

18 August 2022

Mr Bill Edge  
Chair  
Australian Auditing and Assurance Standards Board  
PO Box 204, Collins Street West  
VICTORIA 8007

Dear Mr Edge,

***ED 02/22 Explanatory Memorandum: Proposed Conforming and Consequential Amendments to the other AUASB Standards to align to the IAASB Other Standards***

Thank you for the opportunity to comment on AUASB's Exposure Draft ED 02/22.

IPA is supportive of the changes proposed in the Exposure Draft which are necessary to ensure the language and terminology used throughout AUASB pronouncements are consistent to facilitate achieving the main objectives of Part 12 of the *Australian Securities and Investments Commission Act 2001*.

Our response to the specific questions in the Explanatory Memorandum are in Attachment 1.

If you have any queries with respect to our comments or require further information, please contact me at [vicki.stylianou@publicaccountants.org.au](mailto:vicki.stylianou@publicaccountants.org.au) or on mobile 0419 942 733.

Yours sincerely



Vicki Stylianou  
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Institute of Public Accountants

**About the IPA**

The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.

## Attachment 1 – IPA responses to AUASB Exposure Draft Questions

### Question 1

**Do respondents support the proposed amendments to align the terminology in AUASB Other Assurance Standards with that of the international equivalents? If not, why not?**

Notwithstanding our comments to Question 2, IPA generally supports the proposed amendments given the change in scope of APES 320 *Quality Management for Firms that provide Non-Assurance Services* to no longer include audit and assurance services and the proposed amendments effective from 1 January 2023.

### Question 2

**Do respondents consider that Assurance Practitioners undertaking Assurance Engagements under the Australian Standards on Review Engagements (ASREs) and Standards on Assurance Engagements (ASAEs) should be required to comply with ASQM 1 and ASA 102 or requirements that are at least demanding? If not, why not?**

IPA considers that Assurance Practitioners undertaking Assurance Engagements under ASREs and ASAEs should simply be required to comply with ASQM 1 and ASA 102. Although the proposed amendments result in a pure convergence of Australian standards with IAASB equivalents, “other standards that are at least demanding” would not be commonplace and may add an unintended level of application complexity. Except to achieve pure compliance with equivalent IAASB equivalent standards, it is unclear what additional benefits would be achieved by allowing alternative standards to be adopted. There is opportunity for the AUASB to provide examples and guidance on what these other standards are. Outside quality management, do other AUASB standards allow alternative standards to be applied by audit/assurance practitioners where those requirements are at least demanding to the default standards?

### Question 3

**Do respondents support the proposed effective date?**

IPA generally supports the proposed operative date of 15 December 2022 but notes this potentially creates an early adoption anomaly. We note ASQM 1 requires a system of quality management to be designed and implemented by 15 December 2022. Where an auditor has ‘early adopted’ ASQM 1, the effect of the proposed conforming and consequential amendments is technically out of alignment with ASQM 1. The AUASB should consider if this can be overcome by enabling early adoption of the conforming and consequential amendments.

### Question 4

**Have applicable laws and regulations been appropriately addressed in the proposed conforming and consequential amendments to the other AUASB Standards? Are there any references to relevant laws or regulations that have been omitted?**

IPA believes applicable laws and regulations have been appropriately addressed and we are not aware of any laws or regulations that have been omitted.

#### **Question 5**

**Whether there are any laws or regulations that may, or do, prevent or impede the application of the proposed conforming and consequential amendments to the Australian-specific AUASB Standards, or may conflict with the proposed conforming and consequential amendments to the Australian-specific AUASB Standards?**

IPA are not aware of any impediments or any legislative conflicts which may conflict with the proposed conforming and consequential amendments.

#### **Question 6**

**Whether there are any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may, or do, prevent or impede the application of the proposed conforming and consequential amendments to the other AUASB Standards, or may conflict with the proposed conforming and consequential amendments to the other AUASB Standards?**

IPA are not aware of any principles and practices that prevent or act as an impediment to applying the proposed conforming and consequential amendments.

#### **Question 7**

**What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the requirements of this proposed conforming and consequential amendments to the other AUASB Standards? If significant costs are expected, the AUASB would like to understand:**

- (i) Where those costs are likely to occur;**
- (ii) The estimated extent of costs, in percentage terms (relative to audit fees); and**
- (iii) Whether expected costs outweigh the benefits to the users of audit services?**

IPA's view is that there are unlikely to be any additional significant costs or benefits for auditors and the business community arising from compliance with the requirements of the proposed conforming and consequential amendments.

#### **Question 8**

**Are there any other significant public interest matters that stakeholders wish to raise?**

IPA does not have any other significant public interest matters to raise.