



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**      **6.1.1**  
**Meeting Date:**            12 September 2018  
**Subject:**                    AUASB Glossary  
**Date Prepared:**            13 August 2018

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. The objective of this agenda item is to:
  - (a) **Update** the AUASB on decisions made by the AUASB Technical Group (ATG) since the previous update to the AUASB at the June 2018 meeting;
  - (b) **Provide an overview** of how the different definitions for terms have arisen;
  - (c) **Outline** options for the final presentation of the revised glossary; and
  - (d) **Seek responses** to questions 1-4 included in this BMSP.

**Note:** AUASB Members are not expected to read and approve the terms/definitions in the glossary. The terms and definitions within the glossary are drawn directly from issued Standards without modification. The focus of this discussion is on determining the method of presentation which best balances the needs of stakeholders. This paper proposes a number of alternative presentation methods which the AUASB are asked to vote on. A clean version of option 2 (ATG recommended method) has been included as part of the Board Papers. A mark-up and clean version of options 1 option 2 are available upon request.

## Background

### *Update*

2. An update on the Glossary was provided to the AUASB at the June 2018 meeting. The ATG advised the AUASB that a final package of documents was to be brought to the September 2018 AUASB meeting for review and approval to issue.
3. During the preparation of the revised glossary, a number of terms with multiple definitions were identified. In some instances the definitions for the terms were significantly different, whilst others had minor differences such as the use of “in this Standard” as opposed to “in this ASAE”. The inclusion of all definitions for terms significantly extended the length of the glossary, for example, the term *assurance practitioner* has seven separate definitions throughout the suite of AUASB standards (ASAs, ASREs, ASAEs and ASRSs).

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4. The multiple definitions were brought to the attention of the wider ATG and the best way forward was discussed. It was decided by the ATG that a marked-up version of the revised glossary along with alternatives presentation methods would be brought to the September 2018 AUASB meeting for discussion and possible issuance.

***How have the differences arisen?***

5. To determine whether the differences in definitions had arisen during convergence and adoption as Australian standards or whether differences were consistent with IAASB standard, the AUASB Technical Group reviewed relevant IAASB standards.
6. In the case of the auditing standards (ASAs), the majority of differences exist at the international level. The following definitions are different within the ASAs: *applicable financial reporting framework, assurance practitioner, audit evidence, financial statements, inspection and management*. Table 1 of Attachment A details these differences.
7. In the case of the Australian Standards on Assurance Engagements (ASAEs), a number of differences have arisen due to terms being modified to be subject-matter specific. Where there is an international equivalent of an ASAE, these subject-matter specific definitions are consistent with the international standard. Where there is no international equivalent, the AUASB has modified the definition to fit specifically with the subject-matter, for example in ASAE 3610<sup>1</sup> a context specific definition of *applicable criteria* was approved by the AUASB Board. Table 2 of Attachment A outlines the differences between definitions in ASAEs.

***Presentation method of the glossary***

8. The ATG discussed alternative presentation methods for the revised AUASB Glossary which have been outlined below in paragraph 10. As part of the consideration of presentation methods, the ATG reviewed the presentation methods adopted by the IAASB and the NZAuASB.
9. The IAASB method presents the primary definitions for terms along only with some subject-matter specific definitions. The subject-matter specific definitions are differentiated from the primary definition through the use of *in the context of X* as part of the definition. The NZAuASB method is consistent with the IAASB method but includes New Zealand specific terms which have the prefix [NZ] added before them. The IAASB/NZAuASB method does not link terms to a source standard but does provide a key to indicate broadly the source of the definition.
10. The alternative methods considered by the AUASB Technical Group were:
  - (a) **Option 1** – Full glossary – all definitions for terms, including standard-specific definitions are presented with standard-specific definitions identified using “in the context of”;

<b>Terms</b>	<b>Source(s)</b>
<i>Assurance practitioner</i> means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures).	ASQC 1 ASA 102
<i>Assurance practitioner</i> (in the context of ASA 220) means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services.	ASA 220

<sup>1</sup> See ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*.

<i>Assurance practitioner</i> (in the context of ASAE 3000) means the individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting an assurance engagement. Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the “lead assurance practitioner” rather than the “assurance practitioner” is used.	ASAE 3000
<i>Assurance practitioner</i> (in the context of ASAE 3500) means individual or firm or other organisation, whether in public practice, industry and commerce, or the public sector, providing assurance services including performance engagements. Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the “lead assurance practitioner” rather than “assurance practitioner” is used.	ASAE 3500
<i>Assurance practitioner</i> (in the context of ASAE 3610) means the individual, firm or other organisation, whether in public practice, industry and commerce, or the public sector, conducting an assurance engagement. Where this Standard expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term “lead assurance practitioner” rather than “assurance practitioner” is used.	ASAE 3610
<i>Assurance practitioner</i> (in the context of ASRE 2400) means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services. The term includes the engagement partner or other members of the engagement team, or, as applicable, the firm. Where this ASRE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “assurance practitioner” is used. “Engagement partner” and “firm” are to be read as referring to their public sector equivalents where relevant.	ASRE 2400
<i>Assurance practitioner</i> (in the context of ASRS 4400) means a person or an organisation, whether in public practice, industry, commerce or the public sector, involved in the provision of assurance services.	ASRS 4400

- (b) **Option 2** – Primary definition with link to standard-specific – for each term, the definition which applies to multiple standards is shown, standards which contain a standard-specific definition for a term will be identified (e.g. Primary Term, for subject matter specific terms see, ASA 102, ASAE 3150, ASAE 3500). **Agenda Item 6.1.3** has been prepared using this method;

<b>Terms</b>	<b>Source(s)</b>
<i>Assurance practitioner</i> means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures).	ASQC 1 ASA 102
For subject matter specific definitions see: ASA 220, ASAE 3000, ASAE 3500, ASAE 3610, ASRS 2400 or ASRS 4400.	

- (c) **Option 3** – Primary definition only – for each term, the definition which applies to multiple standards is shown and referenced back to a source, standard-specific definitions are not included; and

<b>Terms</b>	<b>Source(s)</b>
<i>Assurance practitioner</i> means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures).	ASQC 1 ASA 102

- (d) **Option 4** – NZAuASB presentation method, only primary definitions and some subject-matter specific definitions included with no link to a source, where Australian specific terms are used identify with [Aus] prefix.

<b>Terms</b>
<i>[Aus] Assurance practitioner</i> means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures).
<i>[Aus] Assurance practitioner</i> (in the context of ASAE 3000) means the individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting an assurance engagement. Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the “lead assurance practitioner” rather than the “assurance practitioner” is used.

The ATG intends the Glossary to be a live document. Updates to the Glossary will occur concurrently with changes to standards.

## **Matters to Consider**

### ***Determination of primary definition***

11. Where multiple definitions for a term exist, the ATG have determined a primary definition. For all other definitions for the same term, the ATG have included *in the context of X* to differentiate it from the primary definition.
12. The ATG determined primary definitions through considering at what level a definition applies. The levels of consideration were:
  - (a) Does the definition apply across more than one suite of standards? For example, definitions in ASQC 1 or ASA 102 apply to ASAs, ASREs, ASAEs and ASRSs;
  - (b) Does the definition apply to more than one standard in a suite? For example, definitions in ASAs generally apply throughout the suite of ASAs; and
  - (c) Does the definition apply to more than one standard across suites? For example, a definition may apply to a single ASA and a single ASAE.
13. Table 3 in Attachment A shows the ATG’s consideration of primary definitions for all terms which have multiple definitions.

**Questions**

1. Does the AUASB agree with the method used by the ATG to determine the primary definition for relevant terms?
2. Are there any definitions in the attached appendix that should/should not be the primary definition?

***Presentation method of the glossary***

14. Alternative presentation methods have been presented in paragraph 10, above.

**Questions**

3. Which presentation method does the AUASB consider to be the most useful to stakeholders?

**AUASB Technical Group Recommendations**

15. The ATG recommends the AUASB approve the glossary, prepared using Option 2, for issuance. The opinion of the ATG is that Option 2 provides the best balance of public interest as it:
  - (a) Provides a complete listing of terms which is useful for stakeholders; and
  - (b) Requires updating only when a primary definition is changed or a new standard-specific definition is added.

**Questions**

4. After taking into account responses to questions 1-3 and the glossary going through the appropriate quality control process, does the AUASB approve the revised glossary for issuance?

**Material Presented**

Agenda Paper 6.1.1	AUASB Board Meeting Summary Paper
Agenda Paper 6.1.2	Attachment A – Supporting Tables Glossary
Agenda Paper 6.1.3	Proposed AUASB Glossary 2018 – Clean

**Action Required**

No.	Action Items	Deliverable	Responsibility	Due Date	Status
1.	Questions 1-4	AUASB to provide responses	AUASB	12 September 2018	In-progress