



Subject: Highlights of the 65th meeting of the Auditing and Assurance Standards Board (including joint meeting with the New Zealand Auditing and Assurance Standards Board (NZAUASB))

Venue: Ken Spencer Room, AUASB offices
Level 7, 600 Bourke St, Melbourne

Date: 10 September 2013

1. **Due Process and Trans-Tasman Harmonisation**

The AUASB and the NZAuASB held a joint meeting where their Chairmen outlined their respective standard setting mandates. The AUASB and the NZAuASB discussed their continuing trans-Tasman co-operation in line with the Outcome Statements of their respective Governments. Particular focus was given to enhancements of communication protocols and the harmonisation of standards. The Boards explored strategies to deal with IAASB matters and work jointly on projects of mutual interest. A joint communique will shortly be issued.

2. **Auditor Reporting**

The two Boards outlined their planned approach to obtaining constituents' input to the recently released IAASB exposure draft on auditor reporting: *Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)*. The plans included roundtables and forums to be held in October; website requests with feedback requested by 22 October; interviews with individuals and field tests. In Australia, several firms and one Auditor General's office volunteered and were already underway, with field tests involving clients agreeable to the initiative being planned. In New Zealand, efforts are being made to gauge firms' interest.

The two Boards also discussed their views on the main suggestions in the exposure draft. The discussion centred on Key Audit Matters (KAM) and Going Concern proposals with some consideration of the less significant changes to the auditor's report and other related standards.

Key existing Auditing Standards to be revised as part of the auditor reporting proposals are:

ISA 700 *Forming an Opinion and Reporting on Financial Statements*

ISA 260 *Communication with Those Charged with Governance*

ISA 570 *Going Concern*

ISA 705 *Modifications to the Opinion in the Independent Auditor's Report*

ISA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

Additionally, a new Auditing Standard is proposed to be issued being ISA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.

3. **Financial Reporting Council (FRC) Chairman Presentation**

The FRC Chairman, Ms Lynn Wood, presented an overview of the FRC's recent activities and Strategic Plan 2013-2016.



4. International Matters

- (a) The AUASB considered the following papers for the IASSB meeting to be held 16-20 September 2013 in New York.
- ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*
 - Framework for Audit Quality
 - Auditing Disclosures (proposed amendments to ISAs 300, 315, 320, 330, 450)
 - IAASB Future Strategy 2015-2019 and Related Work Program
 - ISA 720 *The Auditor's Responsibilities Relating to Other Information*
- (b) The AUASB noted the latest International Update being a report on recent activities of the IAASB and other international bodies, including national standards setters.

5. GS 009 Auditing Self-Managed Superannuation Funds

The AUASB approved, subject to further editorial amendments and Office of Best Practice Regulation (OBPR) clearance, the revision of GS 009. It is expected that the revised Guidance Statement will be released in late-September 2013.

6. GS 002 Prudential Audit Requirements for Registrable Superannuation Entities

The Board received an update on the progress of GS 002 *Audit Implications of Prudential Reporting Requirements for Registrable Superannuation Entities*. It is planned that the Board will consider a first draft of the Guidance Statement at its next meeting on 28 October 2013.

7. Other Matters

- (a) *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements*
- The AUASB approved the proposed amendments to ASQC 1 thereby including in its scope, related services engagements performed in accordance with Standards on Related Services.
- (b) *Privity Letter Requests*
- The majority of the Board determined that there was little demand for such a guidance statement and supported the withdrawal of AGS 1014 *Privity Letter Requests*.

***The next meeting of the AUASB will be held on Monday, 28 October 2013
at Level 7, 600 Bourke Street, Melbourne***

The meeting will be open to the public