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# AUASB Glossary

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

Draft

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This document contains draft proposals to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions and/or proposals to be contained in a Glossary. No responsibility is taken by the AUASB for the results of reliance, actions or omissions to act on the basis of any information contained in this document (including appendices), or for any errors or omissions in it.



**Australian Government**

**Auditing and Assurance Standards Board**

## **Obtaining a Copy of the AUASB Glossary**

This Glossary is available on the AUASB website: [www.auasb.gov.au](http://www.auasb.gov.au).

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AUASB GLOSSARY

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## PREFACE

### Reasons for Issuing the AUASB Glossary

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act).

Under section 227B of the ASIC Act, the AUASB may formulate guidance on auditing and assurance matters. Accordingly, the AUASB issues the *AUASB Glossary* under its powers described in section 227B of that Act.

### Main Features

The *AUASB Glossary* sets out terms defined or used in the AUASB Standards.

AUASB Standards means standards issued by the AUASB, comprising:

<u>Description</u>	<u>Prefix</u>
<u>Standards made under the Corporations Act 2001</u>	<u>ASA</u> <u>ASRE</u> <sup>(a)</sup> <u>ASQC</u>
<u>Standards on review engagements</u>	<u>ASRE</u>
<u>Standards on auditing and assurance engagements</u>	<u>ASAE</u> <u>ASA</u> <sup>(b)</sup> <u>AUS</u> <sup>(c)</sup>

<sup>(a)</sup> Standard ASRE 2410 only

<sup>(b)</sup> Standard ASA 805 only

<sup>(c)</sup> Standards AUS 804, AUS 810 and AUS 904 only

## *AUASB Glossary*

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The source of terms that are defined or used in standards made by the AUASB under the Corporations Act 2001 are denoted in the AUASB Glossary by the following symbols:

- (a) \* Denotes a term defined or used in ~~the standards~~ with prefix “ASA” (ASAs), other than Auditing Standard ASA 805, operative for financial reporting periods commencing on or after 1 January 2010;
- (b) † Denotes a term defined or used in ~~ISQC-ASQC 1~~ *Quality Control for Firms that Perform Audits and Reviews of Financial Reports, other Financial Information and Other Assurance Engagements*; and
- (c) Δ Denotes a term defined or used in ASRE 2410 *Reviews of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*.

The ~~words-terms~~ are defined in the context of the principal usage.

The *AUASB Glossary* does not itself establish mandatory requirements for the performance of audit, review, assurance or related service engagements. Accordingly, the AUASB has not issued the *AUASB Glossary* as an Auditing Standard for the purposes of the corporations legislation.

The AUASB intends to update the *AUASB Glossary* periodically.

**AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) formulates the *AUASB Glossary* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

Dated xxx 2009

M H Kelsall  
Chairman - AUASB

## AUASB Glossary<sup>1</sup>

*Access controls* ~~means Procedures-procedures~~ designed to restrict access to on-line terminal devices, programs and data. Access controls consist of “user authentication” and “user ~~authorizationauthorisation~~.” “User authentication” typically attempts to identify a user through unique logon identifications, passwords, access cards or biometric data. “User ~~authorizationauthorisation~~” consists of access rules to determine the computer resources each user may access. Specifically, such procedures are designed to prevent or detect:

- (a) Unauthorised access to on-line terminal devices, programs and data;
- (b) Entry of ~~unauthorizedunauthorised~~ transactions;
- (c) ~~UnauthorizedUnauthorised~~ changes to data files;
- (d) The use of computer programs by ~~unauthorizedunauthorised~~ personnel; and
- (e) The use of computer programs that have not been ~~authorizedauthorised~~.

\**Accounting estimate*— ~~means An an~~ approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is estimation uncertainty, as well as for other amounts that require estimation. Where ~~ISA-ASA 540~~<sup>2</sup> addresses only accounting estimates involving measurement at fair value, the term “*fair value accounting estimates*” is used.

ASA 540

\**Accounting records*— ~~means The the~~ records of initial accounting entries and supporting records, such as ~~checks-cheques~~ and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial ~~statements-report~~ that are not reflected in ~~formal~~ journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.

ASA 500

\* — Denotes a term defined in the ISAs.

† — Denotes a term defined in ISQC 1.

<sup>1</sup> In the case of public sector engagements, the terms in this ~~glossary-Glossary~~ should be read as referring to their public sector equivalents. Where accounting terms have not been defined in the pronouncements of the ~~International~~ Auditing and Assurance Standards Board (AUASB), reference should be made to the Glossary of Terms published by the ~~International-Australian~~ Accounting Standards Board (AASB).

<sup>2</sup> ~~ISA- See ASA 540;~~ “Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures.”

## AUASB Glossary

Activity (in the context of ASAE 3500)<sup>3</sup> means an action or actions associated with a function or program, including administrative and internal control functions, that are integral to the operations of a business unit or an entity. The economy, efficiency or effectiveness of the activity is the subject matter of a performance engagement.

ASAE 3500

Agreed upon procedures engagement—An engagement in which an auditor is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures may misinterpret the results.

Deleted – not a defined term in AUASB Standards

\*Analytical procedures— means Evaluations evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.

ASA 520  
See also ASA 500 para A21 – used; not defined – different words – change?

Annual report— means A document issued by an entity, ordinarily on an annual basis, which includes its financial statements report together with the auditor's report thereon.

\*Anomaly— means A-a misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.

ASA 530

\*Applicable financial reporting framework— means The-the financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of the financial statements report that is acceptable in view of the nature of the entity and the objective of the financial statements report, or that is required by law or regulation.

The term *fair presentation framework* is used to refer to means a financial reporting framework that requires compliance with the requirements of the framework and:

- (a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
- (b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair

ASA 200

See also ASA 600 – it requires the addition of “for the purposes of this Auditing Standard”

<sup>3</sup> See ASAE 3500 *Performance Engagements*

## AUASB Glossary

presentation of the financial <del>statements</del> <u>report</u> . Such departures are expected to be necessary only in extremely rare circumstances.	
The term <i>compliance framework</i> <del>is used to refer to</del> <u>means</u> a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (a) or (b) above. ( <u>see fair presentation framework</u> )	ASA 200
<del>Application controls in information technology— Manual or automated procedures that typically operate at a business process level. Application controls can be preventative or detective in nature and are designed to ensure the integrity of the accounting records. Accordingly, application controls relate to procedures used to initiate, record, process and report transactions or other financial data.</del>	Deleted – not a defined term in AUASB standards
* <i>Applied criteria (in the context of ISA-ASA 810<sup>4</sup>)</i> — <del>means The the</del> criteria applied by management in the preparation of the summary financial statements.	ASA 810
* <i>Appropriateness (of audit evidence)</i> — <del>means The the</del> measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor’s opinion is based.	ASA 200 ASA 500
* <i>Arm’s length transaction</i> — <del>means A a</del> transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests.	ASA 550
* <i>Assertions</i> — <del>means Representations representations</del> by management <u>and those charged with governance</u> , explicit or otherwise, that are embodied in the financial <del>statements</del> <u>report</u> , as used by the auditor to consider the different types of potential misstatements that may occur.	ASA 315
<u>Assertion-based engagement (in the context of ASAE 3100)<sup>5</sup> means a compliance engagement where an entity asserts compliance with requirements as measured by the suitable criteria, and the assurance practitioner evaluates and expresses a conclusion to enhance the intended user’s confidence in the entity’s assertion.</u>	ASAE 3100
<u>Assertion-based engagement (in the context of ASAE 3500) means a performance engagement where the assurance practitioner reports on assertions prepared by the responsible party regarding the economy, efficiency or effectiveness of the activity.</u>	ASAE 3500

<sup>4</sup> ~~ISA~~ See ASA 810, “Engagements to Report on Summary Financial Statements.”

<sup>5</sup> See ASAE 3100 *Compliance Engagements*.

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*Assess*— means Analyze/analyse identified risks of to conclude on their significance. “Assess,” by convention, is used only in relation to risk. (also see *Evaluate*)

Should “assess” and “association” be deleted? – not sure where they are used

*Association*— (see *Auditor association with financial information*)

\*†*Assurance*— (see *Reasonable assurance*)

ASQC 1

†*Assurance engagement*— means An an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. (see *Reasonable Assurance Engagement and Limited Assurance Engagement*)~~The outcome of the evaluation or measurement of a subject matter is the information that results from applying the criteria (also see *Subject matter information*). Under the “International Framework for Assurance Engagements” there are two types of assurance engagement a practitioner is permitted to perform: a reasonable assurance engagement and a limited assurance engagement.~~

~~*Reasonable assurance engagement*— The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement<sup>6</sup> as the basis for a positive form of expression of the practitioner’s conclusion.~~

~~*Limited assurance engagement*— The objective of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the practitioner’s conclusion.~~

Used, but not defined, in ASAE 3000

*Assurance engagement risk*—The risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.

ASA 220  
ASAE 3000  
ASAE 3100  
ASAE 3500  
ASRE 2400  
ASRE 2405

\**Assurance practitioner* means a person or an organisation, whether in public practice, industry, commerce or the public sector, involved in the provision of assurance services.

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<sup>6</sup> Engagement circumstances include the terms of the engagement, including whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the subject matter, the criteria to be used, the needs of the intended users, relevant characteristics of the responsible party and its environment, and other matters, for example events, transactions, conditions and practices, that may have a significant effect on the engagement.

This footnote will disappear with the deletion above – see “reasonable assurance”

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~~†AUASB Standards means Australian Auditing Standards (ASAs), Standards on Review Engagements (ASREs) and Standards on Assurance Engagements (ASAEs) issued by the Auditing and Assurance Standards Board (AUASB).~~

†AUASB Standards means standards issued by the AUASB, comprising:

<u>Description</u>	<u>Prefix</u>
<u>Standards made under the Corporations Act 2001</u>	<u>ASA</u> <u>ASRE</u> <sup>(a)</sup> <u>ASQC</u>
<u>Standards on review engagements</u>	<u>ASRE</u>
<u>Standards on auditing and assurance engagements</u>	<u>ASAE</u> <u>ASA</u> <sup>(b)</sup> <u>AUS</u> <sup>(c)</sup>

<sup>(a)</sup> Standard ASRE 2410 only  
<sup>(b)</sup> Standard ASA 805 only  
<sup>(c)</sup> Standards AUS 804, AUS 810 and AUS 904 only

This definition needs to be updated in ASQC 1 – currently not accurate in ASQC 1

\*~~Audit documentation— means The-the~~ record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as “working papers” or “workpapers” are also sometimes used).

ASA 230

\*~~Audit evidence— means Information-information~~ used by the auditor in arriving at the conclusions on which the auditor’s opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial ~~statements report~~ and other information. (See *Sufficiency of audit evidence* and *Appropriateness of audit evidence*.)

ASA 200  
ASA 500

\*~~Audit file— means One-one~~ or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.

ASA 230

\*†~~Audit firm—~~ (see *Firm*)

\*~~Audit opinion—~~ (see *Modified opinion* and *Unmodified opinion*)

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<p>*<i>Audit risk</i>— <del>means The the</del> risk that the auditor expresses an inappropriate audit opinion when the financial <del>statements are</del> <u>report is</u> materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.</p>	<p>ASA 200</p>
<p>*<i>Audit sampling (sampling)</i>— <del>means The the</del> application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.</p>	<p>ASA 530</p>
<p>*<i>Audited financial <del>statements-report</del> (in the context of <del>ISA-ASA 810</del>)</i>— <del>means a Financial-financial statementsreport</del> audited by the auditor in accordance with <del>ISAs</del> <u>Australian Auditing Standards</u>, and from which the summary financial statements are derived.</p>	<p>ASA 810</p>
<p><i>Auditing Standard</i> means a single standard made by the AUASB under the <u>Corporations Act 2001</u>. (see <u>AUASB Standards</u> and <u>Australian Auditing Standards</u>)</p>	
<p>*<i>Auditor</i>— <del>means “Auditor” is used to refer to</del> the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. <del>Where an <u>ISA-Auditing Standard</u> expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “auditor” is used.</del> “Engagement partner” and “firm” are to be read as referring to their public sector equivalents where relevant.</p>	<p>ASA 200</p>
<p><i>Auditor association with financial information</i>— <del>means An-an</del> auditor is associated with financial information when the auditor attaches a report to that information or consents to the use of the auditor’s name in a professional connection.</p>	<p>Where is this term defined / used?</p>
<p>*<i>Auditor’s expert</i>— <del>means An-an</del> individual or <del>organization-organisation</del> possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. <del>An auditor’s expert may be either an auditor’s internal expert (who is a partner<sup>8</sup> or staff, including temporary staff, of the auditor’s firm or a network firm), or an auditor’s external expert.</del></p>	<p>ASA 620</p>

<sup>7</sup> See ~~ISA 200~~, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with ~~International-Australian Auditing Standards-on Auditing~~,” paragraph

<sup>8</sup> ~~Aus 13(4).l~~ defines the term “financial ~~statements-report~~.” “Partner” and “firm” should be read as referring to their public sector equivalents where relevant.

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<p>*Auditor's point estimate or auditor's range— <u>means The the</u> amount, or range of amounts, respectively, derived from audit evidence for use in evaluating management's point estimate.</p>	<p>ASA 540</p>
<p>*Auditor's range— (see Auditor's point estimate)</p>	
<p>*<u>Australian Accounting Standards means the Australian Accounting Standards issued by the Australian Accounting Standards Board.</u></p>	<p>ASA 700 ASA 805</p>
<p>*<u>Australian Auditing Standards or Auditing Standard(s) means standards made by the AUASB under the Corporations Act 2001. (see AUASB Standards and Auditing Standard)</u></p>	<p>ASA 220 to be updated - new definition agreed RM / HP / PW 11/5/09.</p>
<p><del>*Australian Auditing Standards means Australian Auditing Standards issued by the Auditing and Assurance Standards Board (AUASB).</del></p>	
<p>*Business risk— <u>means A a</u> risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.</p>	<p>ASA 315</p>
<p>*Comparative financial <del>statements report</del>— <u>means Comparative comparative</u> information where amounts and other disclosures for the prior period are included for comparison with the financial <del>statements report</del> of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in <del>those that</del> comparative financial <del>statements report</del> is comparable with that of the financial <del>statements report</del> of the current period.</p>	<p>ASA 710</p>
<p>*Comparative information— <u>means The the</u> amounts and disclosures included in the financial <del>statements report</del> in respect of one or more prior periods in accordance with the applicable financial reporting framework.</p>	<p>ASA 710</p>
<p>Compilation engagement— <u>means An an</u> engagement in which accounting expertise, as opposed to auditing expertise, is used to collect, classify and <del>summarize-summarise</del> financial information.</p>	<p>Where is this term defined or used?</p>
<p>*Complementary user entity controls— <u>means Controls controls</u> that the service <del>organization-organisation</del> assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives, are identified in the description of its system.</p>	<p>ASA 402</p>
<p><u>Compliance (in context of ASAE 3100) means adherence by the entity to the requirements as measured by the suitable criteria</u></p>	<p>ASAE 3100</p>
<p><u>Compliance engagement (in context of ASAE 3100) means an assurance engagement in which an assurance practitioner expresses a conclusion, after</u></p>	<p>ASAE 3100</p>

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evaluating an entity's compliance with the requirements as measured by the suitable criteria.

Compliance engagement risk (in context of ASAE 3100) means the risk that the assurance practitioner expresses an inappropriate conclusion when the entity is materially non compliant with the requirements as measured by the suitable criteria.

ASAE 3100

\*Compliance framework—(see Applicable financial reporting framework and General purpose framework)

ASA 200

Compliance framework (in the context of ASAE 3100) means a framework used by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.

ASAE 3100

\*Component— means An an entity or business activity for which group or component management prepares financial information that should be included in the group financial statements report.

ASA 600

\*Component auditor— means An an auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit.

ASA 600

\*Component management— means Management management, or those charged with governance, responsible for the preparation of the financial information of a component.

ASA 600

\*Component materiality— means The the materiality level for a component determined by the group engagement team.

ASA 600

~~Computer assisted audit techniques— Applications of auditing procedures using the computer as an audit tool (also known as CAATs).~~

Deleted – not a defined term in AUASB standards

~~Control activities— means Those those policies and procedures that help ensure that management directives are carried out. Control activities are a component of internal control.~~

Where are these terms defined or used?

~~Control environment— means Includes includes the governance and management functions and the attitudes, awareness and actions of those charged with governance and management concerning the entity's internal control and its importance in the entity. The control environment is a component of internal control.~~

\*Control risk—(see Risk of material misstatement)

Corporate governance—(see Governance)

*\*Corresponding figures*— means Comparative-comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial statements report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as “current period figures”). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures. Corresponding figures are not presented as a financial report capable of standing alone.

ASA 710

*Criteria*— The benchmarks used to evaluate or measure the subject matter including, where relevant, benchmarks for presentation and disclosure. Criteria can be formal or less formal. There can be different criteria for the same subject matter. Suitable criteria are required for reasonably consistent evaluation or measurement of a subject matter within the context of professional judgment.

Criteria not defined in ASAE 3100. See *suitable criteria*.

*Criteria (see Suitable criteria (in the context of ASAE 3100))*

*Criteria (in the context of ASAE 3500)* means reasonable and acceptable standards of performance against which the extent of economy, efficiency or effectiveness of an activity may be assessed.

ASAE 3500

*Suitable criteria (in the context of ASAE 3500)* have the following characteristics:

- (a) relevance: relevant criteria contribute to conclusions that assist decision-making by the intended users;
- (b) completeness: criteria are sufficiently complete when relevant factors that could affect the conclusions in the context of the performance engagement circumstances are not omitted. Complete criteria include, where relevant, benchmarks for presentation and disclosure;
- (c) reliability: reliable criteria allow reasonably consistent evaluation or measurement of the activity, including when used in similar circumstances by similarly qualified assurance practitioners;
- (d) neutrality: neutral criteria contribute to conclusions that are free from bias; and
- (e) understandability: understandable criteria contribute to conclusions that are clear, comprehensive, and not subject to significantly different interpretations.

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<p>*<i>Date of approval of the financial <del>statements report</del>— means <del>The the</del> date on which all the statements that comprise the financial <del>statements report</del>, including the related notes, have been prepared and those with the <del>recognized</del> <del>recognised</del> authority have asserted that they have taken responsibility for <del>those that</del> financial <del>statements report</del>.</i></p>	<p>ASA 560</p>
<p>†<i>Date of report (in relation to quality control)— means <del>The the</del> date selected by the practitioner to date the report.</i></p>	<p>ASQC 1</p>
<p>*<i>Date of the auditor’s report— means <del>The the</del> date the auditor dates the report on the financial <del>statements report</del> in accordance with <del>ISA-ASA</del> 700.<sup>9</sup></i></p>	<p>ASA 560</p>
<p>*<i>Date of the financial <del>statements report</del>— means <del>The the</del> date of the end of the latest period covered by the financial <del>statements report</del>.</i></p>	<p>ASA 560</p>
<p>*<i>Date the financial <del>statements are</del> report is issued— means <del>The the</del> date that the auditor’s report and audited financial <del>statements report</del> are made available to third parties.</i></p>	<p>ASA 560</p>
<p>*<i>Deficiency in internal control— <del>This exists when</del> means:</i></p> <p>(a) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial <del>statements report</del> on a timely basis; or</p> <p>(b) A control necessary to prevent, or detect and correct, misstatements in the financial <del>statements report</del> on a timely basis is missing.</p>	<p>ASA 265</p>
<p>*<i>Detection risk— means <del>The the</del> risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.</i></p>	<p>ASA 200</p>
<p><i><u>Direct reporting engagement (in the context of ASAE 3100) means a compliance engagement where the assurance practitioner directly evaluates an entity’s compliance with requirements as measured by the suitable criteria and expresses a conclusion to the intended users in a compliance report.</u></i></p>	<p>ASAE 3100</p>
<p><i><u>Direct reporting engagement (in the context of ASAE 3500) means performance engagements where the assurance practitioner directly undertakes the evaluation or measurement of the activity to report on the economy, efficiency or effectiveness of the activity.</u></i></p>	<p>ASAE 3500</p>

<sup>9</sup> ~~ISA~~ See ASA 700; “Forming an Opinion and Reporting on a Financial ~~Statements Report~~”<sup>22</sup>

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Economy<sup>±</sup> (in the context of ASAE 3500) means the acquisition of the appropriate quality and quantity of resources at the appropriate times and at the lowest cost.

ASAE 3500

Efficiency<sup>±</sup> (in the context of ASAE 3500) means the use of resources such that output is optimised for any given set of resource inputs, or input is minimised for any given quantity and quality of output.

ASAE 3500

Effectiveness<sup>±</sup> (in the context of ASAE 3500) means the achievement of the objectives or other intended effects of activities at a program or entity level.

ASAE 3500

\*Element—(see *Element of a financial statement*)

\*Element of a financial statement (in the context of ASA 805<sup>10</sup>)— means ~~An~~ an element, account or item of a financial statement.

ASA 805

\*Emphasis of Matter paragraph— means ~~A~~ a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial ~~statements report~~ that, in the auditor's ~~judgment~~ judgement, is of such importance that it is fundamental to users' understanding of the financial ~~statements report~~.

ASA 706

†Engagement documentation— means ~~The~~ the record of work performed, results obtained, and conclusions the practitioner reached (terms such as "working papers" or "workpapers" are sometimes used).

ASQC 1

Engagement letter— means ~~the~~ Written-written terms of an engagement in the form of a letter.

\*~~†~~Engagement partner<sup>11</sup> (in the context of ASA 220)— means ~~The~~ the partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

ASA 220  
ASQC 1  
Differences in the definitions

†~~\*~~Engagement partner<sup>12</sup> (in the context of ASA 220/ASQC 1) means the partner or other person in the firm who is responsible for the audit/assurance engagement and its performance, and for the auditor's report that is issued on

<sup>±</sup> This definition may have broader application in the public sector and should not be seen as limiting existing legislative arrangements or custom.

<sup>10</sup> ISA—See ASA 805, "Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement."

<sup>11</sup> "Engagement partner", "partner", and "firm" should be read as referring to their public sector equivalents where relevant.

<sup>12</sup> "Engagement partner", "partner", and "firm" should be read as referring to their public sector equivalents where relevant.

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behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.

\*†Engagement quality control review (in the context of ASA 220)— means A a process designed to provide an objective evaluation, on or before the date of the auditor’s report, of the significant judgementjudgements the engagement team made and the conclusions it reached in formulating the auditor’s report. The engagement quality control review process is for audits of financial statements-reports of listed entities and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.

†‡Engagement quality control review (in the context of ASA 220ASQC 1) means a process designed to provide an objective evaluation, on or before the date of the auditor’s report, of the significant judgements the engagement team made and the conclusions it reached in formulating the auditor’s report. The engagement quality control review process is for audits of financial reports of listed entities and those other auditengagements, if any, for which the firm has determined an engagement quality control review is required.

\*†Engagement quality control reviewer (in the context of ASA 220)— means A a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgementjudgements the engagement team made and the conclusions it reached in formulating the auditor’s report.

†‡Engagement quality control reviewer (in the context of ASA 220ASQC 1) means a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgements the engagement team made and the conclusions it reached in formulating the auditor’s report.

\*†Engagement team (in the context of ASA 220)— means All-all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor’s external experts engaged by the firm or a network firm.<sup>13</sup>

\*†Engagement team (in the context of ASA 220ASQC 1)— means All-all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the

ASA 220  
ASQC 1  
Differences  
in the  
definitions

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<sup>13</sup> ~~ISA~~ See ASA 620: “Using the Work of an Auditor’s Expert;” paragraph 6(a), defines the term “auditor’s expert.”

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engagement. This excludes ~~an auditor's~~ external experts engaged by the firm or a network firm.<sup>14</sup>

*Entity's risk assessment process*— ~~means A~~ a component of internal control that is the entity's process for identifying business risks relevant to financial reporting objectives and deciding about actions to address those risks, and the results thereof.

Where defined or used?

*Environmental matters*— ~~means~~

- (a) Initiatives to prevent, abate, or remedy damage to the environment, or to deal with conservation of renewable and non-renewable resources (such initiatives may be required by environmental laws and regulations or by contract, or they may be undertaken voluntarily);
- (b) Consequences of violating environmental laws and regulations;
- (c) Consequences of environmental damage done to others or to natural resources; and
- (d) Consequences of vicarious liability imposed by law (for example, liability for damages caused by previous owners).

Where defined or used?

*Environmental performance report*— ~~means A~~ a report, separate from the financial ~~statements~~ report, in which an entity provides third parties with qualitative information on the entity's commitments towards the environmental aspects of the business, its policies and targets in that field, its achievement in managing the relationship between its business processes and environmental risk, and quantitative information on its environmental performance.

Where defined or used?

*Environmental risk*— ~~means H~~ in certain circumstances, factors relevant to the assessment of inherent risk for the development of the overall audit plan may include the risk of material misstatement of the financial ~~statements~~ report due to environmental matters.

Where defined or used?

*Error*— ~~means An~~ an unintentional misstatement in a financial ~~statements~~ report, including the omission of an amount or a disclosure.

Where defined or used?

\**Estimation uncertainty*— ~~means The~~ the susceptibility of an accounting estimate and related disclosures to an inherent lack of precision in its measurement.

ASA 540

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<sup>14</sup> ~~ISA~~ See ASA 620: "Using the Work of an Auditor's Expert;" paragraph 6(a), defines the term "auditor's expert."

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*Evaluate*— means Identify-identify and analyze-analyse the relevant issues, including performing further procedures as necessary, to come to a specific conclusion on a matter. “Evaluation,” by convention, is used only in relation to a range of matters, including evidence, the results of procedures and the effectiveness of management’s response to a risk. (also see *Assess*)

Where defined or used?

\**Exception*— means A-a response that indicates a difference between information requested to be confirmed, or contained in the entity’s records, and information provided by the confirming party.

ASA 505

\**Experienced auditor*— means A-a individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of:

ASA 230

- (a) Audit processes;
- (b) ISAs-Auditing Standards and applicable legal and regulatory requirements;
- (c) The business environment in which the entity operates; and
- (d) Auditing and financial reporting issues relevant to the entity’s industry.

\**Expert*— (see *Auditor’s expert* and *Management’s expert*)

\**Expertise*— means Skills-skills, knowledge and experience in a particular field.

ASA 620

\**External confirmation*— means Audit-audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.

ASA 505  
See also ASA 500 para A18 (used: not defined)

\**Fair presentation framework*— (see *Applicable financial reporting framework* and *General purpose framework*)

ASA 200

\**Financial report* means a complete set of financial statements for the year ending and the half-year respectively, and the director’s declaration about the statements and notes, as defined in the Corporations Act 2001<sup>15 16</sup>

ASA 200 and ASA 700  
Diff. Definitions. See also ASRE 2400.

\**Financial statements*— means A-a structured representation of historical financial information, including related notes, intended to communicate an entity’s economic resources or obligations at a point in time or the changes

ASA 200

<sup>15</sup> See section 295 and section 303 of the *Corporations Act 2001*.

<sup>16</sup> Australian Accounting Standards (e.g. See AASB 101 *Presentation of Financial Statements*) use the term “financial statements”, which ordinarily refers to a complete set of financial statements, consistent with ASA 200 paragraph 13(f).

**AUASB Glossary**

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therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term “financial statements” ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but it can also refer to a single financial statement.

\*†*Firm*— ~~means A-a~~ sole practitioner, partnership or corporation or other entity of ~~professional accountants~~ assurance practitioners. For the purposes of the Corporations Act 2001, a firm means an individual auditor, audit firm or audit company.

ASA 220 / ASQC 1

*Forecast*— ~~means Prospective~~ prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions management expects to take as of the date the information is prepared (best-estimate assumptions).

AUS 804

\**Fraud*— ~~means An-an~~ intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

ASA 240

\**Fraud risk factors*— ~~means Events~~ events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

ASA 240

*Fraudulent financial reporting*— ~~means Involves~~ involves intentional misstatements, including omissions of amounts or disclosures in a financial statements report, to deceive financial statement report users.

Where defined or used?

*General IT-controls*— ~~means Policies~~ policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General IT-controls commonly include controls over data ~~center~~ centre and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

Where defined or used?

\**General purpose financial statements report*— ~~means a Financial statements~~ financial report prepared in accordance with a general purpose framework.

ASA 700

\**General purpose framework*— ~~means A-a~~ financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.

ASA 700

## AUASB Glossary

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The term *fair presentation framework* is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and:

- (a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statementsreport, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or
- (b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statementsreport. Such departures are expected to be necessary only in extremely rare circumstances.

ASA 700 – part of Gen.Purp.Framework definition

The term *compliance framework (in the context of financial reporting)* is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (a) or (b) above.<sup>17</sup>

\**Governance*— means Describes-describes the role of person(s) or organizationorganisation(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity.

Where defined or used?  
There may be better definitions available.

\**Group*— means All-all the components whose financial information is included in the group financial statementsreport. A group always has more than one component.

ASA 600

\**Group audit*— means The-the audit of a group financial statementsreport.

ASA 600

\**Group audit opinion*— means The-the audit opinion on the group financial statementsreport.

ASA 600

\**Group engagement partner*— means The-the partner or other person in the firm who is responsible for the group audit engagement and its performance, and for the auditor's report on the group financial statements-report that is issued on behalf of the firm. Where joint auditors conduct the group audit, the joint engagement partners and their engagement teams collectively constitute the group engagement partner and the group engagement team.

ASA 600

\**Group engagement team*— means Partnerspartners, including the group engagement partner, and staff who establish the overall group audit strategy, communicate with component auditors, perform work on the consolidation process, and evaluate the conclusions drawn from the audit evidence as the basis for forming an opinion on the group financial statementsreport.

ASA 600

<sup>17</sup> ~~ISA~~ See ASA 200, paragraph 13(a).

## AUASB Glossary

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\**Group financial ~~statements~~report*— means a ~~Financial statements~~financial report that includes the financial information of more than one component. The term “group financial ~~statements~~report” also refers to combined financial ~~statements~~reports aggregating the financial information prepared by components that have no parent but are under common control.

ASA 600

\**Group management*— means ~~Management~~management, or those charged with governance, responsible for ~~the preparation~~preparing and presenting of the group financial ~~statements~~report.

ASA 600

\**Group-wide controls*— means ~~Controls~~controls designed, implemented and maintained by group management over group financial reporting.

ASA 600

\**Historical financial information*— means ~~Information~~information expressed in financial terms in relation to a particular entity, derived primarily from that entity’s accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.

ASA 200

*Historical financial information, other than a financial report (in the context of ASRE 2405)*<sup>18</sup> includes:

ASAE 2405

(a) Specific components, elements, accounts or items of a financial report, such as:

(i) A single financial statement, for example, an income statement or balance sheet.

(ii) Accounts receivable.

(iii) Impairment of asset accounts.

(iv) Inventory.

(v) The liability for accrued benefits of a defined benefits plan.

(vi) The recorded value of identified intangible assets.

(vii) Pro-forma historical financial information and adjustments.

(viii) The liability for “incurred but not reported” claims in an insurance portfolio, including related explanatory notes.

(b) Other information derived from financial records, such as:

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<sup>18</sup> See ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*.

## AUASB Glossary

- (i) A schedule of externally managed assets and income of a private pension plan, including related explanatory notes.
- (ii) A schedule of net tangible assets, including related explanatory notes.
- (iii) A schedule of disbursements in relation to a leased property, including related explanatory notes
- (iv) A schedule of profit participation or employee bonuses, including related explanatory notes.
- (c) Financial statements prepared in accordance with a financial reporting framework that is not designed to achieve fair presentation, such as condensed financial statements and an entity's internal management accounts

*\*Inconsistency*— means Other other information that contradicts information contained in the audited financial statementsreport. A material inconsistency may raise doubt about the audit conclusions drawn from audit evidence previously obtained and, possibly, about the basis for the auditor's opinion on the financial statementsreport.

ASA 720

*Independence*<sup>19</sup>— Comprisesrequires:

- (a) Independence of mind—the state of mind that permits the provision of an opinionexpression of a conclusion without being affected by influences that compromise professional judgmentjudgement, allowing an individual to act with integrity, and exercise objectivity and professional scepticism.
- (b) Independence in appearance—the avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional scepticismskepticism had been compromised.

APES 110

*Information system relevant to financial reporting*— means A-a component of internal control that includes the financial reporting system, and consists of the procedures and records established to initiate, record, process and report entity transactions (as well as events and conditions) and to maintain accountability for the related assets, liabilities and equity.

Where defined or used?

*\*Inherent risk*— (see *Risk of material misstatement*)

<sup>19</sup> As defined discussed in the APES 110 IFAC Code of Ethics for Professional Accountants.

## AUASB Glossary

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*\*Initial audit engagement— means An-an* engagement in which either:

- (a) The financial ~~statements-report~~ for the prior period ~~were-was~~ not audited; or
- (b) The financial ~~statements-report~~ for the prior period ~~were-was~~ audited by a predecessor auditor.

ASA 510

~~Inquiry~~*Enquiry— means Inquiry-enquiry* consists of seeking information of knowledgeable persons, both financial and non-financial, within the entity or outside the entity.

ASA 500 para A22 – used; not defined

*Inspection (as an audit procedure)— means Examining-examining* records or documents, whether internal or external, in paper form, electronic form, or other media, or a physical examination of an asset.

ASA 500 para A14 – used; not defined

~~\*Inspection (in the context of ASA 220) (in relation to quality control)— means In-in~~ relation to completed ~~audit~~ engagements, procedures designed to provide evidence of compliance by engagement teams with the firm's quality control policies and procedures.

ASA 220 / ASQC1 different definitions – as shown here.

~~\*Inspection (in the context of ASA 220/ASQC 1) (in relation to quality control)— means In-in~~ relation to completed ~~audit~~ engagements, procedures designed to provide evidence of compliance by engagement teams with the firm's quality control policies and procedures.

See also ASA 500 para A14

*Intended users (in the context of ASAE 3100)— means The-the* person, persons or class of persons for whom the ~~assurance~~ practitioner prepares the ~~assurance-compliance~~ report. The responsible party ~~can-may~~ be one of the intended users, but not the ~~only-one~~ sole user.

ASAE 3100

*Intended users (in the context of ASAE 3500) means the person, persons or class of persons for whom the assurance practitioner prepares the assurance report. The responsible party can be one of the intended users, but not the sole user.*

ASAE 3500

*Interim financial information or ~~statements-report~~— means Financial-financial* information (which may be less than a ~~complete set of financial statements~~ ~~financial report~~ as defined above) issued at interim dates (usually half-yearly or ~~quarterly~~) in respect of a financial period.

Check ASRE 2410 (when redrafted) and update this definition

*\*Internal audit function— means An-an* appraisal activity established or provided as a service to the entity. Its functions include, amongst other things, examining, evaluating and monitoring the adequacy and effectiveness of internal control.

ASA 610

**AUASB Glossary**

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\**Internal auditors*— means ~~Those~~ those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.

ASA 610

\**Internal control*— means ~~The~~ the process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity’s objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term “controls” refers to any aspects of one or more of the components of internal control.

ASA 315

\**International Financial Reporting Standards*— means ~~The~~ the International Financial Reporting Standards issued by the International Accounting Standards Board.

ASA 700

\**International Public Sector Accounting Standards (in the context of ASA 700)* means the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.

ASA 700

*Investigate*— means ~~Inquire~~ enquire into matters arising from other procedures to resolve them.

Where defined or used?

*IT environment*— means ~~The~~ the policies and procedures that the entity implements and the IT infrastructure (hardware, operating systems, etc.) and application software that it uses to support business operations and achieve business strategies.

Where defined or used?

†*Limited assurance engagement (in the context of ASQC 1 and ASAE 3000)*<sup>20</sup> means an assurance engagement where the assurance practitioner’s objective is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the assurance practitioner’s conclusion. A limited assurance engagement is commonly referred to as a review.

ASQC 1  
ASAE 3000

*Limited assurance engagement (in the context of ASAE 3100)* means an assurance engagement where the assurance practitioner’s objective is a reduction in compliance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the assurance practitioner’s conclusion. A limited assurance engagement is commonly referred to as a review

ASAE 3100

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<sup>20</sup> See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

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*Limited assurance engagement*— (see *Assurance engagement*)

\*† *Listed entity*— means ~~An an~~ entity whose shares, stock or debt are quoted or listed on a ~~recognized-recognised~~ stock exchange, or are marketed under the regulations of a ~~recognized-recognised~~ stock exchange or other equivalent body.

ASA 220  
ASQC 1

\* *Management*— means ~~The the~~ person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some **jurisdictions**, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.

ASA 200 – uses  
“jurisdictions”  
ASA 260 – uses  
“circumstances”

\* *Management bias*— means ~~A a~~ lack of neutrality by management in the preparation and presentation of information.

ASA 540

\* *Management's expert*— means ~~An an~~ individual or ~~organizationorganisation~~ possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial ~~statementsreport~~.

ASA 500  
ASA 620

\* *Management's point estimate*— means ~~The the~~ amount selected by management for recognition or disclosure in the financial ~~statementsreport~~ as an accounting estimate.

ASA 540

*Material (in the context of ASAE 3100) means:*

(a) in relation to potential (for risk assessment purposes) or detected (for evaluation purposes) breaches; instance(s) of non compliance that are significant, individually or collectively in the context of the entity's compliance with the requirements as measured by the suitable criteria and that affect the assurance practitioner's conclusion; and/or

ASAE 3100

(b) in relation to the compliance framework and controls; instance(s) of deficiency that are significant in the context of the entity's control environment and that may raise the compliance engagement risk sufficiently to affect the assurance practitioner's conclusion

*Materiality (in the context of ASA 3500) means variations of the measure or assertions from identified criteria for the evaluation or measurement of performance of the activity which, if omitted, misstated or not disclosed has the potential to adversely affect decisions about the economy, efficiency or effectiveness made by users or the discharge of accountability by the responsible party or the governing body of the entity.*

ASAE 3500

*Misappropriation of assets*— means Involves the theft of an entity's assets and is often perpetrated by employees in relatively small and immaterial

Where defined  
or used?

**AUASB Glossary**

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amounts. However, it can also involve management who are usually more capable of disguising or concealing misappropriations in ways that are difficult to detect.

\**Misstatement— (in the context of ASA 200) means A-a* difference between the amount, classification, presentation, or disclosure of a reported financial ~~statement-report~~ item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.

ASA 200 – different from ASA 450. Which one?

Where the auditor expresses an opinion on whether the financial ~~statements report are-is~~ presented fairly, in all material respects, or gives a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor’s ~~judgment~~ judgement, are necessary for the financial ~~statements-report~~ to be presented fairly, in all material respects, or to give a true and fair view.

\**Misstatement (in the context of ASA 450) means a difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.*

ASA 450 – different from ASA 200. Which one?

~~Where the auditor expresses an opinion on whether the financial report is presented fairly-gives a true and fair view, or is presented fairly, in all material respects, or gives a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor’s judgement, are necessary for the financial report to be presented fairly, in all material respects, or to give a true and fair view.~~

\**Misstatement of fact— means Other-other* information that is unrelated to matters appearing in the audited financial ~~statements-report~~ that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the audited financial ~~statements-report~~.

ASA 720

\**Modified opinion— means A-a* qualified opinion, an adverse opinion or a disclaimer of opinion.

ASA 705

\**Monitoring (in relation to quality control)— means A-a* process comprising an ongoing consideration and evaluation of the firm’s system of quality control, including a periodic inspection of a selection of completed engagements, designed to provide the firm with reasonable assurance that its system of quality control is operating effectively.

ASA 220 / ASQC 1

*Monitoring of controls— means A-a* process to assess the effectiveness of internal control performance over time. It includes assessing the design and operation of controls on a timely basis and taking necessary corrective

Where defined or used?

## AUASB Glossary

<p>actions modified for changes in conditions. <u>Monitoring of controls</u> is a component of internal control.</p>	
<p>*<u>Negative confirmation request</u>— <u>means A-a</u> request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 505</div>
<p>*†<u>Network</u>— <u>means A-a</u> larger structure:</p> <p>(a) That is aimed at cooperation, and</p> <p>(b) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 220 / ASQC 1</div>
<p>*†<u>Network firm</u>— <u>means A-a</u> firm or entity that belongs to a network.</p>	
<p>*<u>Non-compliance</u> (in the context of <u>ISA-ASA 250</u><sup>21</sup>)— <u>means Acts-acts</u> of omission or commission by the entity, either intentional or unintentional, which are contrary to the prevailing laws or regulations. <u>Such acts</u> include transactions entered into by, or in the name of, the entity, or on its behalf, by those charged with governance, management or employees. <u>Non-compliance</u> does not include personal misconduct (unrelated to the business activities of the entity) by those charged with governance, management or employees of the entity.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 250</div>
<p>*<u>Non-response</u>— <u>means A-a</u> failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 505</div>
<p>*<u>Non-sampling risk</u>— <u>means The-the</u> risk that the auditor reaches an erroneous conclusion for any reason not related to sampling risk.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 530</div>
<p><u>Observation</u>— <u>means Consists-consists</u> of looking at a process or procedure being performed by others, for example, the auditor’s observation of inventory counting by the entity’s personnel, or of the performance of control activities.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 500 - used (para A17), but not defined</div>
<p>*<u>Opening balances</u>— <u>means Those-those</u> account balances that exist at the beginning of the period. <u>Opening balances</u> are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. <u>Opening</u></p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">ASA 510</div>

<sup>21</sup> ISA-See ASA 250, “Consideration of Laws and Regulations in an Audit of a Financial Statements Report.”

## AUASB Glossary

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balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.

\**Other information*— ~~means Financial-financial~~ and non-financial information (other than the financial ~~statements-report~~ and the auditor's report thereon) which is included, either by law, regulation, or custom, in a document containing ~~an~~ audited financial ~~statements-report~~ and the auditor's report thereon.

ASA 720

\**Other Matter paragraph*— ~~means A-a~~ paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial ~~statements-report~~ that, in the auditor's ~~judgment-judgement~~, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

ASA 706

\**Outcome of an accounting estimate*— ~~means The-the~~ actual monetary amount which results from the resolution of the underlying transaction(s), event(s) or condition(s) addressed by the accounting estimate.

ASA 540

*Overall audit strategy*— ~~means Sets-sets~~ the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.

Where defined or used?

\*†*Partner*— ~~means Any-any~~ individual with authority to bind the firm with respect to the performance of a professional services engagement.

ASA 220 / ASQC 1

*Performance audit engagement means a performance engagement where the assurance practitioner provides reasonable assurance.*

ASAE 3500

*Performance engagement means a performance audit or a performance review of all or a part of the activities of an entity (or entities) to assess economy, efficiency or effectiveness. It includes a performance audit engagement or a performance review engagement directed to assess:*

ASAE 3500

(a) *the adequacy of an internal control structure or specific internal controls, in particular those intended to safeguard assets and to ensure due regard for economy, efficiency or effectiveness;*

(b) *the extent to which resources have been managed economically or efficiently; and*

(c) *the extent to which activities have been effective.*

*The terms performance audit and performance review are predominantly applied in the public sector. In the private sector these audits and reviews are commonly referred to as operational audits and operational reviews.*

## AUASB Glossary

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*Performance engagement risk* means the risk that the assurance practitioner expresses an inappropriate conclusion when the performance of an activity is not materially economic, efficient or effective. This would arise where the assurance practitioner draws conclusions based on evidence that is not soundly based or that is improper or incomplete as a result of inadequacies in the evidence gathering process, misrepresentation or fraud.

ASAE 3500

*Performance review engagement* means a performance engagement where the assurance practitioner provides limited assurance.

\**Performance materiality*— means The the amount or amounts set by the auditor at less than materiality for the financial statements report as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements report as a whole. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.

ASA 320

\**Personnel*— means Partners partners and staff.

ASA 220  
ASQC 1

\**Pervasive*— means A-a term used, in the context of misstatements, to describe the effects on the financial statements report of misstatements or the possible effects on the financial statements report of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial statements report are those that, in the auditor's judgment:

ASA 705

- (a) Are not confined to specific elements, accounts or items of the financial statements report;
- (b) If so confined, represent or could represent a substantial proportion of the financial statements report; or
- (c) In relation to disclosures, are fundamental to users' understanding of the financial statements report.

\**Population*— means The the entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions.

ASA 530

\**Positive confirmation request*— means A-a request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.

ASA 505

*Practitioner*— means A-a professional accountant in public practice.

Where defined or used?

## AUASB Glossary

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\**Preconditions for an audit*— ~~means The the~~ use by management of an acceptable financial reporting framework in the preparation of the financial ~~statements report~~ and the agreement of management and, where appropriate, those charged with governance to the premise<sup>22</sup> on which an audit is conducted.

ASA 210

\**Predecessor auditor*— ~~means The the~~ auditor from a different audit firm, who audited the financial ~~statements report~~ of an entity in the prior period and who has been replaced by the current auditor.

ASA 510

\**Premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted*— ~~means That that~~ management and, where appropriate, those charged with governance have ~~acknowledged and understand that they have~~ the following responsibilities that are fundamental to the conduct of an audit in accordance with ~~ISAs Australian Auditing Standards~~. That is, responsibility:

ASA 200

(a) For the preparation ~~and presentation~~ of the financial ~~statements report~~ in accordance with the applicable financial reporting framework; ~~this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of a financial report that is free from material misstatement, whether due to fraud or error; and including where relevant their fair presentation;~~

~~(b) For such internal control as management and, where appropriate, those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and~~

(b) To provide the auditor with:

- (i) ~~Access to a~~ All information, such as records, documentation, and other matters of which management and, where appropriate, those charged with governance are aware that is ~~are~~ relevant to the preparation of the financial ~~statements report~~ ~~such as records, documentation and other matters;~~
- (ii) Any additional information that the auditor may request from management and, where appropriate, those charged with governance ~~for the purpose of the audit;~~ and
- (iii) Unrestricted access to ~~persons those~~ within the entity from whom the auditor determines it necessary to obtain audit evidence.

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<sup>22</sup> ~~ISA~~ See ASA 200, paragraph 13.

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In the case of a fair presentation framework, ~~(a) above may be restated as~~ “the responsibility is for the preparation and fair presentation of the financial statements report in accordance with the financial reporting framework;”<sup>23</sup> or “for the preparation of a financial statements report that gives a true and fair view in accordance with the financial reporting framework.”<sup>23</sup> This applies to all references to “preparation and presentation of the financial report” in the Australian Auditing Standards.

The “premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted” may also be referred to as the “premise.”

~~Professional accountant<sup>23</sup>—An individual who is a member of an IFAC member body.~~

~~Professional accountant in public practice<sup>24</sup>—A professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice.~~

~~\*Professional judgment<sup>24</sup>— means The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.~~

~~\*Professional skepticism<sup>24</sup> (in the context of ASA 200)— means An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.~~

~~Professional skepticism (in the context of ASAE 3100 and ASAE 3500) means the assurance practitioner makes a critical assessment, with a questioning mind, of the validity of evidence obtained and is alert to evidence that contradicts or brings into question the reliability of documents and responses to enquiries and other information obtained from management and the responsible party.~~

~~\*Professional standards—International Standards on Auditing (ISAs) and relevant ethical requirements~~

Prof. accountant and Prof. Accountant in public practice are not defined terms in AUASB standards

ASA 200

ASA 200. See below –  
ASAE 3100 and ASAE 3500 – diff. definition

Not defined or used in AUASB standards

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<sup>23</sup> As defined in the IFAC Code of Ethics for Professional Accountants APES 110.

<sup>24</sup> As defined in the IFAC Code of Ethics for Professional Accountants APES 110.

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~~†Professional standards (in the context of ISQC 1<sup>25</sup>)—IAASB Engagement Standards, as defined in the IAASB’s Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services, and relevant ethical requirements.~~

Not picked up in ASQC 1

~~Projection— means Prospective prospective financial information prepared on the basis of:~~

- (a) Hypothetical assumptions about future events and management actions which are not necessarily expected to take place, such as when some entities are in a start-up phase or are considering a major change in the nature of operations; or
- (b) A mixture of best-estimate and hypothetical assumptions.

AUS 804

~~Prospective financial information— means Financial financial information based on assumptions about events that may occur in the future and possible actions by an entity. It is highly subjective in nature and its preparation requires the exercise of considerable judgement. Prospective financial information can be in the form of a forecast, a projection or a combination of both for example a one year forecast plus a five year projection- (see Forecast and Projection)~~

AUS 804

~~Public sector— means National national governments, regional (for example, state, provincial, territorial) governments, local (for example, city, town) governments and related governmental entities (for example, agencies, boards, commissions and enterprises).~~

Where defined or used?

~~‡Reasonable assurance (in the context of assurance engagements, including audit engagements, and quality control)— means, in the context of ASQC1 and in the context of an audit of a financial report, A a high, but not absolute, level of assurance.~~

ASQC 1  
ASA 200  
ASAE 3000  
ASAE 3100

~~Reasonable assurance engagement (in the context of ASAE 3000) means an assurance engagement where the assurance practitioner’s the objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement<sup>26</sup> as the basis for a positive form of expression of the assurance practitioner’s conclusion.~~

ASAE 3000  
  
Note: should this be defined in ASQC 1? ASQC 1 defines “limited assurance engagement.

<sup>25</sup> ~~ISQC— See ASQC 1, “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements.”~~

<sup>26</sup> Engagement circumstances include the terms of the engagement, including whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the subject matter, the criteria to be used, the needs of the intended users, relevant characteristics of the responsible party and its environment, and other matters, for example

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Reasonable assurance engagement (in the context of ASAE 3100) means an assurance engagement where the assurance practitioner's objective is a reduction in compliance engagement risk to an acceptably low level in the circumstances of the compliance engagement as the basis for a positive form of expression of the assurance practitioner's conclusion.

ASAE 3100

~~Reasonable assurance engagement~~ (see Assurance engagement)

~~Recalculation~~— means ~~Consists consists of~~ checking the mathematical accuracy of documents or records.

ASA 500 para A19  
– used; not defined

\*~~Related party~~— means ~~A~~ a party that is either:

ASA 550

- (a) A related party as defined in the applicable financial reporting framework\*; or
- (b) Where the applicable financial reporting framework establishes minimal or no related party requirements:
  - (i) A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity;
  - (ii) Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or
  - (iii) Another entity that is under common control with the reporting entity through having:
    - a. Common controlling ownership;
    - b. Owners who are close family members; or
    - c. Common key management.

However, entities that are under common control by a state (~~that is i.e.~~, a national, regional or local government) are not considered related unless they engage in significant transactions or share resources to a significant extent with one another.

~~Related services~~— Comprise agreed upon procedures and compilations.

Deleted – not defined  
or used in AUASB  
standards

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events, transactions, conditions and practices, that may have a significant effect on the engagement.

\* See also section 228 of the Corporations Act 2001.

## AUASB Glossary

\*<sup>†</sup>*Relevant ethical requirements*— ~~means Ethical-ethical~~ requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of ~~the International Federation of Accountants' APES 110 Code of Ethics for Professional Accountants~~<sup>‡</sup> (IFAC Code) ~~issued by the Accounting Professional and Ethical Standards Board (APESB), related to an audit of a financial report and an audit of other historical financial information. together with national requirements that are more restrictive.~~

ASA 220 / ASQC 1  
Different definitions

*Reperformance*— ~~means The the~~ auditor's independent execution of procedures or controls that were originally performed as part of the entity's internal controls.

ASA 500 para  
A20 – used; not  
defined

\**Report on the description and design of controls at a service organization/organisation* (referred to in ~~ISA-ASA~~ 402<sup>27</sup> as a type 1 report)— ~~means A a~~ report that comprises:

ASA 402

- (a) A description, prepared by management of the service ~~organization/organisation~~, of the service ~~organization's/organisation's~~ system, control objectives and related controls that have been designed and implemented as at a specified date; and
- (b) A report by the service auditor with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service ~~organization's/organisation's~~ system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives.

\**Report on the description, design, and operating effectiveness of controls at a service organization/organisation* (referred to in ~~ISA-ASA~~ 402 as a type 2 report)— ~~means A a~~ report that comprises:

ASA 402

- (a) A description, prepared by management of the service ~~organization/organisation~~, of the service ~~organization's/organisation's~~ system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and
- (b) A report by the service auditor with the objective of conveying reasonable assurance that includes:

<sup>‡</sup> As in force at the relevant time.  
<sup>27</sup> ~~ISA- See ASA 402, "Audit Considerations Relating to an Entity Using a Service Organization/Organisation."~~

*AUASB Glossary*

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- (i) The service auditor’s opinion on the description of the service ~~organization’s~~ organisation’s system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and
- (ii) A description of the service auditor’s tests of the controls and the results thereof.

*Responsible party*— (in the context of ASAE 3100) means The the person (or persons) who:

ASAE 3100

- (a) In a direct reporting engagement, is responsible for the subject matter; or
- (a) In an assertion-based engagement, is responsible for the subject matter information (the assertion), ~~and may be responsible for the subject matter.~~

The responsible party may or may not be the party who engages the practitioner (the engaging party).

*Responsible Party (in the context of ASAE 3500) means the person (or persons) who:*

ASAE 3500

- (a) In a direct reporting engagement, is responsible for the activity; and
- (b) In an assertion-based engagement, is responsible for the assertions or information concerning the performance of the activity and may also be responsible for the activity itself.

*Review (in relation to quality control)*— ~~means Appraising appraising~~ the quality of the work performed and conclusions reached by others.

Where defined or used?

*Review engagement*— ~~means The the~~ objective of a review engagement is to enable an auditor to state whether, on the basis of procedures which do not provide all the evidence that would be required in an audit, anything has come to the auditor’s attention that causes the auditor to believe that the financial ~~statements are~~ report is not prepared, in all material respects, in accordance with an applicable financial reporting framework.

Check ASRE 2410 when redrafted – and amend this definition, if required

*Review procedures*— ~~means The the~~ procedures deemed necessary to meet the objective of a review engagement, primarily ~~inquiries~~ enquiries of entity personnel and analytical procedures applied to financial data.

Check ASRE 2410 when redrafted – and amend this definition. if required

*\*Risk assessment procedures*— ~~means The the~~ audit procedures performed to obtain an understanding of the entity and its environment, including the

ASA 315

## AUASB Glossary

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entity's internal control, to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial ~~statement~~ report and assertion levels.

\**Risk of material misstatement*— means ~~The the~~ risk that the financial ~~statements are~~ report is materially misstated prior to audit. This consists of two components, described as follows at the assertion level:

ASA 200

- (a) Inherent risk— means ~~The the~~ susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.
- (b) Control risk— means ~~The the~~ risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control.

\**Sampling*— (see *Audit sampling*)

ASA 530

\**Sampling risk*— means ~~The the~~ risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. Sampling risk can lead to two types of erroneous conclusions:

ASA 530

- (a) In the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material misstatement does not exist when in fact it does. The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion.
- (b) In the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.

\**Sampling unit*— means ~~The the~~ individual items constituting a population.

ASA 530

*Scope of a review*— means ~~The the~~ review procedures deemed necessary in the circumstances to achieve the objective of the review.

Check ASRE 2410 when redrafted

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<p>*<i>Service auditor</i>— <u>means An-an</u> auditor who, at the request of the service <del>organization</del><u>organisation</u>, provides an assurance report on the controls of a service <del>organization</del><u>organisation</u>.</p>	<p>ASA 402</p>
<p>*<i>Service <del>organization</del><u>organisation</u></i>— <u>means A-a</u> third-party <del>organization</del><u>organisation</u> (or segment of a third-party <del>organization</del><u>organisation</u>) that provides services to user entities that are part of those entities' information systems relevant to financial reporting.</p>	<p>ASA 402</p>
<p>*<i>Service <del>organization's</del><u>organisation's</u> system</i>— <u>means The-the</u> policies and procedures designed, implemented and maintained by the service <del>organization</del><u>organisation</u> to provide user entities with the services covered by the service auditor's report.</p>	<p>ASA 402</p>
<p><i>Significance</i>— <u>means The-the</u> relative importance of a matter, taken in context. The significance of a matter is judged by the practitioner in the context in which it is being considered. This might include, for example, the reasonable prospect of its changing or influencing the decisions of intended users of the practitioner's report, or, as another example, where the context is a <del>judgment</del><u>judgement</u> about whether to report a matter to those charged with governance, whether the matter would be regarded as important by them in relation to their duties. Significance can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and effect on the subject matter and the expressed interests of intended users or recipients.</p>	<p>Where defined or used?</p>
<p>*<i>Significant component</i>— <u>means A-a</u> component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial <del>statements</del><u>report</u>.</p>	<p>ASA 600</p>
<p>*<i>Significant deficiency in internal control</i>— <u>means A-a</u> deficiency or combination of deficiencies in internal control that, in the auditor's professional <del>judgment</del><u>judgement</u>, is of sufficient importance to merit the attention of those charged with governance.</p>	<p>ASA 265</p>
<p>*<i>Significant risk</i>— <u>means An-an</u> identified and assessed risk of material misstatement that, in the auditor's <del>judgment</del><u>judgement</u>, requires special audit consideration.</p>	<p>ASA 315</p>
<p><i>Single financial statement or specific element of a financial statement (in the context of ASA 805)</i><sup>28</sup> <u>includes the related notes. The related notes</u></p>	<p>ASA 805</p>

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<sup>28</sup> See ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*.

## AUASB Glossary

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ordinarily comprise a summary of significant accounting policies and other explanatory information relevant to the financial statement or to the element.

*Smaller entity*— means A-an entity which typically possesses qualitative characteristics such as:

- (a) Concentration of ownership and management in a small number of individuals (often a single individual – either a natural person or another enterprise that owns the entity provided the owner exhibits the relevant qualitative characteristics); and
- (b) One or more of the following:
  - (i) Straightforward or uncomplicated transactions;
  - (ii) Simple record-keeping;
  - (iii) Few lines of business and few products within business lines;
  - (iv) Few internal controls;
  - (v) Few levels of management with responsibility for a broad range of controls; or
  - (vi) Few personnel, many having a wide range of duties.

These qualitative characteristics are not exhaustive, they are not exclusive to smaller entities, and smaller entities do not necessarily display all of these characteristics.

*\*Special purpose financial statements report*— means Financial statements prepared in accordance with a special purpose framework a complete set of financial statements, including the related notes, and where applicable, directors' declaration (or a declaration by those responsible for the financial report) about the statements and notes, prepared in accordance with a special purpose framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework<sup>#</sup> determine what constitutes a complete set of financial statements in accordance with a special purpose framework.

*\*Special purpose framework*— means A-a financial reporting framework designed to meet the financial information needs of specific users. \_The

Where defined or used?

ASA 800

ASA 800

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<sup>#</sup> See for example, the *Corporations Act 2001* or Australian Accounting Standards.

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financial reporting framework may be a fair presentation framework or a compliance framework.<sup>29</sup>

\*† *Staff*— ~~means Professionals~~ professionals, other than partners, including any experts the firm employs.

ASA 220 / ASQC 1

\* *Statistical sampling*— ~~means An an~~ approach to sampling that has the following characteristics:

ASA 530

- (a) Random selection of the sample items; and
- (b) The use of probability theory to evaluate sample results, including measurement of sampling risk.

A sampling approach that does not have characteristics (a) and (b) is considered non-statistical sampling.

\* *Stratification*— ~~means The the~~ process of dividing a population into sub-populations, each of which is a group of sampling units which have similar characteristics (often monetary value).

ASA 530

*Subject matter information*— ~~means The the~~ outcome of the evaluation or measurement of a subject matter. It is the subject matter information about which the practitioner gathers sufficient appropriate evidence to provide a reasonable basis for expressing a conclusion in an assurance report.

Used, but not defined, in ASAE 3100

\* *Subsequent events*— ~~means Events events~~ occurring between the date of the financial ~~statements report~~ and the date of the auditor's report, and facts that become known to the auditor after the date of the auditor's report.

ASA 560

\* *Subservice ~~organization~~ organisation*— ~~means A a~~ service ~~organization~~ organisation used by another service ~~organization~~ organisation to perform some of the services provided to user entities that are part of those user entities' information systems relevant to financial reporting.

ASA 402

\* *Substantive procedure*— ~~means An an~~ audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise:

ASA 330

- (a) Tests of details (of classes of transactions, account balances, and disclosures); and
- (b) Substantive analytical procedures.

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<sup>29</sup> ~~ISA~~ See ASA 200, paragraph 13(a).

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\**Sufficiency (of audit evidence)*— ~~means The~~ means the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.

ASA 200  
ASA 500

*Suitable criteria*— (see *Criteria*)

*Suitable criteria (in the context of ASAE 3100)*— means the reasonable and acceptable standards of compliance which are subject to the compliance engagement. Suitable criteria have ~~Exhibit~~ the following characteristics:

ASAE 3100

(a) reliability: reliable criteria allow reasonably consistent evaluation or measurement of the subject matter ~~including, where relevant, presentation and disclosure~~, when used in similar circumstances by similarly qualified practitioners;

(b) neutrality: neutral criteria contribute to conclusions that are free from bias;

Amended to ASAE  
3100 definition

~~(c)~~ understandability: understandable criteria contribute to conclusions that are clear, comprehensive, and not subject to significantly different interpretations;

~~(d)~~ relevance: relevant criteria contribute to conclusions that assist decision-making by the intended users; and-

~~(e)~~ completeness: criteria are sufficiently complete when relevant factors that could affect the conclusions in the context of the assurance engagement circumstances are not omitted. Complete criteria include, where relevant, benchmarks for presentation and disclosure.

\*†*Suitably qualified external person (in the context of ASQC 1)*— ~~means An~~ means an individual outside the firm with the competence and capabilities to act as an engagement partner, for example a partner of another firm, or an employee (with appropriate experience) of ~~either~~ a professional accountancy body<sup>#</sup> whose members may perform audits and reviews of historical financial information, or other assurance ~~or related services~~ engagements, or of an ~~organization~~ organisation that provides relevant quality control services.

ASA 220 / ASQC 1  
Different definitions

\*‡*Suitably qualified external person (in the context of ASA 220)*— means an individual outside the firm with the competence and capabilities to act as an engagement partner, for example a partner of another firm, or an employee (with appropriate experience) of ~~either~~ a professional accountancy body<sup>#</sup> whose members may perform audits and reviews of financial reports or audits and reviews of other historical financial information, or other assurance or related services engagements, or of an ~~organization~~ organisation that provides relevant quality control services.

ASA 220 / ASQC 1  
Different definitions

## AUASB Glossary

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\**Summary financial statements (in the context of ISA-ASA 810)*— means ~~Historical~~ historical financial information that is derived from a financial statements-report but that contains less detail than the financial statements-report, while still providing a structured representation consistent with that provided by the financial statements-report of the entity's economic resources or obligations at a point in time or the changes therein for a period of time.<sup>30</sup> Different jurisdictions may use different terminology to describe such historical financial information.

ASA 810

*Supplementary information*— means ~~Information~~ information that is presented together with the financial statements-report that is not required by the applicable financial reporting framework used to prepare the financial statements-report, normally presented in either supplementary schedules or as additional notes.

Where defined or used?

*Test*— means ~~The~~ the application of procedures to some or all items in a population.

Used (not defined) in ASA 530 e.g. "tests of details"; "tests of controls"

\**Tests of controls*— means ~~An~~ an audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.

ASA 330

\**Those charged with governance*— means ~~The~~ the person(s) or ~~organization~~ organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.<sup>31</sup>

ASA 200  
ASA 260

\**Tolerable misstatement*— means ~~A~~ a monetary amount set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the monetary amount set by the auditor is not exceeded by the actual misstatement in the population.

ASA 530

\**Total rate of deviation*— means ~~A~~ a rate of deviation from prescribed internal control procedures set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the rate of deviation set by the auditor is not exceeded by the actual rate of deviation in the population.

ASA 530

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# For example, Institute of Chartered Accountants in Australia, CPA Australia and the National Institute of Accountants.

<sup>30</sup> See A4SA 200, paragraph 13(f).

<sup>31</sup> For discussion of the diversity of governance structures, see paragraphs A1-A8 of ISA-ASA 260; "Communication with Those Charged with Governance".<sup>2</sup>

## AUASB Glossary

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*Uncertainty*— ~~means A~~ a matter whose outcome depends on future actions or events not under the direct control of the entity but that may affect the financial ~~statements~~report.

Used (not defined)  
in ASA 570

\**Uncorrected misstatements*— ~~means Misstatements~~ misstatements that the auditor has accumulated during the audit and that have not been corrected.

ASA 450

\**Unmodified opinion*— ~~means The~~ the opinion expressed by the auditor when the auditor concludes that the financial ~~statements are~~report is prepared, in all material respects, in accordance with the applicable financial reporting framework.<sup>32</sup>

ASA 700

\**User auditor*— ~~means An~~ an auditor who audits and reports on the financial ~~statements~~reports of a user entity.

ASA 402

\**User entity*— ~~means An~~ an entity that uses a service ~~organization~~organisation and whose financial ~~statements are~~report is being audited.

ASA 402

*Walk-through test*— ~~means Involves~~ tracing a few transactions through the financial reporting system.

Where defined or  
used?

\**Written representation*— ~~means A~~ a written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include ~~the~~ financial ~~statements~~report, the assertions therein, or supporting books and records.

ASA 580

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<sup>32</sup> See ASA 700, paragraphs 35-36, deal with the phrases used to express this opinion in the case of a fair presentation framework and a compliance framework respectively.