



Subject:	Minutes of the 142 nd Meeting of the Auditing and Assurance Standards Board (AUASB)
Venue:	Via Zoom Teleconference
Date:	Wednesday, 13 March 2024, 9:00 am – 12:00 pm

Attendance

AUASB Members:	Mr Doug Niven (Chair)	Mr Terence Jeyaretnam
	Ms Julie Crisp (Deputy Chair)	Ms Joanne Lonergan
	Ms Marje Russ (NZAuASB Chair)	Mr Andrew Porter
	Ms Tracey Barker	Ms Michelle Shafizadeh
	Mr Klynton Hankin	Mr Jason Thorne
	Professor Noel Harding	Mr Chi Mun Woo
Office of the AUASB Staff:	Mr Matthew Zappulla (Technical Director)	Ms Joanna Foyster
	Ms Anne Waters	Ms See Wen Ewe
	Ms Rene Herman	Dr Rebecca Mattocks
	Ms Marina Michaelides	
Guests:	Mr Bill Edge, IAASB [Agenda Item 2]	
	Mr Channa Wijesinghe, APESB [Agenda Item 3]	

Minutes

(Agenda Item 1 – Minute 1666) Opening and Chair Update

The AUASB Chair welcomed members to the 142nd meeting. The Chair discussed the recent visit of the IAASB Chair, Mr Tom Seidenstein, at the end of February 2024 and reflected that it was a good opportunity for the AUASB members and other stakeholders to provide their views on sustainability reporting and assurance in Australia and New Zealand and the IAASB work plan going forward.

(Agenda Item 2 – Minute 1667) Update on IAASB March Agenda Items

Sustainability Assurance

AUASB members discussed proposals on substantive matters by the ISSA 5000 TF for consideration at the March 2024 IAASB Meeting. The AUASB discussion focused on key issues that may not have been addressed in the AUASB submission to the IAASB, the main ones being Quality Management and Ethics or the "at least as demanding" test.

Stakeholder feedback, consistent with Australian feedback, supported the fundamental principles but with concerns around how this determination would be made and the level of judgement and inconsistency in application. The AUASB discussed the two-step approach that the ISSA 5000 TF are proposing where the individual practitioner will need to undertake a determination and document the basis for this determination. AUASB members had mixed views on that approach.

The AUASB also discussed the definition of "sustainability matters" reflecting the common understanding of ESG - environmental, social and governance matters. AUASB members also had mixed views on whether these proposed changes were a step forward or backwards on the current definition.

Technology / Risk Response

Mr Bill Edge, IAASB Member, gave the AUASB a short overview of the key areas that the IAASB will discuss at the March 2024 meeting and two questions he would like the AUASB to focus on in their discussions:



1. Whether the IAASB standards appropriately cover technology in their current form. The AUASB discussed the issues on trying to future proof the standards, not stifling innovation and continued adoption of a principles-based approach.
2. The interrelationship with other standards, primarily ISA 500 *Audit Evidence* (Revised). ISA 500 is a very principles-based standard as currently proposed, but has been put on hold due to the technology and risk response projects.

(Agenda Item 3 – Minute 1668) IESBA Exposure Drafts on International Ethics Standards for Sustainability Assurance and Using the Work of an External Expert

Mr Channa Wijesinghe, Chief Executive of the APESB, gave the AUASB an update on the IESBA Exposure Drafts on International Ethics Standards for Sustainability Assurance and using the work of an External Expert. The Ethics Sustainability Assurance ED is professionally agnostic, framework neutral and dealt with in a standalone new Part 5 of the IESBA Code. That ED is equivalent to ethics and independence requirements in the International Auditing Standards (ISAs).

IESBA are addressing the competency, capabilities and objectivity for external experts used in any professional service. The proposals focus on ethics related considerations and avoids conflicts with ISA 600 *Special Considerations-Audits of a Group Financial Report* and ISSA 5000 *Proposed International Standard on Sustainability Assurance*, with heightened public interest expectations, proposed revisions to the definition of "expert" and "external expert" and additional independence attributes that need to be assessed under Part 4A of the IESBA Code.

(Agenda Item 4 – Minute 1669) AUASB Sustainability Assurance Consultation Paper

AUASB members provided feedback on a revised draft of the "Assurance over climate and other sustainability information" Consultation Paper reflecting suggested amendments from the 19 February 2024 meeting. The paper proposes to seek feedback on:

- Demand for assurance and ability of auditors and their experts to meet that demand. A possible assurance phasing model would be included, solely as a means of collecting information to inform the AUASB in a proposed assurance phasing model for inclusion in a future exposure draft.
- Adoption of ISSA 5000 *General Requirements for Sustainability Assurance Engagements*
 - Members requested the inclusion of more background information, including the "as least as demanding test".
 - Members were supportive of seeking feedback on the applicability of ISSA 5000 at this time, however it will be necessary to reconsider this matter once the standard is released by the IAASB later in 2024.
- Possible local pronouncement
 - Members suggested that the term 'pronouncement' should be explained to ensure stakeholders understand the different types, and the implications of each.
 - Members felt that the Consultation Paper should include the reasons for and against a possible local pronouncement. The form will be determined by the AUASB once feedback on the Consultation Paper is received, and ISSA 5000 and the Australian reporting framework is finalised.

Members supported the release of the Consultation Paper for a 45-day comment period.

(Agenda Item 5 – Minute 1670) ASAE 3500 Update

The AUASB received an update on the project to make narrow scope amendments to ASAE 3500 *Performance Engagements* to address issues identified from a Post Implementation Review of the Standard that was undertaken in 2023. A Project Advisory Group (PAG) comprising representatives from each Auditor-General's Office in Australia is assisting the AUASB with revisions to ASAE 3500. A final draft has been shared with members of the PAG for feedback. The PAG will meet on 18 March 2024 to address outstanding issues. A final draft of the proposed revised ASAE 3500, as well as a draft Explanatory Memorandum will be presented to the AUASB in May 2024 for consideration and approval to expose publicly for a 60-day period.



(Agenda Item 6 – Minute 1671) Other Business

The AUASB Chair raised the timing of the May AUASB meeting which is likely to be moved out two weeks, so the AUASB can consider feedback on the sustainability consultation paper which will close for comment on 8 May 2024. AUASB members will be contacted shortly to consider a new date.

Next Meeting

The AUASB will hold its next meeting in Melbourne in May 2024 (date to be determined).

Approval

Signed as a true and correct record.

Douglas Niven
Chair

Date: 4 December 2024