



## **AUDITOR'S RESPONSIBILITIES STATEMENT #5 FORMING PART OF THE AUDITOR'S REPORT Non-listed/ASA 600 applies/Key Audit Matters Reported (Fair Presentation Framework)**

As part of an audit in accordance with the Australian Auditing Standards, the auditor<sup>1</sup> exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's<sup>2</sup> internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.<sup>3</sup>
- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit.<sup>4</sup> The auditor remains solely responsible for the audit opinion.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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<sup>1</sup> "auditor" refers to the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm.

<sup>2</sup> "the entity/(')s" refers to the entity or group whose financial report has been audited.

<sup>3</sup> "those charged with governance" refers to the person(s) or organisation(s) 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.

<sup>4</sup> "group audit" refers to an audit conducted in accordance with the requirements of ASA 600 *Special Considerations – Audits of a Group Financial Report*.