



Subject: Minutes of the 120th meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Via Zoom Teleconference
Date: Wednesday 21 October 2020 1:00pm – 5:00pm

Attendance

AUASB Members: Professor Roger Simnett (Chair)
Ms Julie Crisp (Deputy Chair)
Mr Robert Buchanan (NZAuASB Chair)
Ms Jo Cain
Mr Klynton Hankin
Dr Noel Harding
Mr Rodney Piltz (Agenda items 2 – 7 only)
Mr Justin Reid
Mr Andrew Porter

AUASB Technical Staff: Mr Matthew Zappulla
Ms Rene Herman
Ms Marina Michaelides
Ms Anne Waters
Ms Johanna Foyster
Mr Tim Austin
Ms See Wen Ewe
Mr James Wake

Apologies: Mr Gareth Bird
Ms Carolyn Ralph
Mr Rodney Piltz (Agenda items 1 and B only)

Minutes

(Agenda Item 1 – Minute 1406) Agenda and introduction

The Chair welcomed members to the 120th AUASB Meeting.

The first part of the meeting was held as a joint meeting with members of the New Zealand Auditing and Assurance Standards Board (NZAuASB), which was co-Chaired by the AUASB and NZAuASB Chairs. Key items discussed as part of the opening to the joint meeting were:

- Board members from both boards were introduced.
- A selection of AUASB and NZAuASB members were asked to share key observations from each jurisdiction that were currently impacting each board and the Australian and New Zealand auditing environment. Many of these observations related how the impact of the COVID-19 epidemic was affecting reporting and auditing issues in each territories, such as the impact on auditing reporting outcomes for listed entities, how auditing practices in each territory have responded to the epidemic and the effect of government policies on the Australian and New Zealand economies.
- The academic members of each board (David Hay and Noel Harding) shared details of the work being performed across both jurisdictions to support evidence based standard setting by bringing standard setters and researchers together through a new AFAANZ working committee. This committee has started developing submissions to each board and the IAASB by bringing together research and experts on major auditing and assurance topics.



- The NZAuASB Chair noted the recent revision to the New Zealand External Reporting Board's strategy, which will have an increased focus on future reporting and assurance issues (such as climate change) and the opportunities for the AUASB and NZAuASB to further collaborate in this area.

(Agenda Item B – Minute 1407) Review of AUASB/NZAuASB Compelling Reason and Harmonisation Policy

The Boards discussed and preliminarily agreed the key areas where the policies can be enhanced, noting the importance of ensuring the public interest considerations are emphasised upfront, as well as reference to the strategies of the Boards as “standard-takers” to influence international standard setting.

The Boards preliminarily approved proposed amendments that clarify the following key areas of the policy:

- The principles of harmonisation, which are:
 - Regulatory harmonisation requires a flexible approach that takes account to both the benefits and costs of a particular solution.
 - Achieving harmonisation in relation to the Australian and New Zealand assurance standards benefits from a collaborative approach to the adoption of the international standards in the respective jurisdictions, based on a common set of principles (in particular, the compelling reason test).
 - In seeking harmonisation, the standards should be consistent or compatible to the extent that they do not result in barriers for users of the standards in the Trans-Tasman environment.
 - Appreciating that there may be instances where the standards will differ in the two jurisdictions because of country specific requirements and the public interest considerations in each country.
- The requirement to consider the public interest (with reference to the Monitoring Group's Public Interest Framework) when amending the international standards for principles and practices considered appropriate.
- The requirement for amendments not to conflict with or result in lesser requirements than the international standards.
- The need for the policy to be more flexible and to include newly identified principles or practices as potential compelling reason changes. The current policy has a potential for a backward-looking focus on existing practices.
- The communication protocols the AUASB and the NZAuASB apply to ensure a joint consideration of compelling reason amendments and harmonisation during the two boards' standard setting processes.

Technical staff from the two Boards will jointly consider the feedback received from the joint meeting to develop a joint position for the two Boards to further consider for approval at their respective meetings in December 2020.

(Agenda Item 2 – Minute 1408) Repeal of superseded ASAs

The AUASB Technical Group provided AUASB members with details of the proposed repeal of various AUASB Standards which have been superseded or are no longer applicable, including the relevant legal background and regulatory process requirements.

AUASB members sought clarification on the how the proposed wording in the repealing instrument impacts Standards which still apply to audits of prior periods. There was also a request to include in the revised AUASB Due Process Framework a specific reference to the wording required in future new or revised standards.

The AUASB Chair called for vote to approve the instrument of repeal and, subject the clarification of some repeal wording relating to the early adoption of standards which will be confirmed with the Australian Government Solicitor, the repeal was supported by the 9 votes of all AUASB members in attendance.

(Agenda Item 3 – Minute 1409) IAASB Fraud and Going Concern Discussion Paper

Staff from the AUASB Technical Group (ATG) presented AUASB members with the planned actions to respond to the IAASB's current Fraud and Going Concern Discussion Paper, including proposed outreach events and timing to develop the AUASB's response.



Actions already commenced by the ATG included reviewing responses referencing these topics submitted to the PJC inquiry into the audit regulation and arrangements for the upcoming AUASB/UNSW Going Concern Roundtable scheduled for 6 November 2020.

Board members noted it was important the AUASB capture appropriate feedback from Australian stakeholders on these topics, including not just from auditors but also from representatives in the corporate and public sectors. There was general support for the ATG's proposed approach with the ATG staff encouraged to ensure appropriate representation from the corporate sector, the AASB and fraud/forensic specialists at the planned AUASB Roundtable event on Fraud scheduled for 10 November 2020.

(Agenda Item 4 – Minute 1410) AUASB 2020-21 Work Program Update

The AUASB Technical Director presented an update of the AUASB's current work program, which identified projects completed to date in 2020, current projects that are in progress and a list of proposed projects which will commence in 2021. This was the first time the AUASB had been provided with an update of the work program since the COVID-19 epidemic had taken effect in Australia and a number of board members gave positive feedback about the progress the AUASB technical staff had made over this period.

AUASB members were asked for feedback on the work program and requested a higher priority be given to Technology projects, EER Guidance and ASA 315 implementation. There was also a discussion about the timing and planning for the finalisation of the AUASB's Quality Management Standards (ASQM 1, ASQM 2 and ASA 220) which will be addressed further at the December 2020 AUASB meeting.

The AUASB requested a more detailed work program with further information about resourcing allocations and timelines for the rest of the 2020-21 reporting season is developed for the December 2020 AUASB meeting.

(Agenda Item 5 – Minute 1411) Update on Due Process Framework

The AUASB Technical Group provided a verbal update on progress technical staff had made addressing AUASB feedback on the Due Process Framework document following the September 2020 AUASB meeting. Changes being made based on AUASB feedback include additional references to public interest considerations in the document, separating the policy and process elements of the document more clearly, and clarifying the AUASB's processes around re-exposure and how this will differ for international and domestic standards.

A revised version of the Due Process Framework document will be included for final review and approval by AUASB members at the December 2020 AUASB meeting.

(Agenda Item 7 – Minute 1412) Other Business

The AUASB were provided with an update on a number of items currently being prepared for review and approval by the AUASB out of session, including revised versions of the some non-Force of Law AUASB Assurance Standards which have been updated to reflect the revised version of the APESB Code of Ethics.

AUASB members were also updated on the status of the AUASB response to the IAASB's Auditor Reporting Post Implementation Review Survey which has been completed and will be submitted in November 2020.

Next Meeting

The AUASB will be holding its next meeting via Videoconference on Tuesday, 1st December 2020 commencing at 9.00 a.m.

Close of Meeting

The Chair closed the meeting at 5.00 pm.



Approval

Signed as a true and correct record.

Roger Simnett
Chair

Date: 1 December 2020