

ASA 2017-1
(May 2017)

Explanatory Statement

Auditing Standard ASA 2017-1 *Amendments to Australian* *Auditing Standards*

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



Australian Government

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

Contact Details

Auditing and Assurance Standards Board
Podium Level
Level 14, 530 Collins Street
Melbourne Victoria 3000
AUSTRALIA

Phone: (03) 8080 7400
E-mail: enquiries@auasb.gov.au

Postal Address:
PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA

Reasons for Issuing Auditing Standard ASA 2017-1

The AUASB issues Auditing Standard ASA 2017-1 *Amendments to Australian Auditing Standards* 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 2017-1 Amendments to Australian Auditing Standards

The purpose of the Auditing Standard is to make amendments to the Auditing Standards listed below.

Main Features

This Auditing Standard makes amendments to the following Auditing Standards:

- ASA 210 *Agreeing the Terms of Audit Engagements* (27 October 2009)
- ASA 700 *Forming an Opinion and Reporting on a Financial Report* (1 December 2015)
- ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*
(1 December 2015)
- ASA 800 *Special Considerations – Audits of Financial Reports Prepared in Accordance with
Special Purpose Frameworks* (26 July 2016)
- ASA 805 *Special Considerations – Audits of Single Financial Statements and Specific Elements,
Accounts or Items of a Financial Statement* (26 July 2016)

Operative Date

ASA 2017-1 *Amendments to Australian Auditing Standards* is operative for financial reporting periods ending on or after 15 December 2016.

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.

The amendments to ASA 700 and ASA 701 were included in Exposure Draft 07-16 *Amendments to Australian Auditing Standards* (ED 07-16), which was issued on 22 December 2016, with a 30 day comment period.

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

The amendments to ASA 210, 800 and 805 are not significant and it was not considered necessary to consult publicly on these matters.

Regulatory Impact Statement

A Regulatory Impact Statement (RIA) has been prepared in connection with the preparation of ASA 2017-1 *Amendments to Australian Auditing Standards*. The RIA is has been 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 ASA 2017- 1 Amendments to Australian Auditing Standards**

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 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*.

Purpose of Auditing Standard ASA 2017-1

The purpose of ASA 2017-1 is to make amendments to various Australian Auditing Standards.

Main Features

This Auditing Standard makes amendments to the following Auditing Standards:

ASA 210	<i>Agreeing the Terms of Audit Engagements (27 October 2009)</i>
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report (1 December 2015)</i>
ASA 701	<i>Communicating Key Audit Matters in the Independent Auditor's Report (1 December 2015)</i>
ASA 800	<i>Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks (26 July 2016)</i>
ASA 805	<i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement (26 July 2016)</i>

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.