Welcome!

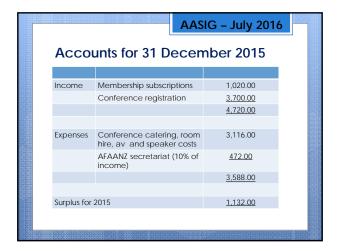**Auditing and Assurance Special Interest Group Meeting**

Gold Coast
3 July 2016

Schedule

9am: Welcome and Annual General Meeting

9.15am: Update on Synthesis Projects

9.30am: Panel on Innovations in Audit Education

10.40am: Morning Tea

11.00am: Panel on Current Issues in Auditing

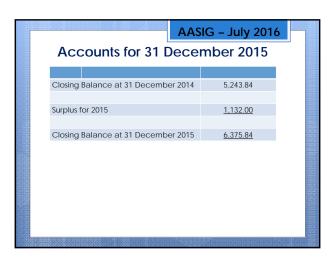12.10pm: Audit Quality Research Collaboration Panel Initiative

12.20pm: Lunch

Objectives

- providing a forum for continuing education in relation to the teaching of audit, assurance, ethics, risk management and governance issues
- providing a forum for continuing education with regard to current professional issues in relation to auditing and assurance
- disseminating information and communicating members' research interests and emerging issues in research
- providing opportunities to present new research ideas and work-in-progress in supportive workshops with more time than is usually available at a conference
- providing opportunities to present emerging issues in research methodologies
- initiating, encouraging and facilitating collaborative research
- encouraging both new and established researchers in auditing and assurance research using a variety of methods

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Update on SIG Activity

- Formed in 2010, we met for the first time in 2011. Attendance today is around 45 and we welcome those attending the AASIG for the first time.
- Membership has stabilised at around 50 members.
- The mailing list is a great way to contact and mobilise Australian and New Zealand audit researchers on areas of interest eg Conferences, Journal Rankings, Special Issues of Journals, etc.
- The AUASB and FRC are keen to engage with academic audit researchers and with the AASIG specifically.
- We have now completed two rounds of CPA synthesis projects and will have an update on 3rd round currently underway.
- We will be announcing a new access initiative today.

Annual General Meeting

- Election of Office Holders
- Presentation of Accounts
- Plans for 2016/17
- Any Other Business

Election of Officeholders

- Elizabeth Carson, Chair
- Robyn Moroney, Secretary
- Peter Carey
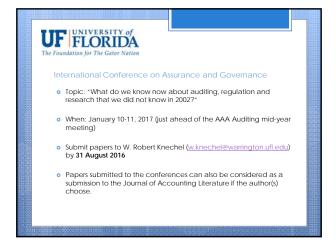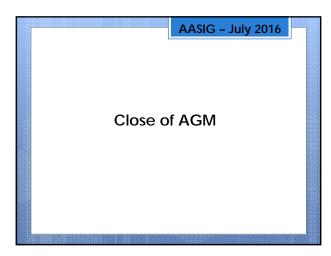- Nives Botica-Redmayne, New Zealand

(Noel Harding not standing for re-election)

Slide 1

Accounts for 31 December 2015

Income	Membership subscriptions	1,020.00
	Conference registration	3,700.00
		4,720.00
Expenses	Conference catering, room hire, av and speaker costs	3,116.00
	AFAANZ secretariat (10% of income)	472.00
		3,588.00
Surplus for 2015		1,132.00

Slide 2

Accounts for 31 December 2015

Closing Balance at 31 December 2014	5,243.84
Surplus for 2015	1,132.00
Closing Balance at 31 December 2015	6,375.84

Slide 3

Plans for 2017

- 2017 meeting will be held in Australia
- Suggestions for panels or presenters most welcome
- Encourage your colleagues and students to join and plan to attend

Slide 4

Any other business?
Announcements from
Institutions?

Slide 5

Australian National University

14th Annual ANCAAR Audit Research Forum

2-3 December 2016

If you wish to attend or present, please email
ancaar@anu.edu.au

Australian National Centre for Audit & Assurance Research

Slide 6

Call for Papers – ISAR 2017
16 and 17 June, 2017
Coogee Beach, Sydney, Australia

Paper submission deadline: 31 January 2017
More information at: www.isarhq.org

UNSW

UF UNIVERSITY of FLORIDA
The Foundation for The Gator Nation

International Conference on Assurance and Governance

- Topic: "What do we know now about auditing, regulation and research that we did not know in 2002?"

- When: January 10-11, 2017 (just ahead of the AAA Auditing mid-year meeting)

- Submit papers to W. Robert Knechel (w.knechel@warrington.ufl.edu) by **31 August 2016**

- Papers submitted to the conferences can also be considered as a submission to the Journal of Accounting Literature if the author(s) choose.

AASIG – July 2016

Close of AGM

AASIG – July 2016

AASIG/CPA Australia Research Synthesis Partnership

- In 2012, CPA Australia commissioned two synthesis papers on auditor independence and audit market structure to aid in the dissemination of research findings for policy setting and regulation. These are now published in Australian Accounting Review.
- In 2014, we called for AASIG members to express their interest in participating in a further round of projects on going concern reporting and professional scepticism These will be published in September's edition of Australian Accounting Review.
- Most recently, David Hay, Jenny Stewart and Nives Botica-Redmayne commenced a synthesis project on corporate governance and auditing and will update us today.
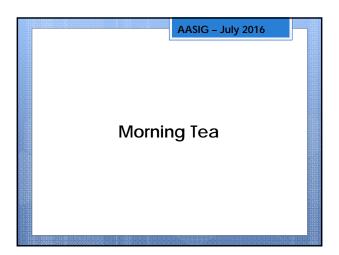- We welcome the ongoing support of CPA Australia and , in particular, Claire Grayston.
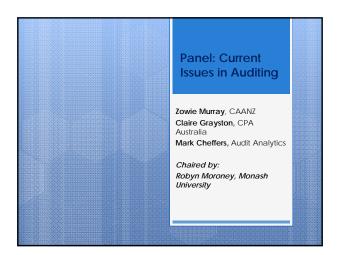

Update and Reflections on the Synthesis Projects

David Hay
University of Auckland
Claire Grayston
CPA Australia

Panel on Innovations in Audit Education

Amanda White, UTS
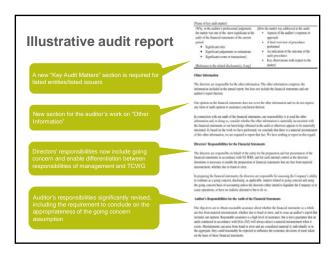**Ferdinand Gul,** Deakin University
Ram Nagarajan, Monash University
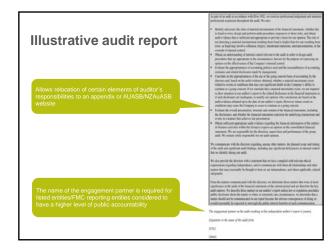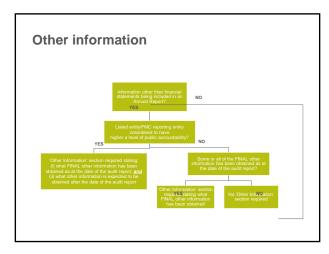
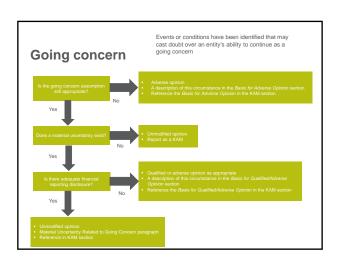*Chaired by:*
Peter Carey, Deakin University

AASIG – July 2016

Morning Tea

Slide 1

Panel: Current Issues in Auditing

Zowie Murray, CAANZ
Claire Grayston, CPA Australia
Mark Cheffers, Audit Analytics

Chaired by:
Robyn Moroney, Monash University

Slide 2

Revolutionising Reporting

Zowie Murray CA
Senior Policy Advisor

Slide 3 — Illustrative audit report

- The Opinion section is now located at the top of the report
- A new "Basis for Opinion" section follows the Opinion
- Explicit statement of independence and compliance with relevant ethical requirements, plus identification of which standards were followed
- New section if there is a material uncertainty related to going concern and it is adequately disclosed in the financial statements

Slide 4 — Illustrative audit report

- A new "Key Audit Matters" section is required for listed entities/listed issuers
- New section for the auditor's work on "Other Information"
- Directors' responsibilities now include going concern and enable differentiation between responsibilities of management and TCWG
- Auditor's responsibilities significantly revised, including the requirement to conclude on the appropriateness of the going concern assumption

Slide 5 — Illustrative audit report

- Allows relocation of certain elements of auditor's responsibilities to an appendix or AUASB/NZAuASB website
- The name of the engagement partner is required for listed entities/FMC reporting entities considered to have a higher level of public accountability

Slide 6 — Early adopters

Cochlear	Downer	ASX	QBE	NZX
30 June 2015	30 June 2015	30 June 2015	31 December 2015	31 December 2015
4 pages	5 pages	3 pages	6 pages	4 pages
3 KAM	4 KAM	2 KAM	4 KAM	2 KAM
Provision for patent dispute	Impairment of goodwill	Impairment of goodwill	Impairment of goodwill	Impairment of goodwill
Provision for product recall	Acquisition of a business	Valuation and existence of available-for-sale financial assets	Valuation of net outstanding claims	Acquisition of a business
Recoverability of trade receivables	Recognition of revenue		Recoverability of deferred tax	
	Valuation of plant and equipment		Valuation of investments	

Example KAM

Other information

Going concern

Events or conditions have been identified that may cast doubt over an entity's ability to continue as a going concern

Financial reporting disclosures

✎ **ASA/ISA (NZ) 570, Para. 18**

- That there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern
- The principal events or conditions that may cast doubt on the entity's ability to continue as a going concern
- Management's plans for dealing with these events or conditions
- That, therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business

Launch of the Audit Quality Research Collaboration Panel (AQRCP)

Robyn Moroney

Background

- Roundtable at University of Melbourne in 2015
- Interest in research involving different stakeholder groups
- Panel members reflect stakeholder groups identified in the IAASB's framework quality:
  - Regulators
  - Users
  - Auditors
  - Management
  - Those charged with governance

Panellists

Audit practitioner representative: Valerie Clifford, APPC Chair, Chair the AQRC Panel

ASIC representative: Doug Niven, Senior Executive Leader

AICD representative: Louise Pocock, Deputy Executive Director, Governance Leadership Centre

FRC representative: Bill Edge, Chair

G100 representative: Peter Meehan, CEO

AASB representative: Kris Peach, Chair

AUASB representative: Merran Kelsall, Chair

APESB representative: Channa Wijesinghe, Technical Director

Investor representative: Toby Langley, Director Equity Research at Bank of America Merrill Lynch

Facilitator of Australia's Corporate Reporting User Forum: Louise Halliwell, PwC

Academic representatives of the AASIG: Ken Trotman and Robyn Moroney

Vision

To establish an independent panel of senior representatives from across Australia's capital market community that will support academics undertaking relevant and important research into audit quality.

Purpose

- To extend the current scope and increase the reliability of research findings on audit quality.
- To improve access to analyst, audit committee member, board member, CFO, auditor or shareholder participants that would facilitate innovative research into audit quality.
- To better inform regulators, practitioners, user groups and the academic community about the factors that impact on a quality audit.
- To facilitate better connections between academia and the business community on a topic that is perpetually current and linked to Australia's future prosperity.
- To develop a process for identifying promising projects from Australian academics and providing access to participants in a sustainable way.
- To improve the effectiveness with which research findings are disseminated.

Role of panellists

- Assist in the development of proposed topics for research
- Assist in providing access to analyst, audit committee member, board member, CFO, auditor or shareholder participants, as appropriate, in support of research approved by the AQRC Panel.
- Be conscious that topics must have academic merit as well as practical relevance.
- Be conscious that the development of well-conceived research topics and sophisticated research instruments takes time.

Role of researchers

- Proposals prepared for the consideration of the AQRC Panel must address the list of topics prepared by the panel or topics which the researchers believe may be of interest to the panel.
- Report back with preliminary findings to the AQRC Panel within 4 months of gaining access to appropriate participants.
- Be conscious that topics must have practical relevance as well as academic merit.
- Ensure proposals use appropriate terminology that is meaningful to the AQRC Panel.
- Ensure proposals recognise that participants are a scarce resource and therefore consider carefully the number and type of participants needed.

Topics of Interest

- The new audit report
- Exploring the value of audit/ expectation gap
- Professional scepticism
- ISA 315 - Identifying and assessing the risks of material misstatement through understanding the entity and its environment - currently being revised

Timeline

- 27 April 2016 - First meeting held
- 3 July - Launch of AQRCP
- Following AFAANZ – invite expressions of interest (AASIG members)
- 3 Aug – Expressions of interest due date
- Mid Aug – Outcome communicated; successful researchers invited to submit application
- 14 Oct – Applications due
- End Oct - Outcome communicated

What happens next?

- Researchers work directly with relevant panel member to secure access to participants
- Researchers report back to the AQRCP within 4 months of completing data collection

Responses to FAQs

- The purpose of the AQRCP is to facilitate access to participants for approved projects looking at audit quality
- No funds are provided
- The AQRCP does not replace any agreements in place for access to participants; rather its purpose is to provide additional access to participants

Questions