



The Chair  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
Melbourne VIC 8007

28 August 2019

Dear Prof Simnett

**Exposure Draft 01/19: ASRE 2410 *Review of a Financial Report Performed by the Auditor of the Entity***

We appreciate the opportunity to comment on the above mentioned Exposure Draft.

We support the proposed standard and have included our responses to the specific questions included in the Request for Comment in the Appendix to this letter.

We would be pleased to discuss our comments with you. Please contact me on (03) 8603 3285 should you require any further information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Valerie Clifford', is written over a light blue horizontal line.

Valerie Clifford  
Assurance Risk & Quality Leader



## Appendix

### Response to the Request for Comments questions: ED 01/19

- 1. Do you agree with the scope and key proposals to incorporate the auditor's reporting requirements made to the auditor's report consistently into the auditor's review report?**

Yes.

- 2. Do you agree with the proposed amendments to incorporate conforming amendments as a result of the IAASB's project regarding non-compliance with laws and regulations (NOCLAR)?**

Yes, for the purpose of consistency and overall compliance with the ethical standards.

- 3. Do you agree with including reviews of financial reports prepared in accordance with a compliance framework explicitly in ASRE 2410?**

Yes, as the financial reports subject to review by the auditor of an entity are at times prepared in accordance with a compliance framework. It is therefore beneficial to explicitly include them within the scope of the standard.

- 4. Do you agree with how the responsibilities of management for the financial report, and the auditor's responsibilities for the review of the financial report, are described in the auditor's review report? Refer to paragraph 18 and 19 in the Explanatory Memorandum for detail on the AUASB's deliberations.**

Yes, as this provides an additional level of consistency with the form of the audit report, whilst appropriately reflecting the requirements of ASRE 2410. Refer to question 12 & 13 for additional detail.

- 5. Do you consider that there are any further amendments required to be made to ASRE 2410?**

None noted

- 6. Do you agree with the proposed effective date? If not, please explain why not**

We agree with the proposed effective date of financial periods commencing on or after 1 January 2020, as the amendments are restricted mainly to the form of the review report and should not result in significant additional work effort.



**7. Are there any other significant public interest matters that constituents wish to raise?**

None noted

**8. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?**

None noted

**9. Are there 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 standard, or may conflict with the proposed standard?**

None noted

**10. What, if any are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the requirements of the proposed standard? If significant costs are expected, the AUASB would like to understand:**

- a) **Where those costs are likely to occur;**
- b) **The estimated extent of the costs, in percentage terms (relative to audit fee); and**
- c) **Whether expected costs outweigh the benefits to the users of audit services?**

No significant additional costs expected as a result of the proposed amendments. There is significant benefit to be gained from consistency in the form of audit and review opinions.

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

No additional matters to raise.



***Additional questions raised in Addendum to Explanatory Memorandum***

**12. Do you agree that the review report should include a description of the responsibility for the auditor in respect of going concern?**

Yes, as this will not only improve the consistency with the format of the audit report, but also clarify for users of the report what the auditor's responsibilities are in respect of going concern in a limited assurance engagement.

**13. Do you agree with how the auditor's responsibility has been described in ED01/19? If so, why? If not, why not, with, if appropriate, specific reference to the NZAuASB suggested wording.**

We agree with the way the auditor's responsibility in relation to going concern has been described in ED 01/19 for the following reasons:

- i. It is important to differentiate between the requirements of a limited assurance engagement versus that of a reasonable assurance engagement;
- ii. We do not believe there is a compelling reason to revise the current requirement included in ASRE 2410 in relation to the auditor's responsibilities in respect of going concern, which is consistent with ISRE 2410, or to amend the specific review procedures required to expand the requirements beyond what is required by the International standard.
- iii. The wording in the review report needs to be consistent with the requirement in the standard.

However, it would not be desirable for the Australian standard to be inconsistent with the New Zealand standard in this instance and we would encourage the AUASB and NZAuASB to work towards resolving the difference. For the above mentioned reasons, our strong preference is to remain consistent with the requirements of ISRE 2410.