



Subject: Minutes of the 129th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Dexus Place, 385 Bourke Street, Melbourne VIC 3000 and via Zoom Teleconference
Date: Wednesday 27 April 2022, 9:00am – 4:00pm

Attendance

AUASB Members:

- Mr Bill Edge (Chair)
- Ms Julie Crisp (Deputy Chair)
- Mr Robert Buchanan (NZAuASB Chair)
- Mr Klynton Hankin
- Dr Noel Harding
- Mr Andrew Porter
- Ms Michelle Shafizadeh
- Ms Joanne Lonergan
- Ms Tracey Barker

AUASB Technical Group Staff:

- Mr Matthew Zappulla (Technical Director)
- Ms Rene Herman
- Ms Marina Michaelides
- Ms Anne Waters
- Ms Johanna Foyster
- Mr Tim Austin
- Ms See Wen Ewe
- Mr James Wake

Observers:

- Ms Nikole Giles (AASB) [Agenda Item 2 only]
- Ms Siobhan Hammond (AASB) [Agenda Item 2 only]

Apologies: None

Minutes

(Agenda Item 1 – Minute 1509) Agenda and introduction

The Chair welcomed members to the 129th AUASB Meeting.

(Agenda Item 1.2 – Minute 1510) AUASB Chair Update

Matters raised by the AUASB Chair for the attention of the AUASB were:

- Mr Bill Edge's appointment as the AUASB Chair has been extended to June 2023.
- Mr Gareth Bird resigned as a member of the AUASB, effective 31 March 2022. A replacement will be discussed at the next FRC Nominations Committee meeting.
- Mr Robert Buchanan will be finishing his term as NZAuASB Chair on 30 June 2022 and Ms Marje Russ will succeed him as the next NZAuASB Chair.
- Mr Andrew Mills has been appointed as FRC Chair.
- A summary of recent changes to some processes at the Office of the AUASB intended to promote efficiency and streamline activities, including the process by which the board and technical staff will review and respond to IAASB meeting papers in future.
- A summary of the March 2022 IAASB meeting, which was the AUASB Chair's first as an IAASB member.



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(Agenda Item 1.3 – Minute 1511) NZAUASB Chair Update

The NZAuASB Chair provided an update to the AUASB on several matters that were addressed at the April 2022 NZAuASB meeting and other issues the NZAuASB is currently focusing on, including:

- Ms Marje Russ has been appointed as NZAuASB Chair with effect from 1 July 2022. There will also be two new member appointments to the NZAuASB from 1 July 2022;
- Feedback on the joint meeting of NZASB and NZAuASB earlier in the month, which included a strategy discussion with XRB leadership;
- An update on Audit Fee disclosures proposed by the NZASB, which are being progressed with input from the NZAuASB to ensure alignment with the independence and ethical framework;
- That the NZAuASB have performed a full review of the NZAuASB exposure draft on Fundraisings, which is likely to be approved for public consultation at the June 2022 NZAuASB meeting;
- The progress of Climate Change Reporting Standards in New Zealand, including an update on Assurance related developments;
- An update on the NZAuASB's proposed amendments to the Code of Ethics relating to Non-Assurance Services, with concerns about the prohibitions on some tax services expected to be addressed;
- Details of proposed revisions to the definitions of listed entity and public interest entity in PES 1, which have been subject to a mapping exercise that identified existing NZAuASB definitions are already closely aligned to the new IESBA requirements; and
- Recent release of an IESBA exposure draft *Proposed Technology-related Revisions to the Code*.

In his capacity as a member of the Public Interest Oversight Board (PIOB) the NZAuASB Chair also updated the AUASB about the approval of ISA 600 and the conforming amendments to other IAASB's standards arising from QM Standards.

(Agenda Item 2 – Minute 1512) Sustainability

The AUASB received an update on Domestic and International Sustainability reporting and assurance developments, with guest speakers from the AASB presenting on their project plan to expose the ISSB's Sustainability exposure drafts in Australia. AUASB technical staff have been consulted on the 'auditability' aspects of the proposed ISSB standards and will assist the AASB in its outreach on this topic. AUASB members asked and the AASB staff responded to several questions on the AASB's proposed approach and the content of the ISSB's Sustainability exposure drafts, relating to matters such as the proposed materiality overlay, the AASB's planned due process for the Sustainability standards, how 'compelling reasons' that require differences from the international Sustainability standards will be considered, and the need to make sure non-listed entities are considered as part of the AASB's proposals.

The AUASB Chair noted that we are at a landmark position in the reporting environment with the release of the ISSB standards, and there are many questions that need to be addressed in a short space of time. The AUASB Chair complimented the AASB staff for their presentation and endorsed the AASB's planned response to this issue, and this was supported by many other AUASB members. There was also unqualified support expressed for the AASB and AUASB developing joint submissions where relevant when submissions to the ISSB are confirmed.

The AUASB then considered the possible direction the IAASB and AUASB may take on Sustainability assurance standards. Whilst Board members expressed support for current IAASB/AUASB standards (particularly ISAE/ASAE 3000) being able to accommodate developments in the Sustainability Assurance space, some expressed views that the current Assurance standards may not be specific enough for the purposes of the proposed ISSB standards that have been issued. The need to consider how different levels of assurance (i.e., reasonable vs limited) can be addressed in respect of Sustainability related subject matter was also noted as an area that needs consideration. Regardless of what Assurance standards for Sustainability are developed the AUASB Chair noted that these will be strongly linked to the existing AUASB and IAASB Assurance framework, and all AUASB members noted the development or update of assurance standards for Sustainability must be concurrent with the reporting requirements being issued.



Finally, the AUASB considered several profession wide sustainability reporting/assurance issues. The requirement for assurance practitioners to follow independence and ethical standards was discussed. The AUASB also noted the use of different assurance frameworks or standards.

The AUASB Chair and Technical Staff will engage with other relevant standard setters and regulators (e.g., the Clean Energy Regulator and Standards Australia) to understand further what current alternatives to AUASB standards may exist and how they may align with existing AUASB standards, especially in relation to ethical and quality management requirements.

ACTION – AUASB technical staff to engage with other relevant regulators and standards bodies to assess different assurance frameworks which existing in the Australia marketplace.

(Agenda Item 3 – Minute 1513) FRC and Audit Quality Update

The AUASB received an update on current and planned initiatives to enhance audit quality, including those being carried out by the AUASB staff in conjunction with the Financial Reporting Council. The AUASB supported the AUASB Bulletin *Quality Management Standards – Enhancing Audit Quality* communicating the benefits of the QM Standards and their positive impact on audit quality. The AUASB also supported plans to perform another Audit Committee Chair survey and explore other methods to gather feedback on audit quality from different parts of the financial reporting ecosystem.

The AUASB discussed the status of the recommendations of the [PJC Inquiry into Regulation of Auditing in Australia](#), and reconfirmed that where possible the AUASB should continue with existing implementation efforts, and that it was not necessary to wait for a government response in some instances.

(Agenda Item 4 – Minute 1514) Bank Confirmations

The AUASB discussed the proposed revisions to modernise GS 016 *Bank Confirmation Requests*. The AUASB was supportive of GS 016 being revised to reflect the use of electronic confirmation services and the new requirements in the Quality Management Suite of Standards addressing the approval and use of technological resources in audit engagements.

AUASB members also raised whether the GS could include guidance to assist auditors in deciding when bank confirmation procedures should be performed, and consider additional guidance for when electronic confirmations may not provide sufficient audit evidence for other banking arrangements. The AUASB Chair and Technical Director responded that Guidance Statements are not intended to provide guidance of that nature, as this is a matter of professional judgement that is already addressed in the auditing standards (specifically ASA 330 and ASA 505). However, a separate publication addressing when confirmation procedures may be performed or what alternative evidence may be appropriate when electronic confirmations are not effective will be considered for development at a later stage.

(Agenda Item 5 – Minute 1515) Conforming Amendments arising from Quality Management Standards

The AUASB considered the conforming and consequential amendments to AUASB Assurance Standards arising from the Quality Management Standards and deliberated on an existing wording difference between the IAASB's standards and AUASB standards. The AUASB considered further changes may be necessary to the wording relating to ASQM 1 and directed that technical staff reconsider the structure and content of proposed exposure drafts to ensure these changes are issued for further public comment. This re-exposure of the conforming and consequential amendments will be published in May 2022 for a minimum 60-day comment period.

Also, the AUASB unanimously approved ED 01/22 *Proposed Conforming and Consequential Amendments to the Australian-Specific AUASB Standards as a result of the Quality Management Standards* for issue. This will be released in May 2022 for a 30-day comment period.

(Agenda Item 6 – Minute 1516) Group Audits

The AUASB considered the final versions of ASA 600 and associated pronouncements and staff papers presented in the board papers, and unanimously voted to issue:

- ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*;



- ASA 2022-1 *Amendments to Australian Auditing Standards*; and
- The Explanatory Statement to ASA 600 and ASA 2022-1

In their deliberations, the AUASB discussed and agreed on the Australian Compelling Reasons to amend ISA 600 *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*. The AUASB supported the proposal to delete application material paragraph A25 which addresses Joint Auditors, as they are not allowable arrangements in Australia.

To comply with Australian legal and regulatory arrangements and for Australian principles and practices, the AUASB also supported two further compelling reason amendments in ASA 600:

- An insertion of an Australian Application Material paragraph that deals with a *Corporations Act 2001* requirement; and
- The replacement of the ISA 600 example Auditor's Report with an Australian *Corporations Act 2001* example.

Additionally, the AUASB agreed that re-exposure of these standards was not required and approved the supporting Basis of Conclusions document. The revised standards and related material will be released via the AUASB website in May 2022.

Postscript: Following the conclusion of the April 2022 AUASB meeting as part of its final quality control processes the AUASB technical staff identified several footnote references that were incorrect in the version of ASA 600 presented to the Board for approval. The updated version of ASA 600, which has the footnote references corrected and no other changes to the standard, was sent for review out of session and re-approved by the Board on 13 May 2022.

(Agenda Item 7 – Minute 1517) Public Sector Guidance Statement

The AUASB received an update on the next stage of the AUASB's ongoing Public Sector Audit Issues project to develop supplementary guidance to address issues presenting challenges in applying certain AUASB Standards in the public sector. A working draft of proposed ASA 570 *Going Concern* supplementary guidance was included in the meeting papers for the Board's information, and AUASB members expressed strong support for the proposed guidance statement material. AUASB technical staff are currently considering feedback on the Draft from members of the AUASB's Public Sector Project Advisory Group, who will meet again in May 2022 to consider a final Draft. A revised GS 023 *Special Considerations – Public Sector Engagements*, which will include the new section on ASA 570 related guidance, will be presented at the June 2022 AUASB meeting for Board consideration and approval to issue.

(Agenda Item 8 – Minute 1518) Agenda Consultation

AUASB members considered the AUASB Agenda Consultation plan and proposed content prepared by the AUASB technical staff. Board members were very supportive of the proposed content and planned actions, however requested greater emphasis on getting feedback from stakeholders in respect of Sustainability reporting and assurance issues be included, and that a template or survey form is developed to enable stakeholders to provide responses to our Agenda Consultation requests without the need for a formal written response. The AUASB also gave feedback on where, when and with whom outreach events to support the AUASB Agenda Consultation process should be held.

The AUASB technical staff will update and complete the Agenda Consultation Discussion Paper based on AUASB feedback and distribute the document for fatal flaw review from AUASB members out of session.

ACTION – AUASB technical staff to finalise Agenda Consultation content and share it for fatal flaw review with AUASB members out of session.

ACTION – AUASB technical staff to develop Agenda Consultation survey response form to compliment planned Agenda Consultation Discussion Paper and other outreach activities.



(Agenda Item 9 – Minute 1519) AUASB Communications Strategy

The AUASB Technical Director presented for consideration the updated AUASB Communications Strategy.

AUASB members:

- Noted the AUASB's expanded role in issuing guidance and other publications that promote audit quality, and that this should be reflected in the revised strategy.
- Requested that there is a greater distinction between the Brand and Mandate of the AUASB, with emphasis on promoting our AUASB brand to elevate the importance of assurance to build confidence and integrity in the capital markets, which is not just linked to our legislative mandate.
- Requested that the AUASB's role influencing and promoting international standards is elevated in the Communications Strategy.

Board members provided other feedback relating to how the AUASB communicates its role and outputs to stakeholders, such as the need to prioritise different communication channels when not targeting traditional stakeholders and make sure our written communications are drafted with less technical emphasis and more of a 'plain English' approach.

The AUASB technical staff will update the Communications Strategy to incorporate AUASB member feedback. A similar Communications Strategy is being developed by AASB staff and the AASB and AUASB Technical Directors will collaborate to align the communications activities of the two Boards where possible.

Next Meeting

The AUASB will hold its next meeting in Melbourne on Tuesday 7th June 2022 and Wednesday 8th June 2022.

Close of Meeting

The Chair closed the meeting at 4.00 pm on Wednesday 27th April 2022.

Approval

Signed as a true and correct record.

W R Edge
Chair

Date: 13 May 2022