



Attachment to AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **4.1**

Meeting Date: 10 September 2013

Subject: IAASB Auditor Reporting Exposure Draft

Date Prepared: 27 August 2013

AUASB's Plan for Consultations

1. To obtain information from constituents to assist the AUASB with its submission to the IAASB, the AUASB has adopted the following approach:

(a) *Website*

On 26 July 2013, the AUASB posted an invitation to constituents seeking comment on the IAASB's exposure draft. The invitation requested written submissions to reach the AUASB by no later than 22 October 2013.

(b) *Roundtable Events*

(i) **Practitioners:**

Melbourne	7 October	2:00pm – 4:30pm	AUASB Office
Sydney	15 October	10:00am – 12:30pm	ASIC Office

(ii) **Preparers, Audit Committee Members, Analysts and Investors:**

Sydney	15 October	2:00pm – 4:00pm	ICAA Office
Melbourne	16 October	10:00am – 12:00pm	CPAA Office

(c) *One on One*

The AUASB Chairman and Executive Director will conduct separate meetings with a number of interested parties to obtain their views on the IAASB's proposals. Representatives from each of the groups listed above, particularly the analyst and investor groups, will be selected for these specific discussions.

(d) *Field Testing*

Board members from the firms and public sector have been asked to participate in the IAASB's "field tests". The field tests will produce valuable input from the auditor's, preparers and the client's perspectives.

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(e) *Joint Meeting with the NZAuASB.*

On 10 September 2013, the AUASB and the NZAuASB will hold a joint meeting. One of the agenda items will be a discussion about the IAASB's exposure draft. See suggested approach below. The discussions will also provide input to the AUASB's submission.

Suggested Approach to Joint Board Discussions on the IAASB's Exposure Draft on Auditor Reporting

2. As the IAASB's exposure draft comprises nearly 200 pages, it is suggested that discussion is limited to a few topics. The following questions have been developed from the specific and general questions asked by the IAASB and can be used as an agenda for the joint discussions. The questions have been designed to encourage the free flow of information and opinion and have been selected from the more substantive topics included in the IAASB exposure draft.

Given time constraints, it may not be possible to cover all the questions below, however, Board members are requested, where possible, to address the KAM and Going Concern areas as a minimum.

The last question, under the heading "Overall", is intentionally unrestricted to enable discussion on any issues/matters other than those arising from the list of questions below. In view of the limited time allocation, Board members are asked to keep such issues to only those that are likely to have a substantive effect.

3. *Questions*

Key Audit Matters

- Do Board Members believe that:
 - KAM will enhance users' view of the usefulness of the auditor's report?
 - Proposed ISA 701 provides an appropriate framework, and sufficient direction, for auditors to appropriately and reasonably consistently, determine KAM?
 - The example KAM paragraphs in the proposed illustrative auditor's report are useful and informative?
- What are the Board Members' views on the IAASB's approach to retaining Emphasis of Matter and Other Matter paragraphs when including KAM?

Going Concern

- Do Board Members agree with the auditor:
 - Concluding on the appropriateness of management's use of the going concern basis of accounting; and
 - Stating whether or not a material uncertainty has been identified?
- Do Board Members believe the proposed changes to auditor reporting will be misunderstood or misinterpreted by users?
- Do Board Members consider the example going concern paragraphs in the proposed illustrative auditor's reports to be useful and informative?

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Other Proposals

- What are Board Members' views on the proposal to disclose the sources of independence and other ethical requirements?
- What are Board Members' views on:
 - Re-locating auditor responsibilities to an appendix or a website?
 - Reference to whom in the entity is responsible for overseeing the entity's financial reporting process?
 - The overall form and content of the proposed auditor's report?
 - The proposed changes to other standards (other than ISA701)
 - The anticipated benefits and costs arising from the proposals?
 - Necessary changes needed to implement the proposals?
 - Any foreseeable difficulties?

Overall

- Are there any substantive issues relating to the proposed amendments
- Are there any other substantive issues/matters that require discussion?

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