

**ASA 250**  
(May 2017)

# **Explanatory Statement**

## ***ASA 250 Considerations of Laws and Regulations in the Audit of a Financial Report***

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



**Australian Government**

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**Auditing and Assurance Standards Board**

## **Obtaining a Copy of this Explanatory Statement**

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

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## **Reasons for Issuing Auditing Standard ASA 250 Consideration of Laws and Regulations in the Audit of a Financial Report**

The AUASB issues Auditing Standard ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

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

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

## **Purpose of Auditing Standard ASA 250 Consideration of Laws and Regulations in the Audit of a Financial Report**

The purpose of the Auditing Standard represents the Australian equivalent of revised ISA 250 *Consideration of Laws and Regulations in the Audit of a Financial Report* and will replace the current ASA 250 issued by the AUASB in October 2009 (as amended).

## **Main Features**

The revision of ASA 250 reflects changes developed by the International Auditing and Assurance Standards Board as a result of changes to the IESBA Code

## **Operative Date**

ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* is operative for financial reporting periods ending on or after 15 December 2017.

## **Process of making Australian Auditing Standards**

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

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

## **Consultation Process prior to issuing the Auditing Standard**

The AUASB has consulted publicly as part of its due process in developing the Auditing Standard. Exposure Draft ED 05/16 Proposed Auditing Standard ASA 250 *Consideration of Laws and Regulations in the Audit of a Financial Report* was issued in December 2016 with a 90 day comment period.

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

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### **Regulatory Impact Statement**

A Regulatory Impact Statement (RIA) will be prepared in connection with the preparation of ASA 250 *Consideration of Laws and Regulations in the Audit of a Financial Report Considerations*. The RIA is expected to be cleared by the Office of Best Practice Regulation (OBPR).

## **STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS**

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

**Legislative Instrument:**            **Auditing Standard ASA250 Consideration of Laws and Regulations in the Audit of a Financial Report**

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

### **Overview of the Legislative Instrument**

#### *Background*

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

#### *Purpose of Auditing Standard ASA 250*

The purpose of ASA 250 is to conform with the equivalent revised international standard on auditing, ISA 250; and to replace the pre-existing auditing standard.

#### *Main Features*

The revision of ASA 250 reflects recent enhancements to auditor reporting developed by the International Auditing and Assurance Standards Board.

### **Human Rights Implications**

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

#### *Conclusion*

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