



**Subject:** Minutes of the 65<sup>th</sup> meeting of the Auditing and Assurance Standards Board (AUASB) (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 from 8.30 a.m. to 4.30 p.m.

All agenda items were discussed in public.

## Attendance

AUASB Members: Ms Merran Kelsall (Chairman) (to 4:05pm)  
Mr Jon Tyers (Deputy Chairman)  
Ms Jo Cain  
Mr Neil Cherry  
Ms Valerie Clifford  
Mr John Gavens  
Mr Chris George  
Prof. Nonna Martinov-Bennie  
Ms Jane Meade  
Mr Colin Murphy  
Mr Greg Pound  
Mr Bernie Szentirmay (by telephone until 4:05pm)  
Ms Kristen Wydell

NZAuASB Members: Mr Craig Fisher (8.30 a.m. to 1.30 p.m.)  
Mr Roy Glass  
Mr Pat Heslin  
Ms Marje Russ  
Ms Rowena Sinclair

AUASB Technical Group: Mr Richard Mifsud (Executive Director)  
Ms Susan Fraser (in part)  
Ms Claire Grayston (in part)  
Ms Rene Herman (in part)  
Ms Marina Michaelides (in part)  
Mr Howard Pratt (in part)

NZ XRB Staff: Mr Tony Dale (Chief Executive) (in part)  
Ms Sylvia van Dyk (in part)  
Ms Misha Pieters (in part)  
Ms Kala Vijian (in part)

Apologies: None



## **Welcome and Introductions – Joint Board Meeting**

### **(Agenda item 1 – Minute 868)**

The Chairman welcomed all AUASB and NZAuASB members to the first joint meeting of the Boards. The Chairman also welcomed XRB technical staff and public observers. Brief individual introductions of all board members and technical staff were made.

## **Outline of Respective Mandates of the AUASB and NZAuASB**

### **(Agenda item 2 – Minute 869)**

The NZAuASB Chairman gave an overview of the mandate of the NZAuASB. This included a brief overview of its history and evolution from a professional body organisation, organisational structure and its legislative mandate to set auditing standards for all statutory audit engagements conducted in New Zealand. As such, the NZAuASB standards are legislative instruments, and auditors of issuers are legally required to follow these standards. The Chairman also briefly explained that the New Zealand Institute of Chartered Accountants (NZICA) has responsibility for setting audit and assurance standards for non-statutory audit and assurance engagements and that the NZAuASB and the NZICA work closely together.

The AUASB Chairman then gave a comparable overview of the AUASB, including its strategic direction, history, organisational structure (including the separation of its technical and administrative functions) and legislative mandate.

## **Trans-Tasman Harmonisation Issues**

### **(Agenda item 3 – Minute 870)**

The Board meeting provided an opportunity for the AUASB and the NZAuASB to further their continuing collaboration through their first face-to-face meeting. The Chairman opened the discussion by welcoming the NZAuASB members and then both Chairmen provided an outline of their respective standard-setting mandates and a brief overview of the respective frameworks under which each Board operates.

At its 29 July 2013 meeting, the AUASB considered a NZAuASB paper that explored ways of operationalising the harmonisation policy agreed to by both Boards in 2012. A revised paper by NZAuASB staff was tabled as Agenda Item 3. The overall focus of the paper was the enhancements of communication protocols and the harmonisation of standards. The Boards discussed various aspects of the paper and agreed to the suggested times, during the exposure and finalisation of international standards, for the two Boards to communicate.

The exact method and scope of communication would be agreed on a case by case basis. It was also agreed that the suggested communication protocols will be implemented and fine-tuned over time to ensure issues and key decisions were effectively shared on a timely basis.

In addition, the Boards explored strategies to deal with IAASB matters and to work jointly on certain projects of mutual interest. Both Boards concluded that the joint meeting was a great success, providing benefits to all participants. It was agreed that another joint meeting should be scheduled and that a joint communiqué on the Boards' collaboration should be issued in due course.

## **IAASB Auditor Reporting ED Discussion**

### **(Agenda item 4 – Minute 871)**

The two Boards outlined their 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 AUASB plans included:

- AUASB Roundtables (practitioners) and forums (audit committee members, preparers, analysts and investors)—organised through the ICAA, CPAA and AICD — to be held in October in both Melbourne and Sydney;
- An open request for input posted on the AUASB website;
- Interviews with individuals; and
- Field tests. In Australia, several firms, and one Auditor General's office, volunteered to participate in the field tests which, in some instances, were already underway involving clients agreeable to the initiative.

The NZAuASB plans included:

- Roundtables with both firms (practitioners) and audit committee members;
- Requests and other efforts to gauge firms' interest in field testing;
- Liaison with the Auditor General who had agreed to a number of field tests; and
- Completion of the NZ exposure draft, expected to be issued shortly.

On completion of the discussion on obtaining constituents' views, the two Boards turned to commenting and discussing their views and observations of the IAASB's exposure draft proposals to enhance auditor reporting. The discussion centred on the Key Audit Matters (KAM) and the Going Concern proposals with some consideration given to a small number of other proposed changes to the auditor's report and to other related standards.

The discussion highlighted issues that will be incorporated into the AUASB's formal submission to the IAASB. The most significant concern raised by a number of Board members was the proposed criteria auditors should use to select KAM. Several members agreed that the criteria should be limited to matters of significant risk, this being consistent with the overall audit approach promoted by the ISAs.

In line with the enhanced communications protocols agreed to under Agenda Item 3, the Boards agreed to communicate regularly on the issues raised by constituents and on the progress, and content, of the drafting of their respective submissions.

## **Discussion with Ms Lynn Wood, FRC Chairman**

### **(Agenda item 5 – Minute 872)**

The AUASB and NZAuASB welcomed Ms Lynn Wood, FRC Chairman to the meeting. The FRC Chairman gave an overview of the FRC's newly approved and issued *2013-2016 Strategic Plan* document. This included the FRC's objectives, strategy, its environmental scan and SWOT analysis of the financial reporting system and actions. The AUASB Chairman (as a member of the FRC) gave a brief overview of the status of the work of the FRC's audit quality taskforce.

## **AUASB Meeting**

### **Minutes**

#### **(Agenda item 6(a) – Minute 873)**

The AUASB approved the minutes of the 64<sup>th</sup> meeting held on 29 July 2013.



## **Matters Arising and Action List**

### **(Agenda item 6(b) – Minute 874)**

The status of matters arising brought forward from previous AUASB meetings and action items were noted, with amendments to be carried forward as requested by the AUASB.

## **Report from AUASB Chairman on Recent Meetings, Corporate Matters and Correspondence for noting**

### **(Agenda item 7(a) – Minute 875)**

The Chairman reported on key meetings attended and presentations given since the last AUASB meeting, including:

- FRC Nominations Committee
- IAASB Audit Quality Task Force
- AASB/AUASB Emerging Accounting and Auditing Issues Discussion Group
- NZAuASB meeting by teleconference
- AICD/CPA Australia/ICAA Auditor Reporting Roundtable teleconference
- FRC Audit Quality Committee meeting
- ASIC quarterly meeting

## **International**

### **(Agenda item 8 – Minute 876)**

#### **(a) IAASB Meeting**

The AUASB considered the following papers for the IAASB 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 standard setters.

## **GS 009 Auditing Self-Managed Superannuation Funds**

### **(Agenda item 9 – Minute 877)**

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. The AUASB committed to revising the Guidance Statement as required to reflect regulatory changes.



## **GS 002 Prudential Audit Requirements for Registrable Superannuation Entities**

### **(Agenda item 10 – Minute 878)**

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.

## **Amendments to ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance**

### **(Agenda Item 11 – Minute 879)**

The AUASB approved the proposed amendments to ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements* thereby including in its scope, related services engagements performed in accordance with Standards on Related Services. Mr Pound supported the approval of the amendments, however, he reiterated his opposition to the AUASB issuing a Standard on Related Services.

## **Other Matters**

### **(Agenda Item 12 – Minute 880)**

#### **(a) 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*. Ms Clifford did not support the withdrawal of the document but supported a revision. This was not supported by the remainder of the Board.

## **Next Meeting**

The next meeting of the AUASB will be held on Monday, 28 October 2013.

## **Close of Meeting**

The Deputy Chairman closed the meeting at 4.30 p.m.

## **Approval**

Signed as a true and correct record.

M H Kelsall  
*Chairman*

Date: 28 October 2013