



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **3**

Meeting Date: 31 July 2018

Subject: ED ASA 315 *Identifying and Assessing the Risks of Material Misstatement*

Date Prepared: 23 July 2018

Prepared By: Anne Waters

Action Required

For Information Purposes Only

Agenda Item Objectives

1. For the AUASB to approve:
 - (a) Exposure Draft 01/18 ASA 315 *Identifying and Assessing the Risks of Material Misstatement* (ED 01/18)
 - (b) Exposure Draft 02/18 ASA 315 *Conforming and Consequential Amendments* (ED 02/18)
 - (c) The timetable for release of ED 01/18 and 02/18, planned outreach and submission to the IAASB.

Background

1. The IAASB issued Exposure Draft ISA 315 (Revised), *Identifying and Assessing the risks of Material Misstatement, and conforming and consequential amendments* (ED-ISA 315) on 17 July 2018, with comments due by 2 November 2018.
2. The AUASB makes formal submissions on Exposure Drafts (ED) issued by the IAASB to contribute to the setting of international auditing and assurance standards.
3. The AUASB agreed at its meeting on 17 April 2018, to trial issuing EDs in Australia concurrently with the IAASB's ED-ISA 315.
4. At its meeting on 13 June 2018 the AUASB discussed the development of proposed ISA 315 (Revised) which was being voted on for issuance as an ED at the upcoming IAASB June 2018 meeting. AUASB members highlighted a number of issues such as the flow of the standard and the introduction of new terms which were communicated to Fiona Campbell, IAASB Member and Chair of the ISA 315 Task Force, and to Lyn Provost, IAASB member.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

5. As a result of all the feedback received the ISA 315 Task Force made further changes to ED-ISA 315 which was unanimously approved by the IAASB with a 110 exposure period.
6. Not all matters raised by AUASB were clearly addressed and these will be considered for inclusion in the AUASB's submission on ED-ISA 315 to the IAASB.

Matters to Consider

Part A – General

7. ED 01/18 is the Australian equivalent of the IAASB's ED-315.
8. ED 02/18 includes the conforming and consequential amendments to the other ISAs.
9. Explanatory Memorandum Exposure draft: *Identifying and Assessing the risks of Material Misstatement, and conforming and consequential amendments* will accompany ED 01/18 (refer July18_3(a)_ExplanatoryMemorandum_ED0118). This also refers to the IAASB's Explanatory Memorandum which provides detailed background and explanations of the proposed amendments.
10. Note that the AUASB Technical Group to date, have not identified any Australian compelling reasons, which is consistent with ASA 315 extant ie. there are no Aus paragraphs. This will be considered further before finalising the final ASA, and after feedback is received from Australian constituents.
11. In addition to the EDs, outreach will be conducted through:
 - (a) roundtable discussions (also covering ASA 540 *Auditing Accounting Estimates and Related Disclosures*) held in September and October in Melbourne, Sydney, Perth, Adelaide, Brisbane and Canberra, and
 - (b) a webinar.

Part B – NZAuASB

12. The NZAuASB will issue the IAASB's ED-315 as an ED in New Zealand with no compelling reason amendments.

Part C – “Compelling Reasons” Assessment

13. No compelling reasons have been identified to date. Note that this will be reassessed after consideration of submissions received from Australian stakeholders, and the roundtables.

AUASB Actions

14. Read and consider:
 - (a) Explanatory Memorandum Exposure Draft: *Identifying and Assessing the risks of Material Misstatement, and conforming and consequential amendments* (refer July18_3(a)-_ExplanatoryMemorandum_ED0118)
 - (b) ED 01/18 ASA 315 (refer July18_3(b)_ED_01-18_ProposedASA315)

- (c) ED 02/18 ASA 315 Conforming and Consequential Amendments (refer July18_3(c)_ED_02-18_ProposedAmendingStandard)
 - (d) ASA 315 timetable (refer July18_3(d)_ED_01-18_timetable)
15. Consider if any other questions should be included in the ED.

AUASB Technical Group Recommendations

16. The AUASB approve:
- (a) ED 01/18 and ED 02/18 for issue in Australia with a comment period of 70 days.
 - (b) ASA 315 timetable.

Material Presented

- Agenda Item 3 July18_3_BMSP_ASA 315_ED0118
 July18_3(a)_ExplanatoryMemorandum_ED0118
 July18_3(b)_ED_01-18_ProposedASA315
 July18_3(c)_ED_02-18_ProposedAmendingStandard
 July18_3(d)_ED_01-18_timetable
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