

**CPA Australia Ltd**

Level 20, 28 Freshwater Place  
Southbank VIC 3006  
Australia

GPO Box 2820  
Melbourne VIC 3001  
Australia

**Phone** 1300 737 373

**Outside Aust** +613 9606 9677

**Website** [cpaaustralia.com.au](http://cpaaustralia.com.au)

19 February 2021

Attention: Bill Edge  
Acting Chair  
Auditing and Assurance Standards Board  
Podium Level  
Level 14, 530 Collins Street  
Melbourne Victoria 3000

By email: [enquiries@auasb.gov.au](mailto:enquiries@auasb.gov.au)

Dear Bill

### **AUASB Consultation on Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications**

CPA Australia welcomes the development of a Due Process Framework by the AUASB to clarify the processes which the AUASB will follow in pursuit of its mission and strategic objectives. CPA Australia represents the diverse interests of more than 168,000 members working in over a 100 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

We consider that the Due Process Framework sets out clearly and thoroughly the principles and processes which the AUASB will follow in issuing and updating AUASB Standards, guidance and other publications. This will be a helpful reference both internally for AUASB staff and for external stakeholders to readily understand how the AUASB operates and at what stages external stakeholders can contribute to the development of pronouncements and publications.

We note a number of specific matters for the AUASB to consider in finalising this Framework:

1. Independence – the concept of independence is used in the document several times, including Appendix 1 Public Interest Framework, with a different meaning to that of the *Code of Ethics for Professional Accountants*. In the Code independence is required only for those providing assurance engagements and has stringent requirements. We consider that the standard setting process cannot be entirely independent within the meaning of the Code as a number of the AUASB Board members are impacted by the outcomes of Board decisions. However, they can be expected to apply the ethical principle of objectivity and so we suggest that the standard setting process should be objective rather than independent. Therefore, we suggest replacing the term independence with objectivity in this Framework. In addition, we note that paragraph 15(d) refers to “independence (both real or perceived)” whereas to align with the Code we suggest this reads “independence (of mind and in appearance)”, albeit we have suggested replacing this term.
2. Typographical error in paragraph 17 – we suggest amending righthand column phrase “an entity’s constituting or other documents” to read “an entity’s constitution or other governing documents”.
3. Wherever other publications are referred to, we suggest providing a hyperlink, including documents listed in paragraphs 6 and 35.

4. We suggest the reference to regulators in paragraph 146 could be amended to read “(such as APRA, ASIC, ATO, ACNC and State-based regulators with oversight of assurance requirements)”
5. We consider Appendix 1, Paragraph 9(d) needs rephrasing. Some possible amendments may include: “Preparers – management, ~~including and~~ professional accountants in business (~~being members of one of the professional accounting bodies including CA ANZ, CPA Australia, IPA or bodies based in other jurisdictions~~), ~~for entities of all sizes, in either the public or private sectors, as well as and~~ those charged with governance (~~for example, including audit committee members who oversee the audit process~~), ~~of entities of all sizes, in either the public or private sectors~~ ~~the latter group being relevant to addressing the information asymmetries among different parties involved in the functioning of companies, and who also provide the basis for the auditor’s work.”~~

The purpose of this final phrase is unclear but possibly could be restated in a separate sentence.

6. Appendix 1, Paragraph 9(e) could include additional wording “or grants or private donations”.

If you require further information on the views expressed in this submission, please contact Claire Grayston, Policy Advisor Audit and Assurance at [claire.grayston@cpaaustralia.com.au](mailto:claire.grayston@cpaaustralia.com.au).

Your sincerely

**Dr. Gary Pflugrath**  
**Executive General Manager, Policy and Advocacy**