



**Subject:** Minutes of the 86<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB)  
**Venue:** TEQSA Boardroom, Tower Level 14, 530 Collins Street, Melbourne  
**Date:** 29 November 2016 from 8.30 a.m. to 5.00 p.m.

#### Attendance

AUASB Members:

- Ms Merran Kelsall (Chairman)
- Ms Robin Low (Deputy Chairman)
- Mr Robert Buchanan
- Ms Jo Cain
- Prof. Nonna Martinov-Bennie
- Ms Caithlin Mc Cabe
- Mr Chris George
- Ms Jane Meade
- Mr Colin Murphy
- Ms Carolyn Ralph
- Mr Ashley Wood

AUASB Technical Group:

- Ms Rene Herman
- Ms Marina Michaelides
- Ms Anne Waters
- Mr Mark Dowling (in part)

#### Welcome and Declarations of Interest

##### (Agenda Item 1 – Minute 1073)

“Declaration of Interests” forms for members were tabled and confirmed. Members have adopted a 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 1 – Minute 1074)

The AUASB approved the minutes of the 85<sup>th</sup> meeting held on 25 October 2016.

#### Matters Arising and Action List

##### (Agenda Item 1 – Minute 1075)

The status of matters arising and action items brought forward from the previous AUASB meeting was noted.



### **ASAE 3100 Compliance Engagements**

#### **(Agenda Item 2 – Minute 1075)**

The AUASB considered and agreed on the *Disposition Paper of Submissions Received* on the ASAE 3100 ED, requested some additional amendments and approved to issue, the revised standard ASAE 3100 *Compliance Engagements*. The revised ASAE is expected to be released in early 2017.

### **Audit Committees Guide (closed session)**

#### **(Agenda Item 3 – Minute 1076)**

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 a revised draft is to be brought back for further consideration at the 1 March 2017 AUASB meeting.

### **GS 001 Concise Financial Reports**

#### **(Agenda Item 4 – Minute 1077)**

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

### **Auditor Reporting Frequently Asked Questions**

#### **(Agenda Item 5 – Minute 1078)**

The AUASB noted that the first tranche of FAQs has 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 relating to parent and consolidated entities was consistent with the position outlined in the IAASB FAQs, while Stapled Security groups are unique Australian scenarios and the approaches outlined in the board paper meet the compelling reasons test. The communication of KAMs specifically for each listed entity within the stapled security group may not enhance the communicative value of the auditor's report and may not achieve the overall purpose of communicating KAMs.

The AUASB approved to issue an ED on potential amendments to 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 separate listed issuer.

An exposure draft will be prepared and sent to the AUASB for an out of session vote during December 2016. This exposure draft will also include the amendment to ASA 700 *Forming an Opinion and Reporting on a Financial Report* approved by the AUASB at its meeting on 13 September 2016. 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.



### **ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report**

#### **(Agenda Item 6 – Minute 1079)**

The AUASB discussed and approved, subject to minor amendments, the issue of 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 with a 90-day comment period, after the APESB releases their ED in relation to changes to the APESB Code resulting from the IESBA NOCLAR changes.

The AUASB supported the ongoing engagement with the APESB and that stakeholder engagement should be conducted in a synchronised manner.

### **International Update**

#### **(Agenda Item 7 – Minute 1080)**

The AUASB discussed the draft submission to the IAASB on Emerging External Reporting as well as IAASB meeting papers in relation to ISA 540, ISA 315, Professional Scepticism, Quality Control and Group Audits.

### **Other Matters**

#### **(Agenda Item 8 – Minute 1081)**

(a) Jim Sylph Visit

The AUASB discussed the recent Auditor Reporting sessions that were held in Melbourne (21 November 2016) and Sydney (22 November 2016) to coincide with the visit from Jim Sylph.

(b) Data Analytics Roundtables

The AUASB discussed the upcoming Data Analytics Roundtables to be held in Melbourne (30 November 2016) and Sydney (12 December 2016).

### **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.

### **Board Review (closed session)**

#### **(Agenda Item 9 – Minute 1082)**

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 28 November 2016 the AUASB held a two hour strategy session hosted by Justin Lachal (the 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. Further work on the strategy will be progressed early in the new year. The AUASB agreed to amend the AUASB strategy to remove the fifth strategic objective, "Harmonise Australian and New Zealand auditing and assurance standards", given that this objective has been largely accomplished. Remaining strategic objectives would be refined and Key Performance Indicators agreed at subsequent meetings. These would all be incorporated in the Corporate Plan for the year ending 30 June, 2018.



### **Next Meeting**

The next regular meeting of the AUASB will be held will be held in the TEQSA Boardroom, Level 14, 530 Collins Street, Melbourne at 10.00am<sup>1</sup>.

### **Close of Meeting**

The Chairman closed the meeting at 5.00 p.m.

### **Approval**

Signed as a true and correct record.

M H Kelsall  
*Chairman*

Date: 31 January 2017

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<sup>1</sup> Note: Subsequent to the AUASB meeting on 29 November 2016 the AUASB have called a special meeting to be held by teleconference on Tuesday 31 January 2017 at 2.00pm.