

## Strategic Project Outline

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Project Title: Auditor Reporting Implementation Review Project  
Project ID: 2017  
Team member responsible: Anne Waters

### I.

### II. Background

1. The new auditor reporting standards are now in effect, and the changes to the auditor's report are significant, especially for auditors of listed entities who now communicate key audit matters (KAMs).
2. The objectives and intended benefits of the new auditor reporting standards are:
  - a) Increased user confidence in audit reports and financial statements;
  - b) Enhanced communication and transparency between auditors and investors, as well as those charged with governance, about the audit that was conducted;
  - c) Increased attention by management and financial statement preparers to disclosures referencing the auditor's report;
  - d) Renewed focus of the auditor on matters to be reported, which could indirectly result in an increase in professional scepticism; and
  - e) Increased auditor's focus on going concern matters, including disclosures in the financial statements and to add more transparency in the auditor's report about the auditor's work.
3. It is now appropriate to commence assessing the Australian implementation experience in order to support consistency of application, and with a longer term objective to assess whether the intended benefits of the new auditor reporting standards have been achieved.

### III. Scope

4. The Australian experience in implementing the new auditor reporting standards (including ASA 570, 700, 701, 705, 706, and 720).

### IV. Project objectives, public interest benefits, link to corporate strategy

#### Project Objectives

5. The objective of this project is to:  
*Shorter term (2017-18)*
6. To support implementation and understand the experience of key stakeholders in order to issue guidance and communications as appropriate.  
*Longer term (2018-2021)*
7. Understand the experience in years 2 – 4 in order to:
  - a. continue to support implementation and issue guidance and other communications as appropriate to support consistency of application.

- b. consider if it is beneficial and appropriate to issue other communications based on the Australian experience.
  - c. understand the cost vs fees implications to practitioners, and the perceived value to users.
8. Based on the information and evidence gathered:
- a. assess whether the intended benefits of the new auditor's report have been achieved.
  - b. understand our stakeholders views on any proposed future amendments to auditor reporting standards in order to;
    - achieve greater consistency in application
    - further enhance the value of the auditor's report (for example, increase the information included in the audit report)
    - expand their application ie. KAMs to public interest entities, to other assurance engagements, review engagements
  - c. actively influence the IAASB in the future direction of international auditor reporting standards.

### **Public interest benefits**

9. The changes to the auditor's report were made in the public interest. This project is to assess whether the intended benefits of these changes have been achieved and to provide evidence to form a view on any future proposed amendments to the auditor reporting standards.

### **Link to Corporate Strategy**

10. This project contributes to the following strategic objectives:
- 1. Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users. Use IAASB Standards – where they exist, modified as necessary – or develop Australian specific standards and guidance.
  - 3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.
  - 4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.