

**ASRE 2410**  
(July 2020)

# **Explanatory Statement**

## ***ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity***

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 ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity***

The AUASB issues Auditing Standard ASRE 2410 *Review of a Financial Report Performed by the Auditor of the Entity* 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. This Auditing Standard is a legislative instrument under the *Legislation 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.

ASRE 2410 conforms with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE 2410).

## **Purpose of Auditing Standard ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity***

ASRE 2410 replaces existing ASRE 2410 issued by the AUASB in October 2009 and amended to July 2013, and conforms with ISRE 2410. ASRE 2410 establishes requirements and provides application and explanatory material regarding the responsibilities of an auditor of an entity when engaged to undertake a review of a financial report, and on the form and content of the auditor's review report. ASRE 2410 has been re-issued to provide consistency of the form and content of the auditor's review report with the recently amended annual auditor's report prepared in accordance with ASA 700 *Forming an Opinion and Reporting on a Financial Report*. In addition, it was agreed it was appropriate to include conforming amendments as a result of the IAASB's project regarding non-compliance with laws and regulation (NOCLAR).

## **Main Features**

ASRE 2410 has been re-issued to provide consistency of the form and content of the auditor's review report with the recently amended annual auditor's report.

## **Operative Date**

It is intended that this proposed Auditing Standard on Review Engagements will be operative for financial reporting periods commencing on or after 1 July 2020 with early adoption permitted.

## **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 this Auditing Standard. Exposure Draft ED 01/19 Proposed Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Auditor of the Entity* was issued in May 2019 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.

## **Regulatory Impact Statement**

A Regulatory Impact Statement Preliminary Assessment (RIA) has been prepared in connection with the preparation of ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Based on the Preliminary Assessment provided to OBPR, a RIS does not need to be prepared

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

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

**Legislative Instrument:**            ***Auditing Standard ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity****

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 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*.

#### *Purpose of Auditing Standard ASRE 2410*

The purpose of ASRE 2410 is to replace the existing ASRE 2410.

#### *Main Features*

This Auditing Standard on Review Engagements is based on the Australian equivalent of ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor* and will replace the current ASRE 2410 issued by the AUASB in October 2009 and amended to July 2013. ASRE 2410 has been reissued to provide consistency of the review report with the annual auditor's report which has been recently amended.

### **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 due to the nature and content of the revised auditing standard.