Consultation Paper

AUASB Agenda Consultation 2022–23

Issued by the **Office of the Auditing and Assurance Standards Board**

Comments are requested to the AUASB by 29 July 2022

Australian Government

Auditing and Assurance Standards Board

How to Comment on this AUASB Consultation Paper

The AUASB is seeking comment by 29 July 2022.

Submissions should be sent to the Office of the AUASB either electronically as a PDF document (and, if possible, a Word document - for internal use only), as an email or via post to the contact details below. Submissions from all types of stakeholders are welcomed and may be provided via the following methods:

E-mail: enquiries@auasb.gov.au
Phone: (03) 8080 7400
Mail: PO Box 204, Collins St West, VIC 8007

All submissions on possible, proposed or existing auditing and assurance requirements, or on the standard-setting process, will be placed on the public record unless the Chair of the AUASB agrees to submissions being treated as confidential. The latter will occur only if the public interest warrants such treatment.

Obtaining a Copy of this Consultation Paper

This Consultation Paper is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au, or via the contact details above.

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Important Note and Disclaimer

This Consultation Paper is issued by the AUASB to gather views from Australian stakeholders on the potential projects the Auditing and Assurance Standards Board (AUASB or Board) should be addressing as part of its Work Program over the next few years.

This Consultation Paper does not establish or extend the requirements under an existing AUASB Standard(s) and is not intended to be a substitute for compliance with the relevant AUASB Standards with which auditors and assurance practitioners are required to comply when conducting an audit or other assurance engagement. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

Australian Government
Auditing and Assurance Standards Board

CONSULTATION PAPER

AUASB Agenda Consultation 2022 – 23

The purpose of this Consultation Paper is to gather views from Australian stakeholders on the potential projects the Auditing and Assurance Standards Board (AUASB or Board) should be addressing as part of its Work Program over the next few years.

In particular, stakeholders are encouraged to respond to the following key questions:

1. Do you agree with the strategic priorities and projects which are currently included on the AUASB's Work Program and what priority would you give to each of these projects?

2. Are there any inactive or yet to commence projects you think should be retained on the AUASB's upcoming Work Program and what priority would you give to each of these projects?

3. Are there any additional projects not included on the AUASB's Work Program that you consider to be a priority?

4. How would you like the AUASB to address current International Auditing and Assurance Standards Board (IAASB) projects and what priority would you like the AUASB to give to these projects?

5. Do you have any additional comments on the AUASB's current or future activities and Work Program?

Feedback is encouraged to include supportive reasons and other relevant information to help the Board determine its Work Program, including setting priorities and allocating appropriate resources.

Stakeholders are not required to comment on all questions when providing a response.

Note that the AUASB's Work Program is subject to other external factors, including unanticipated events that may necessarily alter the AUASB's priorities in the future.

Objective of this Consultation Paper

As outlined in the AUASB's *Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications* the AUASB undertakes a formal agenda consultation process with stakeholders at least once every five years to identify issues that need resolution. This process complements the AUASB's regular consultations with stakeholders to obtain timely feedback on current and emerging auditing and assurance issues, and helps the Board fulfil its strategic objectives, particularly allocating its limited resources appropriately to address the highest priority topics identified by its stakeholders.

The AUASB uses, as appropriate, the standards of the International Auditing and Assurance Standards Board (IAASB) as a base from which to develop Australian Auditing and Assurance Standards[1]. Nevertheless, a local agenda consultation process is necessary to identify Australian auditing and assurance issues not covered by the IAASB that the AUASB could address. The AUASB's previous local agenda consultation was undertaken in 2017.

This consultation paper and the AUASB outreach activities supporting it aims to gather views from Australian stakeholders on the projects the AUASB should address in the next few years and also identify other emerging Australian auditing and assurance issues the AUASB should include in its future Work Programs.

Your input to this agenda consultation will help the AUASB determine its future Work Program to achieve its strategic objectives[2].

Question 1 – Current AUASB Strategic Priorities and Projects

The diagram below outlines the current AUASB Strategic Priorities included in the 2021-22 AUASB Work Program.

Table 1 below summarises the projects which the AUASB is currently undertaking as part of its Work Program.

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[1] For more information refer to the strategic direction to the AUASB from the Financial Reporting Council here..
[2] Refer to the AUASB Website here for more details on the AUASB's purpose, mission, and strategic objectives.

Table 1 - List of Current AUASB Projects (as of May 2022)

Project	Strategic Priority Area
Audits of Less Complex Entities	LCE Audits
FRC Audit Quality Action Plan	Audit Quality
Quality Management Standards - Implementation	Quality Management Standards
GS 023 *Special Considerations - Public Sector Engagements*	Public Sector
Sustainability Reporting and Assurance considerations (with AASB)	Sustainability
Update of AUASB Digital Standards Portal	Technology
Technology Project Advisory Group	Technology
GS 016 *Bank Confirmation Requests*	Technology
ASA 315 *Identifying and Assessing the Risks of Material Misstatement* - Implementation	Audit Quality

Question 1 - Do you agree with the strategic priorities and projects which are currently included on the AUASB's Work Program and what priority would you give to each of these projects (i.e., High, Medium or Low)?

Please provide reasons explaining your views and any other relevant information, including your views on the scope of the projects.

Question 2 – Other AUASB Projects

Table 2 below summarises the inactive projects or projects that are yet to commence on which the AUASB is seeking feedback.

Table 2 - List of Inactive and Yet to Commence AUASB Projects

ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*
ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*
ASAE 3500 *Performance Engagements* – Post Implementation Review
GS 003 *Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001*
GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*
GS 008 *The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001*
GS 019 *Auditing Fundraising Revenue of Not-for-Profit Entities*

Question 2 - Are there any inactive or yet to commence projects you think should be retained on the AUASB's upcoming Work Program and what priority would you give to each of these projects (i.e., High, Medium or Low)?

Please provide reasons explaining your views and any other relevant information, including your views on the scope of the projects.

Question 3 – Potential New AUASB Projects

The AUASB encourages stakeholders to provide their views on any new project areas which should be considered as part of the future AUASB technical work program. In particular, the AUASB is interested in the views of stakeholders in relation to three specific emerging auditing and assurance issues which have already been considered at a high level by the Board, either directly or in connection with other current AUASB projects:

a) Scalability

The AUASB's recent consultation in relation to the proposed IAASB standard for Less Complex Entities (LCEs) raised queries about whether it is still appropriate that all audit engagements have the same requirements and level of assurance. Whilst the IAASB has yet to finalise its position on a proposed standalone LCE standard the AUASB is continuing to explore avenues which address the scalability of existing auditing standards and auditing regulation, either through the application of a revised LCE audit standard or other changes to current audit requirements, including legislative or regulatory reform.

b) Fraud and Going Concern

The need to consider reporting and assurance requirements relating to Fraud and Going Concern was highlighted as a recommendation in final report of the Parliamentary Joint Committee on Corporations and Financial Services (PJC) inquiry into the regulation of auditing in Australia. Both topics have also commenced as projects by the IAASB in 2021. Nonetheless the AUASB encourages stakeholders to comment on whether additional actions should be considered by the Board ahead of any government response to the PJC inquiry or any IAASB actions in relation to these two topics. Whilst the AUASB's outreach on these topics in late 2020 did not identify any obvious immediate actions for the Board, the AUASB is again seeking feedback on whether, rather than waiting for other developments relating to Fraud and Going Concern, the Board could look to implement local targeted initiatives on these topics on a more ambitious timeline.

c) Sustainability Assurance

Whilst sustainability assurance has been adopted as priority project area by the IAASB in 2022, and the AUASB is working closely with the staff of the Australian Accounting Standards Board (AASB) to ensure a coordinated approach to Sustainability reporting and assurance matters, are there any additional local projects the AUASB should consider on this topic? In particular, the AUASB is interested in the views of stakeholders on initiatives the Board could consider that do not just impact standard setting, but also the broader auditing and assurance profession when it comes to sustainability assurance matters.

Please note the AUASB has not yet considered the scope of each of these potential projects. Feedback is sought on the recommended potential projects as part of this agenda consultation.

Question 3 - Are there any additional projects not included on the AUASB's Work Program that you consider to be a priority?

In particular, the AUASB requests respondents to provide input on three specific emerging auditing and assurance issues (Scalability, Fraud and Going Concern, Sustainability Assurance) where they have specific feedback on these topics.

Please provide reasons explaining your views and any other relevant information, including your views on the scope of the projects.

Question 4 – Current International Projects

Table 3 below summarises the projects which the IAASB is currently undertaking as part of its work plan for 2022-2023. Greater detail on each project included in the IAASB's current work plan can be found on the IAASB Website here, and also summarised in the *IAASB's Work Plan for 2022–2023: A Public Interest Focus in Uncertain Times* which was approved in December 2021 by the IAASB and in April 2022 by the Public Interest Oversight Board (PIOB).

Table 3 - List of Current International Projects

Audit Evidence
Fraud
Going concern
Audits of Less Complex Entities – Development of a Separate Standard
Complexity, Understandability, Scalability and Proportionality (CUSP)
Implications of IESBA Listed Entity and PIE Project
Assurance on Sustainability / ESG Reporting

Question 4 - How would you like the AUASB to address current International Auditing and Assurance Standards Board (IAASB) projects and what priority would you like the AUASB to give to these projects (i.e., High, Medium or Low)?

Please provide reasons explaining your views and any other relevant information, including your views on the scope of the projects.

Question 5 – Other Comments

Question 5 - Do you have any additional comments on the AUASB's activities and Work Program?

Please provide reasons explaining your views and any other relevant information.

Next Steps

To develop the AUASB's future Work Program and allocate sufficient resources on priority projects, the AUASB needs to consider various cost/benefit indicators and factors including but not limited to:

(a) the importance of the issue to different AUASB stakeholders;

(b) the urgency of addressing the issue, considering the input of other relevant regulators and the any negative impacts associated with not addressing the issue;

(c) interactions with other current or possible projects;

(d) the complexity and breadth of the problem to be resolved, and the feasibility of potential solutions being developed;

(e) the capacity of AUASB stakeholders to respond to proposals, both as individual proposals and across the Work Program as a whole;

(f) the overall balance of the AUASB Work Program, including the need to address the needs of different industries and market sectors; and

(g) the availability of sufficient AUASB staff resources.

The AUASB expects to evaluate and respond to feedback from stakeholders on the AUASB Agenda Consultation process at its September 2022 meeting. This should then progress into a final AUASB Work Program for 2023 being approved by the AUASB at its December 2022 meeting.

Your feedback will contribute to the Board's decisions on identifying and prioritising the most important auditing and assurance projects to be addressed.