



Subject: Minutes of the 130th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Dexus Place, 385 Bourke Street, Melbourne VIC 3000 and via Zoom Teleconference
Date: Tuesday 7 June 2022, 9:00am – 5:00pm and Wednesday 8 June 2022, 9:00am – 12:30pm

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 [Agenda Item 11 only]

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

Guest Presenter:

- Dr Shan Zhou [Agenda Item 5]

Apologies:

- None

Minutes

(Agenda Item 1 – Minute 1520) Agenda and introduction

The Chair welcomed members to the 130th AUASB Meeting.

(Agenda Item 1.2 – Minute 1521) Out of Session Voting Update

The Board noted that ASA 2022-1 *Amendments to Australian Auditing Standards* was approved by AUASB members out of session on 10 May 2022 following the April 2022 AUASB Meeting.

(Agenda Item 1.3 – Minute 1522) AUASB Chair Update

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

- The potential implications of the recent change in government for the AUASB, with the formal allocation of responsible Minister for the Board yet to be confirmed.
- Matters discussed at the June 2022 FRC meeting (the first chaired by new FRC Chair Mr Andrew Mills) including:
 - An update on the approach to recommendations from the PJC Inquiry into Regulation of Auditing in Australia;



- Approval of an update to the AASB-AUASB Charter which allows additional members who are experts in the Sustainability area to be appointed to both Boards;
 - Audit quality initiatives, including the Audit Committee Chairs survey, and the AUASB staff providing the FRC with assistance on Auditor Disciplinary processes currently in place; and
 - An update on nominations received for a replacement AUASB member.
- An overview of the AUASB Agenda Consultation Process being undertaken over June & July 2022.

The AUASB Chair specifically thanked Mr Robert Buchanan for his contribution as an AUASB member, as this was his last AUASB meeting due to his term as NZAuASB Chair ending on 30 June 2022. Mr Buchanan will remain as a member of the PIOB, so the AUASB looks forward to continuing its engagement with him on public interest matters that impact standard setting globally.

(Agenda Item 1.4 – Minute 1523) NZAUASB Chair Update

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

- Ms Marje Russ will commence as the new NZAuASB Chair, and therefore a member of the AUASB, with effect from 1 July 2022;
- An update on *Amendments to Professional and Ethical Standard 1: Revisions to the Non-assurance Service Provisions of the Code*, with the final changes to be exposed aligned with APESB;
- Approval of *International Standard on Auditing (New Zealand) 600 (Revised), Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors); and Conforming Amendments to ISAs (NZ) and Other Pronouncements* with no local amendments;
- An update on the exposure draft for the proposed *Assurance over Financial Information in Connection with a Capital Raising* which was approved for release; and
- An update of the NZAuASB's initial development of a new standard for Assurance engagements over mandatory greenhouse gas (GHG) emissions disclosures.

As this was his last AUASB meeting, the NZAuASB Chair thanked the AUASB members and staff for their support and commitment to collaboration across the two Boards.

(Agenda Item 2 – Minute 1524) Work Program Update

The AUASB Chair provided an overview of AUASB strategic projects and achievements for 2021-2022 to date, outlining several key projects that have been completed in each of the AUASB strategic priority areas (Audit Quality, Quality Management, Sustainability, Audits of Less Complex Entities, Technology, Public Sector and the IAASB Work Plan).

The AUASB Technical Director provided an update on the AUASB Technical Work Program for the AUASB, noting that of the 42 projects initially identified for consideration or completion at the start of the reporting period, only 2 are yet to commence (the Post Implementation Review of ASAE 3500 and the consideration of extending Key Audit Matters beyond Listed Entities).

(Agenda Item 3 – Minute 1525) 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 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. The AUASB also received an update on the recently issued UK Government response to the Brydon Report's proposed audit reforms and discussed the importance of continuing to monitor developments to identify any initiatives which may be appropriate to adopt in Australia.

(Agenda Item 4 – Minute 1526) IAASB Update and Discussion

The AUASB discussed and provided input into the following IAASB agenda matters to be discussed at the upcoming June 2022 IAASB meeting in New York:



PIE project - Transparency in Reporting

The AUASB supported the proposed Exposure Draft Proposed Narrow Scope Amendments to ISA 700 (Revised) *Forming an Opinion and Reporting on Financial Statements*; and ISA 260 (Revised) *Communication with Those Charged with Governance* because of the revisions to the IESBA Code that require a firm to publicly disclose when a firm has applied the independence requirements for Public Interest Entities (PIEs). Once the Exposure Draft is released in June 2022, the AUASB will simultaneously expose the document in Australia in accordance with its Due Process Framework.

Less Complex Entities

The AUASB received an update on the extensive responses to the IAASB's LCE Exposure Draft. The AUASB commenced discussions on the AUASB's position on the potential adoption of the International Standard, noting that further discussions on the matter were required and the AUASB position will be dependent on the scope of the IAASB's final standard. The AUASB recognised that the IAASB's proposed LCE standard was seen by many stakeholders in smaller and less developed territories to be an effective solution for a narrow group of entities but expressed ongoing reservations about the applicability of the IAASB's LCE standard in the current Australian auditing environment.

Going Concern

The AUASB considered the IAASB's proposals for transparency in the auditor's report in relation to Going Concern. The AUASB supported the direction of the IAASB, however did not support differential reporting requirements for Listed and Non-Listed Entities.

Fraud

The AUASB received an update as to the revisions to Proposed ISA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. The AUASB was supportive of the direction of the IAASB, however noted some concerns around the proportionality of risk identification and assessment considerations and use of specialist skills.

Audit Evidence

The AUASB received an update as to the revisions to Proposed ISA 500 *Audit Evidence*. The AUASB was largely supportive of the direction of the project.

Sustainability

The AUASB received an update on the IAASB's initial issues paper relating to its Sustainability Assurance Project. The AUASB supported the development of a separate Sustainability Assurance standard by the IAASB as a stand-alone standard consistent with ISAE 3000 and covering reasonable and limited assurance. The AUASB noted the urgency of the project and strongly supported the IAASB moving this forward in an expeditious manner.

(Agenda Item 5 – Minute 1527) Guest Presentation – AUASB Research Scholar

The AUASB received a presentation from AUASB Research Scholar, Dr. Shan Zhou, on her current research activities with respect to sustainability assurance including her recently released Research Report for the AUASB.

(Agenda Item 6 – Minute 1528) Sustainability

The AUASB discussed recent Sustainability reporting and assurance developments and actions being undertaken by both the IAASB and AASB. The AUASB discussed how this may impact AUASB standards and the Australian reporting environment.

(Agenda Item 6 – Minute 1529) ED 02/22 Proposed Conforming and Consequential Amendments to the other AUASB Standards to align to the IAASB Other Standards

The AUASB approved to issue ED 02/22 *Proposed Conforming and Consequential Amendments to the other AUASB Standards to align to the IAASB Other Standards* for a 60-day comment period. This exposure draft updates various AUASB Assurance Standards to realign wording about the Code of Ethics and Quality Management Standards with IAASB equivalents.



(Agenda Item 7 – Minute 1530) ASAE 3100 Compliance Engagements – Post Implementation Review

The AUASB reviewed the feedback statement from the ASAE 3100 *Compliance Engagements – Post Implementation Review* (PIR). The key findings from the PIR were discussed with the AUASB and based on these outcomes the AUASB agreed that no standard setting activities were required in relation to ASAE 3100 at this time.

(Agenda Item 8 – Minute 1531) GS 016 Bank Confirmation Requests

The AUASB approved a revised version of AUASB Guidance Statement GS 016 *Bank Confirmations Requests*, which has been updated to reflect the use of technology in the external confirmation process.

(Agenda Item 9 – Minute 1532) GS 023 Special Considerations – Public Sector Engagements

The AUASB considered and approved a revised version of GS 023 *Special Considerations – Public Sector Engagements*. GS 023 has been updated to include additional application and explanatory guidance (paragraphs 70-129) to support public sector auditors in applying ASA 570 *Going Concern* in the public sector.

(Agenda Item 10 – Minute 1533) ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information

The AUASB received an update on preliminary discussions held recently with key stakeholders about the current use and application of ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* in the Australian market. Based on these initial findings the AUASB agreed with the AUASB Technical Staff recommendation that no further outreach activities or changes are required to ASAE 3450 at this time.

(Agenda Item 11 – Minute 1534) Agenda Consultation Roundtable

The AUASB were joined by a number of invited guests, representing key stakeholders including practitioners, regulators, professional bodies and other standard setters, to review and provide input into the AUASB's Agenda Consultation Process. Stakeholders provided feedback in response to several questions about the current and future AUASB work program relating to:

- Sustainability;
- Audits of Less Complex Entities;
- Public Sector audit issues;
- GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*;
- Fraud and Going Concern; and
- Various other current IAASB projects.

The outputs of the Agenda Consultation Roundtable were captured and will be taken into consideration by the AUASB in conjunction with feedback received from other stakeholders through the overall Agenda Consultation process being undertaken in June/July 2022.

Next Meeting

The AUASB will hold its next meeting in Melbourne and via Videoconference on Tuesday 6th September 2022.

Close of Meeting

The Chair closed the meeting at 12.30 pm on Wednesday 8th June 2022.

Approval

Signed as a true and correct record.

W R Edge
Chair

Date: 29 June 2022