



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **4(c)**
Meeting Date: 26 April 2017
Subject: Auditor's Responsibilities – Update
Date Prepared: 13 April 2017

Action Required

For Information Purposes Only

Agenda Item Objectives

To present to the AUASB the final versions (subject to internal QA and approval by the Chairman) of the updated Auditor's Responsibilities Statements post approval of the revised approach at the 1 March 2017 AUASB meeting.

Background

1. ASA 700 *Forming an Opinion and Reporting on a Financial Report* (revised December 2015) requires an auditor to include, in the auditor's report, a description of the auditor's responsibilities. The standard permits an auditor to make reference in the auditor's report, to a description of the auditor's responsibilities on the AUASB website.
2. When an auditor chooses to adopt this option, the standard guides auditors to refer to the AUASB's homepage: <http://www.auasb.gov.au/Home.aspx> [Ref: ASA 700 paragraph Aus A57.1].
3. The standard also indicates via a footnote to the reference above that the auditor should include in the auditor's report, the exact AUASB link applicable to the circumstances. Users of the auditor's report will therefore be directed to only the auditor responsibilities description that is applicable to them.
4. At its 1 December 2015 meeting, the AUASB requested the AUASB website to include four auditor's responsibilities descriptions that aligned with the four illustrative auditor's reports that are included in the appendices of ASA 700. These were presented at the 22 February 2016 meeting.
5. At the 22 February 2016 meeting, the AUASB requested a more comprehensive suite of auditor's responsibilities descriptions be brought back to a later meeting (including examples in relation to listed trusts).
6. At the 14 June 2016 meeting an additional two statements were presented to include listed entities and listed groups that are not a company. During this meeting the AUASB also requested an additional statement to cover non-listed single entities were ASA 600 applies.
7. In July 2016 the AUASB approved via an out of session vote the issue of seven auditor responsibility statements.
8. In January 2017 a member of the AUASB requested an additional statement be added to cover non-listed groups. The AUASB member also suggested a change in the location of the statements from

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the current http://www.auasb.gov.au/auditors_files/ to a more user friendly URL, such as [http://www.auasb.gov.au/auditor's responsibility statements/](http://www.auasb.gov.au/auditor's_responsibility_statements/).

9. Post the January AUASB meeting, the AUASB technical staff received input from a number of accounting firms who have suggested the preparation of additional statements with generic terms used in relation to “the entity” audited as well as “those charged with governance”. They also suggested that an additional statement be prepared to cover a single listed entity audit where ASA 600 applies. The AUASB technical staff are most appreciative of the assistance provided by the technical staff of the accounting firms.
10. The AUASB approved the updated approach in relation to the use of generic terms per above at the 1 March 2017 AUASB meeting.
11. Following the meeting the AUASB Technical Group continued to consult with key stakeholders and have prepared an updated set of statements to cover the vast majority of audit engagements, including situations where the auditor elects to voluntarily include the reporting of KAMs.

AUASB Technical Group Update

1. The AUASB Technical Group has prepared updated web content and 10 updated Auditor’s Responsibilities Statements.

	ASA 600 Applies*	ASA 600 does not apply
Fair presentation framework		
Listed	Statement 1	Statement 2
Non-listed	Statement 3	Statement 4
Non-listed (voluntary reporting of key audit matter(s))	Statement 5	Statement 6
Compliance framework		
Non-listed	Statement 7	Statement 8
Non-listed (voluntary reporting of key audit matter(s))	Statement 9	Statement 10

2. The updated statements will be located at a more user friendly URL:
http://www.auasb.gov.au/auditors_responsibilities/

When referring to the responsibilities statements the auditor needs to include the following URL, where # is the number of the statement above:

http://www.auasb.gov.au/auditors_responsibilities/ar#.pdf

3. The AUASB Technical Group have will also update the content of the AUASB website to include reference to the new statements above (refer appendix 1 for updated content).
4. Given existing references in audit reports to date, the previous version of the statements will be retained on the AUASB website.

Part B – NZAuASB

1. N/A

Part C – “Compelling Reasons” Assessment

1. NA

The proposed changes conform to IAASB modification guidelines for NSS?

Y N

Material Presented

- Agenda Item 4(c).0 AUASB Board Meeting Summary Paper
- Agenda Item 4(c).1 Auditor’s Responsibilities Statement – Listed / ASA 600 Applies
- Agenda Item 4(c).2 Auditor’s Responsibilities Statement – Listed / ASA 600 Does not apply
- Agenda Item 4(c).3 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Applies
- Agenda Item 4(c).4 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Does not apply
- Agenda Item 4(c).5 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Applies / KAMs
- Agenda Item 4(c).6 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Does not apply / KAMs
- Agenda Item 4(c).7 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Applies / Compliance Framework
- Agenda Item 4(c).8 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Does not apply / Compliance Framework
- Agenda Item 4(c).9 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Applies / KAMs / Compliance Framework
- Agenda Item 4(c).10 Auditor’s Responsibilities Statement – Non-Listed / ASA 600 Does not apply / KAMs / Compliance Framework

Appendix 1: Auditor's Responsibilities content on AUASB website

Description of the Auditor's Responsibilities Forming Part of the Auditor's Report

Introduction

Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* requires an auditor's report to include a section with the heading "Auditor's Responsibilities for the Audit of the Financial Report". [Ref: ASA 700, paragraph 37 - 40]

ASA 700 paragraph 41 requires the description of the auditor's responsibilities required by ASA 700 paragraphs 39 - 40 to be included:

- in the body of the auditor's report;
- within an appendix to the auditor's report, in which case the auditor's report shall include a reference to the location of the appendix; or
- by a specific reference within the auditor's report to the location of such a description on a website of an appropriate authority, where law, regulation or Australian Auditing Standards expressly permit the auditor to do so.

ASA 700 paragraph Aus A57.1 provides Application and Other Explanatory Material that when the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board website and the website address is <http://www.auasb.gov.au/Home.aspx>.

- When referring to the responsibilities statements the auditor needs to include the following URL, where # is the number of the statement below:

http://www.auasb.gov.au/auditors_responsibilities/ar#.pdf

Authorisation

The Australian Auditing and Assurance Standards Board authorises that descriptions of the *Auditor's Responsibilities* can be referenced to the following examples. The auditor's report includes a reference to the specific webpage that applies to the auditor's responsibilities applicable in the context of the engagement.

	ASA 600 Applies [#]	ASA 600 does not apply
Fair presentation framework		
Listed	Statement 1	Statement 2
Non-listed	Statement 3	Statement 4
Non-listed (voluntary reporting of key audit matter(s))	Statement 5	Statement 6
Compliance framework		
Non-listed	Statement 7	Statement 8
Non-listed (voluntary reporting of key audit matter(s))	Statement 9	Statement 10

[#] Per ASA 600 *Special Considerations – Audits of a Group Financial Report* defines a component auditor as "Component auditor means an auditor who, at the request of the group engagement team, performs work on financial information related to a component for the group audit"