, 15 September 2015 commencing at 10.00 a.m.



## **Close of Meeting**

The Chairman closed the meeting at 4.30 p.m.

## **Approval**

Signed as a true and correct record.

M H Kelsall  
*Chairman*

Date: 15 September 2015