



Subject: Minutes of the 140th Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue: Dexus Place, Level 14, 385 Bourke Street, Melbourne & via Zoom Teleconference
Date: Wednesday 6 December 2023, 9:00am – 5:00pm

Attendance

AUASB Members: Mr Doug Niven (Chair) Mr Terence Jeyaretnam
Ms Julie Crisp (Deputy Chair) Mr Chi Mun Woo [Agenda Items 1- 6]
Ms Marje Russ (NZAuASB Chair) Mr Andrew Porter [Agenda Items 5 -19]
Mr Klynton Hankin Ms Michelle Shafizadeh
Dr Noel Harding Ms Tracey Barker
Ms Joanne Lonergan Mr Jason Thorne [Agenda Items 1- 6]

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

Guests: Mr Tom Dickson, The Treasury [Agenda Item 2]
Ms Hannah Skewes, The Treasury [Agenda Item 4, via Zoom]
Ms Rebecca McCallum, The Treasury [Agenda Item 4, via Zoom]
Mr Justin Williams, AASB/AUASB [Agenda Items 2 - 5]
Mr Andrew Mills, FRC [Agenda Items 2, 3 & 8a, via Zoom]
Mr Bill Edge. IAASB Member [Agenda Items 15 - 18, via Zoom]

Minutes

Private session

A number of agenda items were discussed in private session because some information shared with AUASB members is currently confidential.

(Agenda Item 1 – Minute 1639) Opening and Chair Update

The AUASB Chair welcomed members to the 140th AUASB Meeting.

(Agenda Item 2 – Minute 1640) Treasury Update – FRC/AASB/AUASB Changes

Mr Tom Dickson (Assistant Secretary and Branch Head, Corporations Branch, Market Conduct Division, The Treasury) discussed the proposed restructuring of the AUASB, the AASB and the FRC.

(Agenda Item 3 – Minute 1641) Quality Management Standards and Code of Ethics

Update on Quality Management Standards and the Code of Ethics.

(Agenda Item 4 – Minute 1642) Treasury Update – Climate-related Financial Disclosures

Ms Hannah Skewes, Assistant Director of the Climate Disclosure Unit, The Treasury, provided an update on climate reporting and assurance proposals.



(Agenda Item 5 – Minute 1643) AASB Update – Climate-related Financial Disclosures

Mr Justin Williams, AASB/AUASB Managing Director provided an update on the recently issued AASB Exposure Draft SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*.

(Agenda Item 6.1 – Minute 1644) AUASB Update – Climate Assurance

AUASB members received an update on the AUASB sustainability assurance work plan and discussed the possible development of an AUASB pronouncement and guidance for assurance over information disclosed under the proposed AASB climate reporting framework. Agenda Item 10.2 was discussed in private session at the request of one AUASB member.

Public session

(Agenda Item 8a - Minute 1645) FRC Update (Including FRC Audit Quality Report)

The Chair of the Financial Reporting Council (FRC), Mr Andrew Mills, provided an update on the recently issued FRC Audit Quality Review Report. Mr Mills specifically highlighted that the report deals with coverage, transparency, and governance of oversight arrangements by ASIC and the professional accounting bodies.

Mr Mills also discussed other FRC priorities.

(Agenda Item 8 – Minute 1646) NZAuASB Update

The NZAuASB Chair, Ms Marje Russ, provided an update on recent and planned activities of the NZAuASB.

(Agenda Item 11 – Minute 1647) AUASB Meeting Dates for 2024

AUASB members were updated on the approach to proposed meeting dates and locations for the first half of 2024.

ACTION – *The Office of the AUASB to circulate possible meeting dates and locations to Board Members to identify any conflicts and finalise the meeting dates for 2024.*

(Agenda Item 12 – Minute 1648) Less Complex Entities Standard – Approach in Australia

The AUASB considered whether or not to adopt the recently released IAASB standard for Audits of Less Complex Entities or undertake further consultation. The AUASB reconsidered stakeholder feedback received during the initial consultation process in 2021-22 and more recently before deciding not to adopt the standard in Australia. One AUASB Member supported the development and release of an Australian LCE standard and consultation on the quantitative thresholds for applying the standard for different types of entities before determining whether or not to issue a standard locally. However, all other Board members present were satisfied that the initial outreach on this proposed standard was sufficient, and did not support the release of an Australian standard at this time.

(Agenda Item 13 – Minute 1649) Update on 2023-24 AUASB Work Plan (Excluding Sustainability Assurance)

AUASB members were updated on the 2023-24 AUASB Work Plan (except for AUASB activities related to Sustainability Assurance, which were covered in other Agenda Items). The update covered projects completed to date in 2023, projects currently underway and planned projects which have yet to commence or have been delayed. Publications arising from the AUASB Research Program were also outlined.



(Agenda Item 9 – Minute 1650) Update on Deakin-AUASB Academic Workshop and Research Report

AUASB members received an update on the Deakin-AUASB Academic Workshop that was held at CPA Australia on 25 October 2023, and were provided with an opportunity to provide comments on a draft report summarising proceedings. AUASB members highlighted areas within the Report that are particularly relevant from a standard setting perspective.

(Agenda Item 15 – Minute 1651) Listed Entity and PIE (Track 2) – Alignment of Definitions and Key Concepts with Code of Ethics

AUASB members received an update on the status of the IAASB's Listed Entity and Public Interest Entity (PIE) (Track 2) project. AUASB members expressed support for the IAASB's proposals but raised some concerns about expanding Key Audit Matters from listed entities to PIEs. AUASB members agreed with the proposal to bring a draft AUASB consultation paper on the planned IAASB exposure draft to AUASB at its next meeting or out of session, depending on the timing of release of the exposure draft. The consultation paper would include Australian specific consultation questions on adopting the APESB definitions and criteria for 'public interest entities'.

ACTION – *The Office of the AUASB to develop a draft AUASB Consultation Paper on the IAASB's Exposure Draft on Listed Entity and PIE (Track 2), for consideration by the AUASB in early 2024.*

(Agenda Item 16 – Minute 1652) Fraud – ISA 240 ED

AUASB members discussed and provided comments on two areas affecting the Proposed Exposure Draft of the Revised ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*: the authenticity of documentation and the level of work effort required when fraud or suspected fraud is identified.

(Agenda Item 17 – Minute 1653) IAASB Strategy and Work Plan for 2024-27

AUASB members provided input on the IAASB's revised Strategy and Work Plan for 2024-27, including the IAASB work on sustainability assurance, the impact and use of technology, and improving ISA 520 *Analytical Procedures*, ISA 530 *Audit Sampling* and ISA 620 *Using the Work of an Auditor's Expert*.

(Agenda Item 18 – Minute 1654) Audit Evidence

AUASB members considered and provided feedback on matters relating to the revision of ISA 500 *Audit Evidence*, including the impact and use of technology, and the attributes of relevance and reliability.

Private session

(Agenda Item 10.2 – Minute 1655) AUASB Update and Workplan – Possible Local Assurance Standards/Guidance

AUASB members discussed possible matters for an AUASB sustainability assurance pronouncement and guidance, particularly under the developing Australia reporting framework.

(Agenda Item 6.2 – Minute 1656) AUASB Update – Climate Assurance – Information Gathering

AUASB members received an update on the climate assurance information gathering and research activities of the Office of the AUASB.



Next Meeting

The AUASB will hold its next in person meeting in February 2024 in Melbourne – date yet to be announced.

Approval

Signed as a true and correct record.

Doug Niven
Chair

Date: 22 December 2023