

ASA 2017-2
(May 2017)

Explanatory Statement

ASA 2017-2 Amendments to Australian Auditing Standards

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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This Explanatory Statement is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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Reasons for Issuing Auditing Standard ASA 2017-2

The AUASB issues Auditing Standard ASA 2015-1 *Amendments to Australian Auditing Standards* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a Non Corporate Commonwealth Entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

Purpose of Auditing Standard ASA 2017-2 Amendments to Australian Auditing Standards

The purpose of the Auditing Standard is to make amendments to the following Auditing Standards:

Main Features

This Auditing Standard makes amendments to the following Auditing Standards:

ASQC 1	<i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements (27 October 2009)</i>
ASA 210	<i>Agreeing the Terms of Audit Engagements (27 October 2009)</i>
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Information (27 October 2009)</i>
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (27 October 2009)</i>
ASA 260	<i>Communication with Those Charged with Governance (27 October 2009)</i>
ASA 450	<i>Evaluation of Misstatements Identified During the Audit (27 October 2009)</i>
ASA 500	<i>Audit Evidence (27 October 2009)</i>
ASRE 2400	<i>Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity (26 March 2013)</i>
ASAE 3000	<i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information (24 June 2014)</i>
ASAE 3402	<i>Assurance Reports on Controls at a Service Organisation (24 June 2014)</i>
ASAE 3410	<i>Assurance Engagements on Greenhouse Gas Statements (24 June 2014)</i>

Operative Date

ASA 2017-2 *Amendments to Australian Auditing Standards* is operative for financial reporting periods ending on or after 15 December 2017.

Process of making Australian Auditing Standards

The AUASB's Strategic Direction, *inter alia*, provides that the AUASB develop Australian Auditing Standards that:

- have a clear public interest focus and are of the highest quality;
- use the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- conform with the Australian regulatory environment; and
- are capable of enforcement.

Consultation Process prior to issuing the Auditing Standard

The AUASB has consulted publicly as part of its due process in developing the Auditing Standard.

Exposure Draft ED 2016-1 *Amendments to Australian Auditing Standards* was issued on 23 December 2016 with a 90 day comment period.

Submissions were received by the AUASB and these were considered as part of the development and finalisation of the Auditing Standard.

Regulatory Impact Statement

A Regulatory Impact Statement (RIA) will be prepared in connection with the preparation of ASA 2017-2 *Amendments to Australian Auditing Standards*. The RIA is expected to be cleared by the Office of Best Practice Regulation (OBPR).

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Legislative Instrument: **Auditing Standard ASA 2017- 2 Amendments to Australian Auditing Standards**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Background

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003*.

Purpose of Auditing Standard ASA 2017-2

The purpose of ASA 2017-2 is to make amendments to various Australian Auditing Standards.

Main Features

ASA 2017-2 makes amendments to various Australian Auditing Standards as a result of conforming amendments issued by the International Auditing and Assurance Standards Board in respect of changes to the IESBA Code in relation to compliance with laws and regulations.

Human Rights Implications

The Auditing Standards are issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standards do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.