



Subject: Minutes of the 72nd meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne
Date: 21 October 2014 from 10.00 a.m. to 4.30 p.m.

All Agenda Items were discussed in public.

Attendance

AUASB Members:

- Ms Merran Kelsall (Chairman)
- Mr Greg Pound (Deputy Chairman)
- Ms Jo Cain
- Ms Valerie Clifford
- Mr John Gavens
- Mr Chris George (by telephone until 12:30pm)
- Ms Robin Low
- Prof. Nonna Martinov-Bennie (until 4:00pm)
- Ms Caithlin Mc Cabe
- Ms Jane Meade
- Mr Colin Murphy
- Mr Bernie Szentirmay

Apologies: Mr Neil Cherry

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 952)

“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 953)

The AUASB approved the minutes of the 70th and 71st meeting held on 10 June 2014 and 9 September 2014 respectively.



Matters Arising and Action list

(Agenda Item 3 – Minute 954)

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

Assurance on Controls

(Agenda Item 4 – Minute 955)

The AUASB considered the disposition of comments received on exposure draft ED 01/14 for proposed Standard on Assurance Engagements ASAE 34XX *Assurance Engagements on Controls* and proposed disposition paper, along with draft amendments to ASAE 34XX. The AUASB provided direction on further amendments to be made to the draft standard. After further input from the Project Advisory Group, the draft standard will be brought back to the 25 November 2014 AUASB meeting for approval as a final standard.

GS 017 Auditing Prudential Requirements of Life Companies

(Agenda Item 5 – Minute 956)

The AUASB considered the revisions to GS 017 *Audit Implications for Prudential Reporting Requirements of a Life Company*. The AUASB provided some further editorials and comments on the limited assurance report in Appendix 1. After further input from specialist insurance auditors, a final draft of GS 017 will be brought back to the 25 November 2014 meeting for approval.

Multi-Scope Engagements and Grant Acquittals

(Agenda Item 6 – Minute 957)

The AUASB received an update on the progress in the development of the new Guidance Statement dealing with practical issues in multi-scope engagements and grant acquittals. The project advisory group has met twice with the next meeting scheduled for mid-November 2014. The AUASB provided some further comments on GS 02X *Multi-Scope Engagements and Grant Acquittals*. A further draft of GS 02X will be brought back to the 25 November 2014 meeting. Completion of the Guidance Statement is expected early in 2015.

GS 005 Using the Work of a Management's Expert

(Agenda Item 7 – Minute 958)

The AUASB received an update on the project to revise GS 005 *Using the Work of a Management's Expert*. The AUASB agreed that no example work program should be included as an appendix to the Guidance Statement. A draft guidance statement will be brought for consideration to the 25 November 2014 meeting.

International

(Agenda Item 8 – Minute 959)

(a) IAASB Auditing Disclosures ED

The AUASB noted the AUASB submission on the IAASB ED *Proposed Changes to the International Auditing Standards (ISAs) - Addressing Disclosures in the Audit of Financial Statements*.



(b) IAASB Meeting 15-19 September 2014

The AUASB was updated on the IAASB's projects including the IAASB's approval of the ISA 700 suite of standards and the conforming amendments to other standards including ISA 260 on communications with those charged with governance, and ISA 570 on going concern. Completion of the IAASB's projects on the ISA 800 suite, ISA 720 on other information and the disclosures projects are on target for completion in late 2014 and the first half of 2015.

(c) Auditor Reporting Project

The AUASB considered a proposed plan, including outreach and roundtables, to implement the IAASB's auditor reporting enhancements, ISA 720 and disclosures projects; together with the consequential amendments to other standards. The AUASB aims for a single public exposure, around mid-2015 once all IAASB projects have been completed and the standards issued.

The AUASB also considered, on a preliminary basis, various key issues, which may give rise to compelling reasons to certain Australian-specific amendments to these standards, and the need for liaison with the NZAuASB and public consultation on any such amendments in early 2015. These issues will be considered in further detail at the next AUASB meeting on 25 November 2014.

Other Auditing and Assurance Matters

(Agenda Item 9 – Minute 960)

(a) *Integrated Reporting Update*

The Chairman updated the AUASB on developments in Integrated Reporting including the BRLF roundtable held in conjunction with KPMG on 21 October 2014 and the professional accounting bodies roundtables held on 22/23 October 2014. The feedback from the roundtables will be used in a submission to the IIRC due in early December 2014. In addition to the written update provided by the AUASB technical group, Ms Jo Cain provided the AUASB with a documented update on <IR> developments.

(b) *GS 003 Audit and Review Requirements for Australian Financial Services Licensees*

The AUASB was updated as to the status of the GS 003 revision project. This project is on hold pending ASIC's revision to the ASIC form FS 71.

(c) *ACNC Update*

The AUASB was informed that the ACNC had published its guides, including illustrative auditor's reports, in relation to registrants' financial reporting for the year to 30 June 2014.

Corporate Matters

(Agenda Item 10 – Minute 961)

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

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

(b) *Report from NZAuASB Chairman*

The AUASB Chairman provided a brief update as to the activities of the NZAuASB including apprising the AUASB of the New Zealand views on the auditor reporting project and advising the AUASB that the NZAuASB is under the responsibility of a new minister.



(c) *Updated AUASB 2014-2015 Technical Program*

The AUASB noted the updated *AUASB 2014-2015 Technical Program*.

(d) *Current AUASB PAG memberships*

The AUASB noted the current PAG membership listing.

(e) *Correspondence*

The AUASB noted correspondence from the Institute of Internal Auditors - Australia and the draft reply. AUASB members were invited to provide further input into the draft response prior to its finalisation and clearance by the Chairman.

(f) *International subcommittee*

The Chairman indicated to the AUASB that it would be desirable to form an international subcommittee, to advise her on matters contained in IAASB papers going forward. It was suggested by the Chairman that the subcommittee could meet by teleconference on the day prior to the AUASB meetings to discuss issues in a more detailed level. AUASB members were asked to express their interest and details would be finalised for the subcommittee's operation in due course.

Next Meeting

The next meeting of the AUASB will be held on Tuesday, 25 November 2014 commencing at 9.00 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: 25 November 2014