



Proposed modification (1) to international standard ISA 810

Proposed modification

Include Aus 1.1:

Where an entity prepares a concise financial report in accordance with paragraph 314(2)(a) in Part 2M.3 of the *Corporations Act 2001*, an auditor's report thereon is required under paragraph 314(2)(c) in Part 2M.3 of the *Corporations Act 2001*. The minimum content of the concise financial report is determined by the Australian Accounting Standards Board and is set out in AASB 1039 *Concise Financial Reports*. The Appendix [Aus] Illustration 6 provides an example unmodified Auditor's Report on a Concise Financial Report prepared under section 314 of the *Corporations Act 2001*.

Additional [Aus] Illustration Auditor's Report – refer above

Rationale for the proposed modification

The international standard is not consistent with Australian regulatory arrangements.

The ISA does not provide an example auditor's report that complies with local legislative requirements. As the Auditing Standards are made and enforceable under the Act, it is necessary to include relevant example auditor's reports to clarify obligations. The Board has previously adopted this position for the Auditor Reporting project. Concise financial reports are provided for within the Australian legislative environment.

OR

The international standard does not reflect principles and practices that are considered appropriate in Australia.

A. Consideration of compelling reason criteria where the international standard is not consistent with Australian regulatory requirements.

Compelling reason criteria as per agreed Principles of Convergence

Consideration whether the proposed modification meets the criteria

1. The standard can be modified so as to result in a standard the application of which results in effective and efficient compliance with the legal framework in Australia.

Yes.

The proposed modifications are not to the requirements, but an enhancement to the scope and appendices

2. The proposed modification does not result in a standard that conflicts with, or results in lesser requirements than the international standard.

There is no conflict or lessening of the ISA requirements merely adaptations to comply with applicable legislation.

B. Consideration of compelling reason criteria where the international standard does not reflect principles and practices that are considered appropriate in Australia.

Compelling reason criteria as per agreed Principles of Convergence

Consideration whether the proposed modification meets the criteria

1. The application of the proposed

NA



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modification will result in compliance with principles and practices considered appropriate by the AUASB.	
2. The proposed modification results in a standard that is clear and that promotes consistent application by all practitioners. (For example, excluding options not relevant in Australia and New Zealand)	NA
3. The proposed modification will promote significant improvement in audit quality in Australia (With improvement in audit quality being linked to one or more of the Applicable Elements in the IAASB's Framework for Audit Quality)	NA
4. The relative benefits of the modification outweigh the cost (with cost being compliance cost and the cost of differing from the international standard, and benefit relating to audit quality).	NA
5. The proposed modification does not conflict with or result in lesser requirements than the international standard.	NA
6. The proposed modification overall does not result in the standard being overly complex and confusing.	NA
7. The proposed modification does not inadvertently change the meaning of the international standard wording by placing more onerous requirements on a practitioner in Australia than necessary to meet the intent of the international standard.	NA
C. Conclusion	
Compelling reasons test met/not met?	The compelling reasons test has been met.
Does the Board agree that the proposed modification meets the compelling reason test, and that ISA 810 should be modified as described above?	