

28 July 2022

Mr Bill Edge
Chairman
Auditing and Assurance Standards Board (AUASB)
PO Box 204
Collins St West
MELBOURNE VIC 8007
By email: enquiries@auasb.gov.au

Dear Bill,

RE: Consultation Paper – AUASB Agenda Consultation 2022-23

Accounting Professional & Ethical Standards Board Limited (APESB) welcomes the opportunity to make a submission on the AUASB's Agenda Consultation for the 2022-23 period (Consultation Paper), in addition to our feedback provided at the AUASB's stakeholder consultation forum on 8 June 2022.

Overall Comments

APESB is supportive of the AUASB's proposed strategic priorities and projects as set out in the Consultation Paper. To assist the AUASB in determining their agenda going forward, APESB has provided additional views on some of the projects of mutual interest or importance to both standard setters.

Extended External Reporting (EER)/ Sustainability

APESB is of the view that the Extended External Reporting (EER)/ Sustainability project should be a high priority for the AUASB. Australian standard setters need to keep abreast of the current global developments on sustainability reporting and assurance, especially to ensure the rapid pace of development does not result in standards that are not practicable or fit for purpose in the Australian context.

APESB would also support the development of Australian sustainability-focused standards, which a broad range of professionals may use.

Quality Management

APESB and AUASB Technical Staff have worked closely to develop a cohesive set of quality management standards for assurance and non-assurance services. We support the AUASB's focus on this project but acknowledge that the role of education and implementation support falls within the mandate of other organisations, such as professional accounting bodies and universities.

Audit Quality

In line with international developments, APESB has been working on enhancing the robustness of the Code, especially in regard to the revisions for the fee-related and non-assurance services provisions. These revisions will strengthen the independence of auditors, which we believe is a critical component of audit quality. Therefore, APESB supports the AUASB's continued focus on audit quality, especially in light of overseas regulators and governments' response to audit quality issues over the last few years.

Guidance for SMSF auditors

During APESB's recent project on fee-related provisions of the Code, our engagement with registered auditors of Self-Managed Superannuation Funds (SMSFs) highlighted a need for guidance on conducting an appropriate review to assess the independence of SMSF auditors who may be reliant on a referral source. It is not within the mandate of APESB to specify how the appropriate review for SMSF audits should be performed. However, APESB encourages the AUASB to consider this issue in the next review of GS 009 *Auditing Self-Managed Superannuation Funds*.

Disclosure of public interest entity independence requirements

APESB has also proposed revisions to the Code to improve the provisions relating to public interest entities and the transparency of the independence requirements for these entities. These proposals intersect with a current AUASB exposure draft which proposes the disclosure in the audit report as to whether the independence requirements applicable to public interest entities were applied for the relevant audit engagement.

APESB will collaborate with the AUASB to consider the feedback on these transparency proposals and how the requirements should be implemented in the Australian environment.

Concluding comments

As the professional and ethical standards setter in Australia, APESB continues to work closely with the AUASB in developing cohesive and robust standards for the Australian auditing profession. We appreciate the collaboration with the AUASB and its Technical Staff and look forward to engaging on future projects of mutual interest.

We trust you find these comments useful in your deliberations. If you wish to discuss this further or should you require any additional information, please contact APESB's Chief Executive Officer, Channa Wijesinghe, at channa.wijesinghe@apesb.org.au.

Yours sincerely



Nancy Milne OAM
Chairman