



Subject: Minutes of the 138th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Dexus Place, Level 14, 385 Bourke Street, Melbourne
Date: Tuesday 12 September 2023, 9:00am – 5:00pm

Attendance

AUASB Members: Mr Doug Niven (Acting Chair) Mr Terence Jeyaretnam
Ms Julie Crisp (Deputy Chair) Mr Chi Mun Woo
Ms Marje Russ (NZAuASB Chair) Mr Andrew Porter
Mr Klynton Hankin Ms Michelle Shafizadeh [via Zoom]
Dr Noel Harding Mr Jason Thorne

AUASB Staff: Mr Matthew Zappulla (Technical Director)
Ms Anne Waters Ms Marina Michaelides
Ms Johanna Foyster Ms See Wen Ewe
Ms Rene Herman Ms Rebecca Mattocks

Apologies: Ms Tracey Barker Ms Joanne Lonergan

Guests: Ms Rebecca McCallum, The Treasury [Agenda Item 2, via Zoom]
Ms Siobhan Hammond, AASB [Agenda Item 3]

Minutes

(Agenda Item 1 – Minute 1619) Agenda and Introduction

The Acting Chair welcomed members to the 138th AUASB Meeting.

(Agenda Item 2 – Minute 1620) Treasury Update - Climate-related financial disclosures [Discussed in Private Session]

The AUASB welcomed Ms Rebecca McCallum, the Director of the Climate Disclosure Unit of The Treasury, who provided an update on Treasury's preliminary analysis of the submissions received as part of their second consultation on climate-related financial disclosures, and possible Assurance options related to Climate-related financial disclosure assurance requirements.

This Agenda item was discussed in private session reflecting the fact some of the information shared by The Treasury is yet to be finalised and is not publicly available.

(Agenda Item 3 – Minute 1621) AASB Sustainability Reporting Update [Discussed in Private Session]

The AUASB welcomed Ms Siobhan Hammond, the Director of Sustainability Reporting at the AASB, who provided an update on the AASB's work on developing sustainability reporting standards.

This Agenda item was discussed in private session as some of the information shared by the AASB is yet to be finalised and is not publicly available.

Following the Treasury and AASB sessions, the AUASB discussed possible changes to its work plan on sustainability assurance. It was proposed to discuss a work plan on sustainability assurance at an additional AUASB meeting in the next couple of months.

ACTION – AUASB to provide feedback on a proposed work plan on sustainability assurance at a meeting in the next couple of months.



(Agenda Item 1.2 – Minute 1622) Update from the AUASB Chair

The AUASB Acting Chair informed AUASB members of key activities, projects and initiatives undertaken since the last meeting, including an overview of the matters that were discussed at the recent FRC meeting.

(Agenda Item 1.3 – Minute 1623) NZAuASB Update

The NZAuASB Chair provided an update on recent and planned activities of the NZAuASB, including:

- Issuance of NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, with supplementary staff guidance and illustrative reports soon to be released;
- Consideration of the current New Zealand market with respect to sustainability assurance engagements, including consultation on the IAASB's proposed ISSA 5000 ED;
- Issuance of NZAuASB Research Report on audit committee perceptions of audit quality;
- An upcoming New Zealand Institute of Directors forum on the future of audit;
- The NZAuASB's final submission to the IAASB on Proposed ISA 570 (Revised) *Going Concern*; and
- A new project plan to explore the applicability of the ISA for Less Complex Entities in New Zealand.

(Agenda Item 1.4 – Minute 1624) Actions List from Previous Meetings

The AUASB was updated on the status of actions arising from previous meetings. Most of the action points have been either completed or are covered in the current meeting agenda. An action point on amending Australian standards consistent with changes to ISA 700 and ISA 260 is awaiting release by the IAASB.

(Agenda Item 4 – Minute 1625) Sustainability Assurance – AUASB Outreach Plan

The AUASB received an update on the proposed education and outreach activities planned in relation the AUASB Consultation Paper on the IAASB's Proposed ISSA 5000 *General Requirements for Sustainability Assurance Engagements*.

(Agenda Item 5 – Minute 1626) PJC Inquiry on Ethics and Professional Accountability

The AUASB were provided with a summary of the feedback related to assurance in the then publicly available submissions to the PJC Inquiry into *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry*.

(Agenda Item 6 – Minute 1627) PJC Inquiry on Regulation of Auditing in Australia – Audit Tenure Discussion

The AUASB discussed Recommendation 6 of the PJC Inquiry into the *Regulation of Auditing in Australia*, relating to the disclosure of audit tenure. AUASB members were of the view that any disclosures on auditor tenure concerned governance matters and would be best located in the directors' report rather than the auditors' report.

(Agenda Item 7 – Minute 1628) IAASB – ISA for LCE

The AUASB discussed the latest draft of the IAASB's Proposed Standard for Auditing Less Complex Entities (LCE). AUASB members were concerned with proposals for the IAASB to delay updating the proposed LCE standard for any finalised revised standards on going concern, audit evidence and fraud. The AUASB will consider its approach to any Australian standard at its December 2023 meeting.

ACTION – AUASB to consider its approach to the proposed ISA for LCE at its December 2023 meeting following final approval of the standard by the IAASB.



(Agenda Item 8 – Minute 1629) IAASB – Fraud

AUASB members discussed proposed changes to auditor reporting in the latest draft of Proposed ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. AUASB members expressed support for the proposals, but raised questions about how fraud related Key Audit Matters (KAMs) would overlap with KAMs on possible errors and whether stakeholders would support an explicit statement if there were no KAMs on Fraud.

(Agenda Item 9 – Minute 1630) IAASB – Audit Evidence

The AUASB received an update on the key themes from an initial review of submissions on the Exposure Draft on ISA 500 *Audit Evidence* that will be considered by the IAASB at its September 2023 meeting.

(Agenda Item 10 – Minute 1631) IAASB – Strategy and Work Plan 2024-2027

The AUASB discussed the latest draft of the IAASB's Proposed Strategy and Work Plan. AUASB members generally supported the option of the IAASB improving the sampling and analytical procedures standards also covering the impact of entity and auditor technologies in those standards, as well as considering the development of guidance on the impact of certain new technologies on audits.

(Agenda Item 11 – Minute 1632) AUASB Technical Work Plan Update

The AUASB was updated on the 2022-23 AUASB Work Program, including key projects delivered since the previous AUASB meeting, projects currently in progress and an overview of the AUASB's Research Program. The overall Work Program for 2023/2024 will be discussed at the AUASB's December 2023 meeting.

ACTION – AUASB to review a proposed overall Work Program at its December 2023 meeting.

(Agenda Item 12 – Minute 1633) ASAE 3500 – PAG Update

The AUASB received an update from the Chair of the AUASB Project Advisory Group (PAG) dealing with possible narrow scope amendments to ASAE 3500 *Performance Engagements*. The PAG was formed in July 2023 and includes representatives of each Auditor-General's Office in Australia. The PAG met in early August 2023 to agree on the project plan that was included in the Board meeting papers. The plan includes issues identified from a Post Implementation Review and a preliminary project timeline. The PAG will meet next on 15 September 2023.

(Agenda Item 13 – Minute 1634) ISA 570 Going Concern – Australian Specific Matters

The AUASB considered the feedback received in response to its Consultation Paper on the IAASB's Exposure Draft of ISA 570 (Revised) *Going Concern* on existing Australian paragraphs and appendices, alignment to existing financial reporting requirements and the impact on half-year review reports. The AUASB will revisit these matters once the final standard is issued by the IAASB, which is expected to occur in Q1 2025.

(Agenda Item 14 – Minute 1635) AASB-AUASB Corporate Plan 2023-24

The AUASB were informed that the AASB-AUASB Corporate Plan for 2023-24 is now available.

(Agenda Item 15 – Minute 1636) AUASB Meeting dates for 2024

The AUASB considered the proposed meeting dates and locations for 2024. The dates and locations will be reviewed based on member availability, changes to the AUASB's work plan and the timing of future NZAuASB, IAASB and FRC meetings.

ACTION – AUASB Staff to prepare a revised meeting schedule for 2024 for further input of AUASB members.



Next Meetings

The AUASB will schedule a short virtual meeting in late November to review the proposed submission to the IAASB on its exposure draft on sustainability assurance. Additionally, there will be further discussions by the AUASB in the next couple of months on the work plan for sustainability assurance, with details to be determined.

The AUASB will hold its next in person meeting in Melbourne on the 5th and 6th of December 2023.

Approval

Signed as a true and correct record.

Doug Niven
Chair

Date: 29 September 2023