

Minutes relating to the matters discussed in Private sessions, which are not for public distribution, are



Australian Government
Auditing and Assurance Standards Board

highlighted in blue text below.

Minutes

23 May 2024 Meeting

Subject:	Minutes of the 143 rd Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue:	APESB Office, Level 11, 99 William Street, Melbourne VIC 3000
Date:	Thursday, 23 May 2024, 9:00 am – 5:00 pm

Attendance

AUASB Members:	Mr Doug Niven (Chair)	Mr Terence Jeyaretnam
	Ms Julie Crisp (Deputy Chair) [Virtual]	Mr Chi Mun Woo
	Ms Marje Russ (NZAuASB Chair)	Mr Andrew Porter [Virtual]
	Mr Klynton Hankin	Ms Michelle Shafizadeh
	Professor Noel Harding	Ms Tracey Barker
	Mr Jason Thorne [Virtual]	Ms Joanne Lonergan
Office of the AUASB Staff:	Mr Matthew Zappulla (Technical Director)	Ms Johanna Foyster
	Ms Anne Waters	Ms See Wen Ewe
	Ms Rene Herman	Dr Rebecca Mattocks
	Ms Marina Michaelides	Mr Rajen Pillay

Minutes

(Agenda Item 1 – Minute 1672) Private Discussion on Agenda and Other Matters

The AUASB discussed, in a private session, confidential information relating to the current meeting Agenda.

(Agenda Item 2 – Minute 1673) Welcome and AUASB Chair Update

The AUASB Chair welcomed AUASB Members to the 143rd meeting. The AUASB Chair informed Members of the following matters:

- There is a new requirement for a consolidated entity disclosure statement for all public companies reporting under Part 2M of the *Corporations Act 2001*, noting that the Office of the AUASB is preparing a Bulletin that will be circulated to AUASB Members at a future date.
- AUASB Members will consider whether to make a submission to The Treasury on its recent Consultation Paper on the Regulation of Accounting, Auditing and Consulting Firms in Australia.
- Discussions at IAASB/IESBA Stakeholder Advisory Council and National Standard Setter meetings in New York.

(Agenda Item 3 – Minute 1674) Matters Arising from Previous Meetings

The AUASB received an update on the status of matters arising from previous meetings, noting that all actions raised at the February and March 2024 AUASB meetings have been addressed. The Office of the AUASB will prioritise drafting the minutes from these meetings.

(Agenda Item 4 – Minute 1675) NZAuASB Update

The NZAuASB Chair, Ms Marje Russ, provided an update on the NZAuASB's recent and planned activities, including mention of a review of submissions to the IESBA's proposed amendments to the Code regarding Sustainability and Experts, communication strategy for the LCE standard, engagement with National Standard Setters, and progress made to date on the review standard for service performance engagements.



(Agenda Item 5.1 – Minute 1676) AUASB Sustainability Assurance Consultation Paper – Overview

AUASB Members were updated on the status of the AUASB Consultation Paper on *Assurance over Climate and Other Sustainability Information* and related outreach activities.

The Office of the AUASB held roundtables in Sydney, Melbourne, and Perth, as well as online, to facilitate discussion on the Consultation Paper. The Office of the AUASB received 29 formal written submissions (including 2 confidential) from various stakeholders representing audit firms, non-accounting assurance practitioners, preparers, professional accounting bodies, investors, users, regulators and academics.

AUASB Members received a summary of the feedback received in relation to:

- a) the demand for assurance, the ability of auditors and their experts to meet that demand, and the preparedness of companies to assist in developing a proposed assurance phasing model for inclusion in an Exposure Draft;
- b) a proposal to adopt the standard on assurance over sustainability information being developed by the IAASB (ISSA 5000 *General Requirements for Sustainability Assurance Engagements*); and
- c) the possible development of an Australian assurance pronouncement to supplement ISSA 5000 on matters specific to the Australian reporting framework.

These matters were discussed in Agenda Items 5.2-5.5, respectively.

(Agenda Item 5.2 – Minute 1677) AUASB Sustainability Assurance Consultation Paper – Phasing

The AUASB discussed the importance of assurance in enhancing the credibility of reporting however the need for assurance to be phased in over time to give auditors and preparers time to build capacity. Consistent feedback on the Consultation Paper was that assurance should begin with limited assurance for a period of time before progressing to reasonable assurance. Some stakeholders provided feedback that the possible model included in the Consultation Paper was too ambitious. The AUASB considered two possible models developed by the Office of the AUASB based on the feedback received.

The majority of AUASB members agreed with feedback to prioritise assurance over disclosures considered relatively important. The AUASB discussed the importance of entities establishing robust governance processes and that stakeholders had recommended that assurance be phased in more quickly over these disclosures. The AUASB also agreed that disclosures on risks and opportunities were also very important, and assurance should be prioritised. The AUASB tentatively agreed on a proposed assurance phasing model for inclusion in an Exposure Draft for further consideration at a future meeting but including a consultation question on whether to require limited assurance on Governance and Strategy (Risks and Opportunities) in the first year.

The model proposes:

- Limited assurance over Scope 1 and 2 emissions from the first year of reporting consistent with the Government's Policy Position, progressing to reasonable assurance in the second year of reporting.
- Limited assurance over governance and strategy (risks and opportunities) from the first year of reporting, progressing to reasonable assurance in the fourth year of reporting.
- Limited assurance over other disclosures to be phased in for the second year of reporting, progressing to reasonable assurance in the fourth year of reporting.

ACTION: *The Office of the AUASB to develop an Exposure Draft for consideration at a future meeting of the AUASB.*

(Agenda Item 5.3 – Minute 1678) AUASB Sustainability Assurance Consultation Paper – ISSA 5000

AUASB Members supported the adoption of ISSA 5000, subject to seeing the final standard. The Board will review the changes being made to the draft ISSA 5000 by the IAASB at future meetings.

The IAASB is expected to issue ISSA 5000 in September 2024, and the AUASB will issue an Australian equivalent by the end of 2024, subject to seeing the final ISSA 5000. The Office of the AUASB will circulate the revised ISSA 5000 to AUASB Members for consideration before the AUASB meeting scheduled for 13 June 2024.



(Agenda Item 5.4 – Minute 1679) AUASB Sustainability Assurance Consultation Paper – Local Pronouncement

AUASB members agreed with strong feedback that local material should be developed to cover matters highlighted in Attachment 2 to the Consultation Paper and other matters identified in submissions received. The matters to be addressed may need to be prioritised to ensure that important and useful material is available by the end of 2024. The form of any material drafted on individual matters will be considered against criteria in the Due Process Framework and Convergence Handbook.

ACTION – *The Office of the AUASB to further analyse the feedback received on the matters for a local pronouncement and revert to the Board for consideration at a future meeting of the AUASB.*

(Agenda Item 5.5 – Minute 1680) AUASB Sustainability Assurance Consultation Paper – Other Matters

The Board discussed the other matters identified for the AUASB's consideration, including being cognisant of any overlap in assurance requirements under the Clean Energy Regulator and maximising international alignment where legislatively possible.

The Office of the AUASB will review the feedback received in detail to identify further areas requiring a local response.

(Agenda Item 5.6 – Minute 1681) AUASB Sustainability Assurance Consultation Paper – Next Steps and Other Matters

The Board discussed that the proposed project timeline, which is to release the final AUASB pronouncements by the end of December 2024, contingent upon the passage of the relevant legislation, the finalisation of the AASB's Sustainability and Climate reporting standards and possible amendments to the content of the final version of ISSA 5000 once released. Additional AUASB Board meetings will likely be scheduled throughout the 2024 year to assist in achieving this timeline.

The Board decided that an informal arrangement with advisors from stakeholders would be used to assist in developing any AUASB pronouncements on other matters. To ensure a broad range of expertise, panel members will have audit, sustainability and preparer backgrounds. Advisors will be consulted on relevant draft material by email before it is considered by the Board and issued for public consultation. Advisors will not be obliged to comment on all matters.

(Agenda Item 6 – Minute 1682) ASAE 3500 – Approval of Exposure Draft

The AUASB considered proposed narrow-scope amendments to ASAE 3500 *Performance Engagements* to address the key findings from the AUASB's Post Implementation Review of the Standard undertaken in 2023.

The AUASB unanimously approved releasing an Exposure Draft of the Proposed Revised Standard (ED 01/24) for a 60-day public consultation period. The Board also supported the draft content of the Explanatory Memorandum that would accompany the public release of ED 01/24.

Subject to feedback received from stakeholders, the final Revised ASAE 3500 will be presented to the AUASB at its September 2024 meeting for approval to issue.

ACTION – *The Office of the AUASB to issue ED 01/24 and accompanying Explanatory Memorandum publicly by the end of May 2024, with comments due by 30 July 2024.*

(Agenda Item 7 – Minute 1683) Draft Response to IAASB on Revised ISA 240 (Fraud)

AUASB Members provided initial comments on an early draft of the AUASB's submission on the IAASB's proposed revised ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*. The draft AUASB submission was informed by feedback on an AUASB Consultation Paper received at roundtables and other outreach. The draft will be revised with regard to written submissions on the AUASB consultation paper.

The revised draft AUASB submission will be discussed at a public virtual meeting of the AUASB from 9:00 am to 10:00 am on Friday, 31 May 2024.



(Agenda Item 8 – Minute 1684) ASA 2023-1 Revised Explanatory Statement

The AUASB approved the amended wording in the revised Explanatory Statement of ASA 2023-1 *Amendments to Australian Auditing Standards*.

ACTION – *The Office of the AUASB to lodge both revised Explanatory Statements of ASA 2023-1 and ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors) with the Federal Register of Legislation.*

(Agenda Item 9 – Minute 1685) Other Business

The AUASB Chair announced the departure of the Technical Director, Mr Matthew Zappulla, from the Office of the AUASB, effective 31 May 2024. The Board acknowledged Mr Zappulla's significant contribution to auditing and assurance standard-setting over his seven-year tenure at the AUASB.

The Board confirmed the next virtual AUASB meeting to be held on Friday, 31 May 2024, and identified the actions arising for the Office of the AUASB's due consideration.

Next Meeting

The AUASB will hold its next meetings virtually on 31 May 2024 and 13 June 2024.

Approval

Signed as a true and correct record.

Douglas Niven
Chair

Date: 4 December 2024