



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**            **3 (b)**

**Meeting Date:**                17 April 2018

**Subject:**                        AUASB'S exposure draft process for standards based on an equivalent IAASB standard

**Date Prepared:**                9 April 2018

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**Action Required**

**For Information Purposes Only**

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## Objective of the agenda item:

1. The objective of this agenda item is for the AUASB to consider three alternate exposure draft (ED) processes for issuing an Australian ED equivalent to an IAASB ED or standard.
2. This paper includes the background, and three possible processes with advantages and disadvantages of each process for the AUASB to consider. The AUASB Technical Group have included their recommendation.

## Background:

3. The AUASB's strategic objective and mandate as set by the FRC, is to use IAASB standards as equivalent standards unless there is a compelling reason not to do so.
4. The ISAs are amended (refer to AUASB Functions and Processes document paragraph 62 (included in papers Apr18\_3(b)1\_AUASB\_Functions\_and\_Processes):
  - a. to exhibit and conform to the Australian regulatory environment and statutory requirements; and
  - b. for further amendments where there is a compelling reason to do so.

Appendix 2 details all Australian amendments to the ISAs.

5. It is therefore critically important that:
  - the AUASB provide feedback to influence the IAASB on a timely basis so the IAASB Standards are an appropriate basis for the AUSAB to use when issuing Australian Auditing Standards that meet the needs of external report users, and
  - all appropriate Australian compelling reasons are identified on a timely basis.

The ED process when using an equivalent IAASB standard needs to achieve this.

6. The current version of the AUASB Functions and Processes document (included as Apr18\_3(b)1\_AUASB\_Functions\_and\_Processes) details the current ED process when using an equivalent IAASB standard in Appendix 1. Currently the AUASB's process is to conduct outreach activities such as roundtables at the IAASB ED stage of the development phase, and issue an Australian ED based on the final ISA standard (**Process A**). The AUASB's ED process recognises that the IAASB's due process in the development of its standards, in that the IAASB have exposed their standard and responded to appropriate feedback in the public interest.

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7. The current process is not ‘broken’ however the timing of issuing Australian EDs is different to other National Standard Setters and the AUASB Technical Group have been considering what is the most effective and efficient process to achieve the objectives of influencing the development of IAASB standards.
8. In determining the possible processes the AUASB Technical Group have reached out to other National Standard Setters (NZAuASB, Canada, South Africa,) and have determined that that they expose concurrently the IAASB’s ED. The AASB also expose international exposure drafts concurrently. Refer to Appendix 1 for more detail.
9. Based on this the AUASB Technical Group have identified two alternate processes to the current:
  - a. Process B - issue the IAASB ED concurrently as an Australian ED including all known Australian amendments.
  - b. Process C – issue the IAASB ED concurrently as an Australian ED without any Australian amendments. Note this is the process adopted by other standard setters.
10. The current version of the AUASB Functions and Processes document (Apr18\_3(b)1\_AUASB\_Functions\_and\_Processes), includes exposing the IAASB’s ED as an option however this has not been done in the past.

**Process A (current) in more detail including advantages and disadvantages**

11. Refer to AUASB Functions and Processes document Appendix 1 for the complete process. The following is a summary.
  - a. When the IAASB ED is issued the AUASB:
    - i. put the IAASB’s ED on their website and issue a news alert requesting feedback;
    - ii. conducts extensive outreach with Australian stakeholders including holding roundtables etc.
  - b. Feedback from stakeholders is used as input into the AUASB’s submission to the IAASB.
  - c. When the final ISA is issued it is converted into an Australian ED (refer Appendix 2) including any known changes for compelling reason which have been identified through the outreach already conducted. The Australian ED is issued for periods ranging from 30 – 90 days depending on the nature of the ED.
  - d. The AUASB consider the feedback received on exposure from the Australian stakeholders and any additional Australian amendments are subject to the compelling reason test.
  - e. The AUASB consider if the final ASA needs to be re-exposed. However, this would only be if there were significant changes from the ED and this would be very rare.
  - f. The ASA is approved by the AUASB.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The Australian ED is based on the final ISA and includes the known proposed Australian amendments identified through outreach activities, and therefore is very close to the final ASA. This significantly minimizes the risk of having significant changes to the standard after exposure, and therefore the risk of having to re-expose.</li> <li>• Stakeholders including the Australian members of international network firms have the opportunity to respond to our ED on the Australian amendments.</li> </ul>	<ul style="list-style-type: none"> <li>• The Australian ED is issued after the ISA is final therefore if the AUASB receive additional comments it is too late to influence the final ISA. This risk is largely mitigated by the AUASB’s outreach activities already conducted, however it is a factor to consider as not all stakeholders may attend our outreach activities.</li> <li>• As the Australian ED is issued after the ISA there is a time delay in the issuance of the ASA of up to 6 months. Note this has not caused a concern in the past however is a factor to consider.</li> <li>• Potential duplicate effort of respondents to IAASB ED and AUASB ED.</li> </ul>

## Process B in more detail including advantages and disadvantages

### 12. A summary:

- a. The IAASB ED is converted into an Australian ED (refer below for a summary of the Australian changes) including any known compelling reason changes.
- b. The Australian ED is issued with a sufficient comment period for stakeholders to respond however the exposure period is less than the IAASB's to give the AUASB time to consider the feedback before finalizing our submission.
- c. The AUASB still conduct outreach activities to stakeholders through forums such as roundtables during the exposure period to allow comments to be received before our submission to the IAASB is finalized.
- d. The AUASB prepare its submission on the IAASB's ED based on the written submission received on its ED, and the outreach activities conducted.
- e. The IAASB follow due process and consider feedback on the ED and either re-expose the ED or issue the final ISA.
- f. The AUASB recognise the IAASB's due process in the development of its standards, and consider if re-exposure is required if there are any additional Australian compelling reasons which were not in the ED. This is not expected to be common.
- g. The AUASB approve the final ASA.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Stakeholders have an additional (to attending outreach activities) opportunity to respond to the AUASB on the International ED in writing in time for this to be factored into the AUASB's submission to the IAASB.</li> <li>• Stakeholders including the Australian members of international network firms have the opportunity to respond to our ED on the Australian amendments. The Australian ED includes the known proposed Australian amendments.</li> <li>• Assuming there is no need to re-expose, there is significantly less delay between the issuing of the ISA and the ASA.</li> <li>• Stakeholders including the Australian members of international network firms have the opportunity to respond to our ED on the Australian amendments.</li> </ul>	<ul style="list-style-type: none"> <li>• There will be a delay between the issuing of the IAASB ED and the Australian ED as the Australian amendments must be processed. The time delay is dependent on when we receive the ED from the IAASB and the number of Australian amendments. This will reduce the time for the Australian exposure period. This delay could be a few weeks (assuming it takes a week to get the ED from the IAASB, then 1 – 2 weeks to process known Australian amendments)</li> <li>• There is a possibility that local members of international network firms may not respond to the AUASB as their firms centrally provide responses to IAASB.</li> <li>• There may be significant changes to the IAASB ED to the ISA issued, which may result in the IAASB re-expose, and the AUASB also re-exposing.</li> <li>• Additional Australian compelling reasons may be identified through the ED process which may require re-exposure in Australia.</li> </ul>

## Process C in more detail including advantages and disadvantages

### 13. A summary:

- a. The IAASB ED is issued with an AUASB cover letter straight away in Australia without any Australian amendments.
- b. The exposure period is less than the IAASB's to give the AUASB time to consider the feedback before finalizing our submission.
- c. The AUASB consult with stakeholders through forums such as roundtables during the exposure period to allow comments to be received before our submission to the IAASB is finalized, and to assist in identification of any Australian compelling reasons.

- d. The AUASB prepare its submission on the IAASB's ED based on the written submission received on its ED, and the outreach activities conducted.
- e. The IAASB follow due process and consider feedback on the ED and either re-expose the ED or issue the final ISA.
- f. If there are Australian compelling reason amendments identified re-exposure is required.
- g. The AUASB approve the final ASA.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Stakeholders have an additional (to attending outreach activities) opportunity to respond to the AUASB on the International ED in writing in time for this to be factored into the AUASB's submission to the IAASB.</li> <li>• The ED is very promptly issued in Australia as no Australian amendments are made.</li> </ul>	<ul style="list-style-type: none"> <li>• The ED issued in Australia does not include any known proposed Australian amendments including compelling reasons. This increases the risk of having to re-expose.</li> <li>• If there are compelling reasons identified through the ED process the ED will need to be re-exposed in Australia. Note there are very few compelling reasons so this would not happen very often.</li> <li>• The IAASB ED may have significant changes before the ISA is issued, which may result in a need to expose more than once.</li> <li>• Local members of international network firms may not respond to the AUASB as central teams provide worldwide response to IAASB.</li> </ul>

### Identification of amendments to the ISA

14. As stated above an important objective of the ED process when using an equivalent IAASB standard is to identify amendment to the ISA for 1) amendments to conform to the Australian regulatory and statutory requirements, and 2) where the ISA does not reflect principles and practices that are considered appropriate in Australia.
15. There may be other amendments required to be made to language etc, however these are not required to pass a compelling reason test or be publicly exposed. These are:
  - Application Paragraphs;
  - Operative/Effective Date;
  - Corporations Act references;
  - Definitions e.g. Financial Statements vs Financial Report;
  - References to Ethics – ASA 102;
  - Appendices – Australian Specific Examples.
16. Refer to Appendix 2 for details of the current Australian AU paragraphs. Many standards do not have any AU paragraphs or amendments which require a compelling reason test.
17. If an Australian compelling reason is identified subsequent to the ED being issued in Australia the due process would normally require re-exposure unless the AUASB decide there are unusual circumstances. AUASB Technical Group Recommendation
18. All three processes would meet the objective of influencing the IAASB Standards so that they are an appropriate basis for the AUSAB to use when issuing Australian Auditing Standards, and that all appropriate Australian compelling reasons are identified on a timely basis.
19. The AUASB's Technical Group have considered the advantages and disadvantages of each process and consider that B is the preferred approach for the following reasons:

- a. Timeliness of issuing the ASA
    - i. Process A (current) results in a significant delay between the time of the ISA and the ASA being issued. This time can be up to 6 months. Note that this has not been a significant issue in the past, however this is not ideal.
    - ii. Both process B and C should result in the ASA being issued much more quickly unless there is a need to re-expose. Process C does not include any Australian amendments and has a higher risk of requiring re-exposing for Australian compelling reasons.
  - b. B is preferred over C in that known Australian amendments are included in the ED. Note that other standard setters expose the IAASB ED without any amendments.
  - c. Ability to influence the IAASB before the ISA is finalised - Both process B and C potentially enable the AUASB to receive submissions from more stakeholders as it is not dependent on them attending the roundtable, and therefore potentially identify more matters to include in our submission to the IAASB with an opportunity to influence before the ISA is finalised.
  - d. Potential efficiency in process by reducing duplication of effort, including staff time, Board time, and respondents time
20. The main disadvantage of process B and C is that an Australian compelling reason may not be identified before the ED is issued, and in this scenario the AUASB would have to publicly expose this ED again with any new compelling reasons. However as there are not many current compelling reasons, and there are even less that would not have been identified and discussed by the Board during discussions around the development of the ED this is not considered a significant risk. If re-exposure is required the only impact is a delay in the issuing of the ASA which is consistent with the current process.

## AUASB Action

21. Consider:
- Do you consider that all the advantages and disadvantages been identified?
  - Do you agree with the AUASB Technical Group's recommendation to change the timing and processes associated with the issuing of EDs for standards based on IAASB standards?
22. If the AUASB agree to adopt Option B then it is planned that the AUASB Technical Group will pilot the new ED exposure process for the upcoming release of ISA 315 by the IAASB (currently planned for June 2018). This will allow the AUASB Technical Group to evaluate how successful the new process is (including feedback from stakeholders) before other impending IAASB EDs (ISQC 1, ISA 220) are released later in 2018.

## Material Presented

Agenda Item	AUASB Board Meeting Summary Paper Apr18_3(b)1_AUASB_Functions_and_Processes
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**Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
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<b>Appendix 1 – other NSS timeline for issuing EDs based on the IAASB’s</b>	
New Zealand - NZAuASB	<p>The NZAuASB’s policy is to expose the IAASB’s ED concurrently.</p> <p>The IAASB’s ED is issued as is, unless there are known compelling reasons to change. This is not common. If there are minimal changes from the IAASB ED to the ISA, the NZAuASB will issue an equivalent ISA (NZ) with minimal changes only to reflect references, language and grammatical conventions used in New Zealand, and do not re-expose. However if compelling reasons for amendments to the international proposals are subsequently identified, NZAuASB issue another exposure draft in New Zealand.</p> <p>Note that changes to reflect references, language and grammatical conventions in New Zealand are not considered compelling reasons and not exposed.</p>
Canada - AASB	<p>Issue the IAASB ED as close as possible to the same time as the IAASB, with deadlines that are the same as the IAASB EDs. Make minimal changes to the ISA.</p>
South Africa	<p>IAASB’s proposed international pronouncements and consultation papers issued on exposure internationally are exposed simultaneously in South Africa. The exposure period ends fourteen (14) days before the comments are due to be submitted to the IAASB.</p>
United States – AICPA’s ASB	<p>The ASB’s policy is not set with regards to the timing of issuance of domestic EDs of corresponding ISA EDs. Sometimes the ASB will issue an ED at the same time the IAASB issues its ISA ED, while other times it will wait until the IAASB approves the ISA as it prefers to work from the most final version of the ISA when developing its equivalent domestic standard.</p> <p>The ASB’s policy is to responds to all ISA EDs. ASB does not conduct stakeholder outreach in gathering input for its IAASB response letters. The response letter is based on input gathered through task forces and ASB members.</p>
Australian Accounting Standards Board	<p>Issue the International EDs as soon as possible with a cover letter asking for feedback as well as any Australian issues.</p>

## Modifications to ISAs when adopted in Australia

1. This paper has been prepared to support the discussion regarding the AUASB process for exposing International Standards. The paper collates the “Aus” paragraphs in the ASA series of standards issued by the AUASB. In the Australian standard-setting context, the AUASB adopts ISAs and modifies them only when there is a compelling reason to do so.
2. The focus of this paper is on modifications made to the requirements of standards. Changes to the requirements of ISAs when adopted in Australia impact directly on how the audit is performed. The current process is to modify a standard when either *the international standard is not consistent with Australian regulatory arrangements* or *the international standard does not reflect principles and practices that are considered appropriate in Australia*. The Australian regulatory arrangements category includes modifications made to appropriately identify *Corporations Act 2001* requirements.
3. Modifications to requirements have been categorised as either due to *Australian Regulatory Arrangements* or *Principles and Practices in Australia*. For completeness, modifications made to Definitions and Application and Other Explanatory material are included in a separate section.

## Modifications to Requirements

### Part A – Principles and Practices in Australia

#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
<b>ASA 200 Quality Control for an Audit of a Financial Report and Other Historical Financial Information</b>					
<b>Requirements</b>					
1	ASA 200 (2009)	Aus 23.1	<p><b>Deleted paragraph</b></p> <p>In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA. In such circumstances, the auditor shall perform alternative audit procedures to achieve the aim of that requirement. The need for the auditor to depart from a relevant requirement is expected to arise only where the requirement is for a specific procedure to be performed and, in the specific circumstances of the audit, the procedure would be ineffective in achieving the aim of the requirement.</p>	<p><i>Complying with Relevant Requirements</i></p> <p>Where in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement, the auditor shall:</p> <p>(a) If possible, perform appropriate alternative audit procedures; and</p> <p>(b) In accordance with ASA 230,* document in the working papers:</p> <p>(i) The circumstances surrounding the inability to comply;</p> <p>(ii) The reasons for the inability to comply; and</p> <p>(iii) Justification of how alternative audit procedures achieve the objectives of the requirement.</p> <p>When the auditor is unable to perform the appropriate alternative audit procedures, the auditor shall</p>	<p>Departure from standard and documentation of departure</p>

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#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
				consider the requirement in paragraph 24 of this Auditing Standard. (Ref: Para. A76-Aus A76.1)	
<b>ASA 220 Quality Control for an Audit of a Financial Report and Other Historical Financial Information</b>					
<u>Requirements</u>					
2	ASA 2011-1	Aus 21.1	<p><b>Deleted paragraph</b></p> <p>For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control reviewer, shall also consider the following:</p> <ul style="list-style-type: none"> <li>(a) The engagement team's evaluation of the firm's independence in relation to the audit engagement;</li> <li>(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and</li> <li>(c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements made and supports the conclusions reached.</li> </ul>	<p><i>Engagement Quality Control Review</i></p> <p>For audits of <b>financial reports</b> of listed entities, <b>and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required</b>, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> <li>(a) The engagement team's evaluation of the firm's independence in relation to the audit engagement;</li> <li>(b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and</li> <li>(c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements made and supports the conclusions reached. (Ref: Para. A28-A31)</li> </ul>	Extension of scope to other engagements
<b>ASA 230 Audit Documentation</b>					
<u>Requirements</u>					
3	ASA (Oct. 2009)	Aus 12.1	<p><b>Deleted paragraph</b></p> <p>If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in an ISA, the auditor shall</p>	<p><i>Documentation of Inability to Comply with Requirements</i></p> <p>Where, in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an</p>	Departure from standard and documentation of departure

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#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
			document how the alternative audit procedures performed achieve the aim of that requirement, and the reasons for the departure. (Ref: para. A18-A19)	essential procedure contained within a relevant requirement, the auditor shall document: (Ref: Para. A18-A19) <ul style="list-style-type: none"> <li>(a) The circumstances surrounding the inability to comply;</li> <li>(b) The reasons for the inability to comply; and</li> <li>(c) Justification of how alternative audit procedures achieve the objectives of the requirement.</li> </ul>	
<b>ASA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</b>					
<b>Requirements</b>					
5	ASA 265 (Oct 2009)	Aus 11.1	Additional requirement inserted into the following paragraph between (ii) and (iii) <p><b>Paragraph 11</b></p> <p>The auditor shall include in the written communication of significant deficiencies in internal control:</p> <ul style="list-style-type: none"> <li>(a) A description of the deficiencies and an explanation of their potential effects; and (Ref: Para. A28)</li> <li>(b) Sufficient information to enable those charged with governance and management to understand the context of the communication. In particular, the auditor shall explain that: (Ref: Para. A29-A30) <ul style="list-style-type: none"> <li>(i) The purpose of the audit was for the auditor to express an opinion on the financial report;</li> <li>(ii) The audit included consideration of internal</li> </ul> </li> </ul>	In circumstances when the auditor has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control; and	Limitation of situations

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			<p>control relevant to the preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; or</p> <p>(iii) The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.</p>		

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#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
<b>ASA 502 Audit Evidence – Specific Considerations for Litigation and Claims</b>					
<i>Requirements</i>					
6	ASA 502 (Oct 2009)	Aus 5.1	N/A – additional requirement	<i>In-house and/or External Legal Counsel</i>  Where in-house legal counsel has the primary responsibility for litigation and claims and is in the best position to corroborate management’s representations, the auditor shall endeavour to obtain a representation letter from the in-house legal counsel, seeking information similar to that sought from the entity’s external legal counsel. (Ref: Para. Aus A8.1-Aus A8.2)	Requirements from extant ASA 508 considered important in an Australian context
		Aus 5.2	N/A – additional requirement	<i>Legal Counsel’s Response</i>  If a response from the entity’s external or internal legal counsel contains a material disagreement with management’s original evaluation of a particular matter, the auditor shall seek discussions with management and the entity’s legal counsel, unless management subsequently agrees with the legal counsel’s evaluation. (Ref. Para. Aus A8.3-Aus A8.6)	
		Aus 6.1	N/A – additional requirement	<b>Related Procedures</b>  The auditor shall enquire of management about new litigation and claims referred to the entity’s legal counsel subsequent to the date of the request for a letter of enquiry to the entity’s legal counsel and prior to signing the auditor’s report. (Ref. Para A9-Aus A9.1)	
		Aus 6.2	N/A – additional requirement	If audit procedures lead to the discovery of matters of a legal nature not previously identified by management, the auditor shall consider the impact of each of the matters on the financial report. (Ref: Para. Aus A9.2-Aus A9.3)	
<b>ASA 550 Related Parties</b>					
<i>Requirements</i>					
7	ASA 550 (Oct	Aus 27.1	N/A – additional requirement	<b>Reporting Considerations</b>	Requirements from extant ASA 550

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#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
	2009)	Aus 27.2	N/A – additional requirement	<p>If the auditor is unable to:</p> <p>(a) obtain sufficient appropriate audit evidence regarding related parties and related party transactions; or</p> <p>(b) form a conclusion as to the completeness of the disclosure of related party relationships and transactions in accordance with the applicable financial reporting framework;</p> <p>the auditor shall modify the auditor's opinion in accordance with ASA 705*.</p> <p>If the auditor concludes that the related party disclosures in the financial report do not satisfy the requirements of the applicable financial reporting framework, the auditor shall modify the auditor's opinion in accordance with ASA 705.</p>	considered important in an Australian context
<b>ASA 570 Going Concern</b>					
<u>Requirements</u>					
9	ASA 570 (Oct 2009)	Aus 13.1	<p><b>Deleted paragraph</b></p> <p><b>Evaluating Management's Assessment</b></p> <p>In evaluating management's assessment of the entity's ability to continue as a going</p>	<p><b>Evaluating Management's Assessment</b></p> <p>In evaluating management's assessment of the entity's ability to continue as a going concern, the auditor shall <b>consider the relevant period as defined in</b></p>	Clarification of appropriate date

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		Aus 13.2	<p>concern, the auditor shall cover the same period as that used by management to make its assessment as required by the applicable financial reporting framework, or by law or regulation if it specifies a longer period.</p> <p>If management's assessment of the entity's ability to continue as a going concern covers less than twelve months from the date of the financial statements as defined by ISA 560, the auditor shall request management to extend its assessment period to at least twelve months from the date. (Ref: Para. A11-A13)</p> <p>N/A – additional requirement</p>	<p><b>paragraph Aus 13.2 of this Auditing Standard, which may be the same or may differ from that</b> used by management to make its assessment as required by the applicable financial reporting framework.</p> <p>If management's assessment of the entity's ability to continue as a going concern covers less than <b>the relevant period</b>, the auditor shall request management to extend its assessment period to correspond to the relevant period used by the auditor. (Ref: Para. A11–A13)</p> <p>Relevant period means the period of approximately twelve months from the date of the auditor's current report to the expected date of the auditor's report for:</p> <p>(a) the next annual reporting date in the case of an annual financial report; or</p> <p>(b) the corresponding reporting period for the following year in the case of an interim financial reporting period.</p>	

#### ASA 610 Using the Work of Internal Auditors

##### Requirements

10	ASA 610 (Nov 2013)	Aus 25.1	<p>N/A – additional requirement</p> <p>Paragraphs 26-35 are deleted by AUASB.</p>	<p><b>Direct Assistance</b></p> <p>The external auditor shall not use internal auditors to provide direct assistance on the external audit engagement.</p>	<p>Direct assistance not allowed in Australia</p>
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#### Part B– Australian Regulatory Arrangements

#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
<b>ASA 260 Communication With Those Charged with Governance</b>					
<b>Requirements</b>					
1	ASA 260	Aus 17.1	N/A – additional requirement	<i>Auditor Independence</i>	Australian legislative

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	(Oct 2009)			In the case of entities audited in accordance with the <i>Corporations Act 2001</i> , the auditor shall communicate with those charged with governance through a statement that the engagement team and others in the firm as appropriate, the firm, and, when applicable network firms, have complied with the independence requirements of section 307C of the <i>Corporations Act 2001</i> .	environment
<b>ASA 560 Subsequent Events</b>					
<u>Requirements</u>					
2	ASA 560 (Oct 2009)	Aus 12.1	N/A – additional requirement	<p><b>Facts Which Become Known to the Auditor after the Date of the Auditor’s Report but before the Date the Financial Report is Issued</b></p> <p>For an audit engagement conducted under the <i>Corporations Act 2001</i>, management, and those charged with governance, are prohibited from restricting an amendment of the financial report to the effects of the subsequent event or events causing that amendment. Consequently, the auditor is prohibited from restricting audit procedures as required under paragraph 11(b)(i) of this Auditing Standard to such an amendment.</p>	Australian legislative environment
<b>ASA 700 Forming an Opinion and Reporting on a Financial Report</b>					
<u>Requirements</u>					
3	ASA 700 (Dec 2015)	Aus 28.1(c)	<p><b>Deleted paragraph</b></p> <p>Basis for Opinion</p> <p>Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements. The statement</p>	<p>Basis for Opinion</p> <p>Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements. <b>The statement shall identify the relevant ethical requirements applicable within Australia;</b> and (Ref: Para. Aus</p>	Relevant ethical requirements

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			shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code); and (Ref: Para A34-A39)	A34.1–A39)	
3		Aus 46.1	<p><b>Deleted paragraph</b></p> <p>Name of the Engagement Partner</p> <p>The name of the engagement partner shall be included in the auditor's report on financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor's report, the auditor shall discuss this intention with those charged with governance to inform the auditor's assessment of the likelihood and severity of the significant personal security threat. (Ref: Para. A61-63)</p>	<p>Name of the Engagement Partner</p> <p>The name of the engagement partner shall be included in the auditor's report where required by law or regulation. (Ref: Para. Aus A61.1–A62)</p>	Australian legislative environment
13	ASA 2017-1	Aus 49.1	N/A – additional requirement	<p>Date of the Auditor's Report</p> <p>The auditor's report shall be dated as of the date the auditor signs that report.</p>	Australian legislative environment
14		Aus 50.1(e)	<p><b>Deleted paragraph</b></p> <p>A statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the IESBA Code.</p>	<p><i>Auditor's Report Prescribed by Law or Regulation</i></p> <p>A statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical requirements in accordance with these requirements. <b>The statement shall identify the relevant ethical requirements applicable within Australia.</b></p>	Relevant ethical requirements

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15		Aus 50.1(1)	<p><b>Deleted paragraph</b></p> <p>For audits of complete sets of general purpose financial statements of listed entities, the name of the engagement partner unless, in rare circumstances, such a disclosure is reasonably expected to lead to a significant personal security threat.</p>	<p><i>Auditor's Report Prescribed by Law or Regulation</i></p> <p>The name of the engagement partner where required by law or regulation.</p>	Australian legislative environment

4. No modifications to requirements have been made to the following standards:
- *ASA 210 Agreeing the Terms of Audit Engagements*
  - *ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*
  - *ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report*
  - *ASA 300 Planning an Audit of a Financial Report*
  - *ASA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*
  - *ASA 320 Materiality in Planning and Performing an Audit*
  - *ASA 330 The Auditor's Responses to Assessed Risks*
  - *ASA 402 Auditing Considerations Relating to an Entity Using a Service Organisation*
  - *ASA 450 Evaluation of Misstatements Identified during the Audit*
  - *ASA 500 Audit Evidence*
  - *ASA 501 Audit Evidence—Specific Considerations for Inventory and Segment Information*
  - *ASA 505 External Confirmations*
  - *ASA 510 Initial Audit Engagements-Opening Balances*
  - *ASA 520 Analytical Procedures*
  - *ASA 530 Audit Sampling*
  - *ASA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*
  - *ASA 580 Written Representations*
  - *ASA 600 Special Considerations-Audits of a Group Financial Report*
  - *ASA 620 Using the Work of an Auditor's Expert*
  - *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*
  - *ASA 705 Communicating Key Audit Matters in the Independent Auditor's Report*
  - *ASA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*
  - *ASA 710 Comparative Information-Corresponding Figures and Comparative Financial Reports*
  - *ASA 720 The Auditor's Responsibilities Relating to Other Information*
  - *ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*

## Part B –Modifications to Definitions and Application and Other Explanatory Material

#	Added to standard in (version)	Paragraph	ISA text	Modification made	Reason for modification
<b>ASA 200 Quality Control for an Audit of a Financial Report and Other Historical Financial Information</b>					
<b>Definitions</b>					
1	ASA 200 (2009)	Aus 13.1	N/A – additional definition	<p>A complete set of financial statements means financial statements and related notes as determined by the requirements of the applicable financial reporting framework. For example, a complete set of financial statements as described in Accounting Standard AASB 101* includes:</p> <ul style="list-style-type: none"> <li>(a) a statement of financial position as at the end of the period;</li> <li>(b) a statement of comprehensive income for the period;</li> <li>(c) a statement of changes in equity for the period;</li> <li>(d) a statement of cash flows for the period; and</li> <li>(e) notes, comprising a summary of significant accounting policies and other explanatory information.</li> </ul>	Reference to AASB standard
2	ASA 2015-1	Aus 13.2	N/A – additional definition	<p>Financial Report means, for the purpose of the Corporations Act 2001,* financial statements for the year or the half-year and notes to the financial statements, and the directors' declaration about the statements and notes.</p> <p>Financial Report means, for purposes other than the Corporations Act 2001, a complete set of financial statements, and an assertion statement by those responsible for the financial report.</p>	Australian legislative environment
<b>Application and Other Explanatory Material</b>					
3	ASA 200 (2009)	Aus A7.1	N/A – additional material	An applicable financial reporting framework that may be used in preparing a financial report is represented by the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), and relevant law,	Australian legislative environment

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				such as the <i>Corporations Act 2001</i> (the Act) for entities covered by that Act, or other relevant law that may be applicable to other entities.	
		Aus A16.1	Paragraphs A16-A18 are deleted	The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to audit engagements as defined in ASA 102.	Relevant ethical requirements
		Aus A68.1	N/A – additional material	When the auditor conducts the audit in accordance with Australian Auditing Standards and International Standards on Auditing (“ISAs”), in accordance with ASA 700 the auditor’s report is required to refer to the audit having been conducted in accordance with the Australian Auditing Standards and the ISAs only when the auditor has complied fully with all of the Australian Auditing Standards and ISAs relevant to the audit. (Ref: Para 20)	Australian legislative environment
		Aus A76.1	N/A – additional material	Where in rare and exceptional circumstances, factors outside the auditor’s control prevent the auditor from complying with an essential procedure contained within a relevant requirement, compliance with Australian Auditing Standards can still be represented provided the auditor has complied with the requirements of paragraph Aus 23.1.	Departure from standard and documentation of departure
<b>ASA 210 Agreeing the Terms of the Audit Engagement</b>					
<i>Application and Other Explanatory Material</i>					
	ASA 210	Aus A21.1	N/A – additional material	<p>Management-Imposed Limitation of Scope</p> <p>Section 312 of the <i>Corporations Act 2001</i> (the Act) requires an officer of the entity to allow the auditor access to the books of the entity and give any information, explanation or assistance required under section 310 of the Act. A management-imposed restriction of scope may breach section 312 and trigger the need for a section 311 notice to be provided by</p>	Australian legislative environment

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				the auditor to the Australian Securities and Investments Commission (ASIC).	
<b>ASA 220 <i>Quality Control for an Audit of a Financial Report and Other Historical Financial Information</i></b>					
<b><i>Definitions</i></b>					
4	ASA 220(2009)	Aus 7.1	N/A – additional definition	Assurance practitioner means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services.	Sector neutral language
5	ASA 220(2009)	Aus 7.2	N/A – additional definition	Engagement partner should be read as referring to a public sector equivalent where relevant.	Sector neutral language
6	ASA 2013-2	Aus 7.3	N/A – additional definition	Firm means a sole practitioner, partnership, or corporation or other entity of assurance practitioners. Firm should be read as referring to a public sector equivalent where relevant.	Sector neutral language
7	ASA 220(Oct. 2009)	Aus 7.4	N/A – additional definition	Partner means any individual with authority to bind the firm with respect to the performance of an audit of a financial report or historical financial information. Partner should be read as referring to a public sector equivalent where relevant.	Sector neutral language
8	ASA 220(Oct. 2009)	Aus 7.5	N/A – additional definition	Australian Auditing Standards means the suite of auditing standards issued by the AUASB, and includes ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, and ASA 810 Engagements to Report on Summary Financial Statements.	Reference to AUASB Standard
9	ASA 220(Oct. 2009)	Aus 7.6	N/A – additional definition	Relevant ethical requirements means relevant ethical requirements as defined in ASA 102.*	Relevant ethical requirements
<b><i>Application and Other Explanatory Material</i></b>					
	ASA 220	Aus A2.1	N/A – additional material	<i>Reliance on the Firm's System of Quality Control</i>  Notwithstanding reliance by the	Australian legislative environment

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				engagement team on the firm's system of quality control, for audits undertaken in accordance with the <i>Corporations Act 2001</i> (the Act), the engagement partner is required to comply with the auditing standards under section 307A of that Act.	
		Aus A4.1	<b>Deleted paragraph A4</b> The IESBA Code established the fundamental principles of professional ethics, which include: (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behaviour.	<i>Compliance with Relevant Ethical Requirements</i>  The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to audit engagements as defined in ASA 102.	Relevant ethical requirements
ASA 2015-1		Aus A5.1	<b>Deleted paragraph A5</b>  Definition of Firm, Network and Network Firm are deleted.	<i>Independence</i>  Examples of independence requirements that may be applicable are addressed in the <i>Corporations Act 2001</i> , Part 2M.3 Division 3, and relevant ethical requirements in ASA 102.	Australian legislative environment
		Aus A6.2	N/A – additional material	<i>Threats to Independence</i>  The familiarity threat is particularly relevant in the context of financial report audits of listed entities. For these audits, relevant ethical requirements† and the <i>Corporations Act 2001</i> specify the partner rotation requirements.	Australian legislative environment
<b>ASA 230 Audit Documentation</b>					
<u>Application and Other Explanatory Materials</u>					
		Aus A18.1	N/A – additional material	<i>Documentation of Inability to Comply with Relevant Ethical Requirements</i>  ASA 200* contains a requirement regarding the situation, where, in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement.	Australian legislative environment

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		Aus A23 .1	N/A – additional material	<p><b>Assembly of the Final Audit File</b></p> <p>Under section 307B of the <i>Corporations Act 2001</i>, the auditor or member of an audit firm is required to retain all audit working papers prepared by or for, or considered or used by, the auditor in accordance with the requirements of the Australian Auditing Standards until:</p> <ul style="list-style-type: none"> <li>(a) The end of seven years after the date of the audit report prepared in relation to the audit or review to which the audit working papers relate; or</li> <li>(b) An earlier date determined by the Australian Securities and Investments Commission for the audit working papers.</li> </ul>	Australian legislative environment
		Aus A23 .2	N/A – additional material	Relevant legislation or regulation, other than the <i>Corporations Act 2001</i> , may require the retention of audit working papers for specified periods.	
<b>ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</b>					
<u>Application and Other Explanatory Materials</u>					
		Aus A57 .1	N/A – additional material	<p><b>Auditor Unable to Continue the Engagement</b></p> <p>For an audit engagement under the <i>Corporations Act 2001</i> (the Act), the possibility of withdrawing from the engagement or resigning from the appointment as an auditor can only be made in accordance with the provisions of the Act, including in certain circumstances, obtaining consent to resign from the Australian Securities and Investments Commission (ASIC).</p>	Australian legislative environment
		Aus A62 .1	N/A – additional material	<p><i>Communication with Those Charged with Governance</i></p> <p>Legislation may require the auditor or a member of the audit team to maintain the confidentiality of information disclosed to the auditor, or a member of the audit team, by a</p>	Australian legislative environment

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				person regarding contraventions or possible contraventions of the law.* In such circumstances, the auditor or a member of the audit team may be prevented from communicating that information to management or those charged with governance in order to protect the identity of the person who has disclosed confidential information that alleges a breach of the law. In such circumstances, the auditor may consider obtaining legal advice to assist in determining the appropriate course of action and may need to consider the implications for the audit engagement.	
		Aus A67 .1	N/A – additional material	<b>Reporting Fraud to an Appropriate Authority outside the Entity</b>  An auditor is required by the Corporations Act 2001 to notify the Australian Securities and Investments Commission (ASIC) if the auditor is aware of certain circumstances.*	Australian legislative environment
<b>ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report</b>					
<i>Application and Other Explanatory Materials</i>					
	ASA 250	Aus A20 .1	N/A – additional material	<i>Audit Procedures and Communicating Identified or Suspected Non-Compliance with Management and Those Charged with Governance</i>  In the case of an audit conducted under the <i>Corporations Act 2001</i> , the auditor may need to consider the provisions relating to the protection for whistleblowers contained in Part 9.4AAA of the Corporations Act 2001 when communicating identified or suspected non-compliance with management and those charged with governance.	Australian legislative environment
		Aus A26 .1	N/A – additional material	<i>Potential Implications of Identified or Suspected Non-Compliance for the Auditor's Report</i>  If, in the case of an audit conducted under the <i>Corporations Act 2001</i> , the auditor identifies non-compliance with an Australian Accounting	Australian legislative environment

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				Standard, defects or irregularities in the financial report or deficiencies, failures or shortcomings in respect of section 307 of the Act, the auditor's report is to include the information required by the Act.* The auditor needs to consider any other relevant laws and regulations. If the auditor is in doubt as to the proper interpretation of laws or regulations, or whether non-compliance has in fact occurred, the auditor ordinarily seeks legal advice before expressing an opinion on the financial report.	
		Aus A29 .1	N/A – additional material	<p><i>Report Identified or Suspected Non-Compliance to an Appropriate Authority outside the Entity</i></p> <p>In certain circumstances, the auditor has a statutory responsibility to report instances of non-compliance with laws and regulations. For example, in certain circumstances, the auditor is required under the <i>Corporations Act 2001</i>, to report to the Australian Securities and Investments Commission (ASIC).* Establishing the appropriate authority to which such a report would be made in a particular instance will depend on the nature and circumstances of the non-compliance. When in doubt, the auditor would ordinarily seek legal advice.</p>	Australian legislative environment
<b>ASA 260 Communication With Those Charged With Governance</b>					
<i>Application and Other Explanatory Materials</i>					
	ASA 260 (2015)	Aus A14 .1	<p><b>Deleted paragraph</b></p> <p>Where the entity has an internal audit function, how the external auditor and internal auditors can work together in a constructive and complementary manner, including any planned use of the work of the internal audit function <b>and the nature and extent of any planned use of the internal auditors to provide direct assistance.</b></p> <ul style="list-style-type: none"> <li>• The views of those charged with governance about:</li> </ul>	<p>Where the entity has an internal audit function, how the external auditor and internal auditors can work together in a constructive and complementary manner, including any planned use of the work of the internal audit function.</p> <ul style="list-style-type: none"> <li>• The views of those charged with governance about: <ul style="list-style-type: none"> <li>○ The appropriate person(s)</li> </ul> </li> </ul>	Direct assistance

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			<ul style="list-style-type: none"> <li>○ The appropriate person(s) in the entity's governance structure with whom to communicate.</li> <li>○ The allocation of responsibilities between those charged with governance and management.</li> <li>○ The entity's objectives and strategies, and the related business risks that may result in material misstatements.</li> <li>○ Matters those charged with governance consider warrant particular attention during the audit, and any areas where they</li> </ul>	<ul style="list-style-type: none"> <li>○ in the entity's governance structure with whom to communicate.</li> <li>○ The allocation of responsibilities between those charged with governance and management.</li> <li>○ The entity's objectives and strategies, and the related business risks that may result in material misstatements.</li> <li>○ Matters those charged with governance consider warrant particular attention during the audit, and any areas where they request additional procedures to be</li> </ul>	

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			<p>request additional procedures to be undertaken.</p> <ul style="list-style-type: none"> <li>○ Significant communications between the entity and regulators.</li> <li>○ Other matters those charged with governance consider may influence the audit of the financial report.</li> </ul> <ul style="list-style-type: none"> <li>• The attitudes, awareness, and actions of those charged with governance concerning (a) the entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control, and (b) the detection or possibility of fraud.</li> <li>• The actions of those charged with governance in response to developments in accounting standards,</li> </ul>	<p>undertake n.</p> <ul style="list-style-type: none"> <li>○ Significant communications between the entity and regulators.</li> <li>○ Other matters those charged with governance consider may influence the audit of the financial report.</li> </ul> <ul style="list-style-type: none"> <li>• The attitudes, awareness, and actions of those charged with governance concerning (a) the entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control, and (b) the detection or possibility of fraud.</li> <li>• The actions of those charged with governance in response to developments in accounting standards, corporate governance practices, exchange listing rules, and</li> </ul>	

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			<p>corporate governance practices, exchange listing rules, and related matters, and the effect of such developments on, for example, the overall presentation, structure and content of the financial report, including:</p> <ul style="list-style-type: none"> <li>○ The relevance, reliability, comparability and understandability of the information presented in the financial report; and</li> <li>○ Considering whether the financial report is undermined by the inclusion of information that is not relevant or that obscures a proper understanding of the matters disclosed.</li> </ul> <ul style="list-style-type: none"> <li>• The responses of those charged with governance to previous</li> </ul>	<p>related matters, and the effect of such developments on, for example, the overall presentation, structure and content of the financial report, including:</p> <ul style="list-style-type: none"> <li>○ The relevance, reliability, comparability and understandability of the information presented in the financial report; and</li> <li>○ Considering whether the financial report is undermined by the inclusion of information that is not relevant or that obscures a proper understanding of the matters disclosed.</li> </ul> <ul style="list-style-type: none"> <li>• The responses of those charged with governance to previous communications with the auditor.</li> <li>• The documents</li> </ul>	

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			<p>communications with the auditor.</p> <p>The documents comprising the other information (as defined in ISA 720) and the planned manner and timing of the issuance of such documents. When the auditor expects to obtain other information after the date of the auditor's report, the discussions with those charged with governance may also include the actions that may be appropriate or necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.</p>	<p>comprising the other information (as defined in ASA 720) and the planned manner and timing of the issuance of such documents. When the auditor expects to obtain other information after the date of the auditor's report, the discussions with those charged with governance may also include the actions that may be appropriate or necessary if the auditor concludes that a material misstatement of the other information exists in other information obtained after the date of the auditor's report.</p>	
		Aus A31.1	Deleted relevant ethical requirements	<p><i>Auditor Independence</i></p> <p>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified.</p>	Relevant ethical requirements
		Aus A44.1	N/A – additional material	<p>Communication with Third Parties</p> <p>An auditor is required under the <i>Corporations Act 2001</i> to notify the Australian Securities and Investments Commission (ASIC) if the auditor is aware of certain circumstances.*</p>	Australian legislative environment
<b>ASA 402 Auditing Considerations Relating to an Entity Using a Service Organisation</b>					
<u>Application and Other Explanatory Materials</u>					

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		Aus A16.1	<p><b>Deleted paragraph</b></p> <p>A service organization may engage a service auditor to report on the description and design of its controls (type 1 report) or on the description and design of its controls and their operating effectiveness (type 2 report). Type 1 or type 2 reports may be issued under International Standard on Assurance Engagements (ISAE) 3402 or under standards established by an authorized or recognized standards setting organization (which may identify them by different names, such as Type A or Type B reports).</p>	<p><i>Further Procedures When a Sufficient Understanding Cannot Be Obtained from the User Entity</i></p> <p>A service organisation may engage a service auditor to report on the description and design of its controls (type 1 report) or on the description and design of its controls and their operating effectiveness (type 2 report).</p>	Australian legislative environment

**ASA 502 Audit Evidence – Specific Considerations for Litigation and Claims**

Application and Other Explanatory Materials

ASA 502 (2009)	Aus A1.1	N/A – additional material	N/A – additional material	<p><b>Completeness of Litigation and Claims</b></p> <p>It is the responsibility of those charged with governance of an entity to adopt policies and procedures to identify, evaluate, record and report on the outcome of any material litigation and claims. However, since the factors that would be considered in the accounting for and reporting of litigation and claims are within the direct knowledge and control of the management of an entity, management is the primary source of information. Ordinarily, the auditor would seek audit evidence from different sources to corroborate management’s assertions.</p> <p>The procedures identified in paragraphs 4 and A2 would ordinarily include the following:</p> <ul style="list-style-type: none"> <li>reviewing and discussing with management the procedures within the entity’s internal control structure</li> </ul>	Extant considered important in Aus context
	Aus A2.1				

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				<p>for identifying and recording litigation and claims and bringing them to the attention of management;</p> <ul style="list-style-type: none"> <li>• reviewing and discussing with management the procedures within the entity's internal control structure for the identification, control and recording of litigation and claims and associated revenues and expenses in appropriate accounts; and</li> <li>• obtaining and discussing with management: <ul style="list-style-type: none"> <li>(i) a list of litigation and claims, including a description of the matters and an estimate of their likely financial consequences; and</li> <li>(ii) an analysis identifying litigation and claims.</li> </ul> </li> </ul>	
		Aus A2.2	N/A – additional material	Audit procedures that are undertaken for different purposes might also identify litigation and claims. Such procedures include:	Extant considered important in Aus

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				<ul style="list-style-type: none"> <li>examining contracts, loan agreements, leases, insurance policies and claims, and other correspondence;</li> <li>reading minutes of meetings of the audit committee, shareholders and appropriate committees;</li> <li>obtaining information concerning guarantees from bank confirmations; and</li> <li>enquiries of management and other employees of the entity.</li> </ul>	context
		Aus A4.1	N/A – additional material	<p>Outcome of Litigation and Claims</p> <p>The procedures outlined in paragraphs A1-A4 are methods whereby the auditor can identify both material litigation and claims and legal counsel who have been consulted by the entity. However, these procedures may not necessarily provide the auditor with sufficient appropriate audit evidence concerning the likely outcome of litigation and claims. Furthermore, the auditor ordinarily does not possess the skills necessary and is not in a position to make legal judgements concerning the likely outcome of litigation and claims.</p>	Extant considered important in Aus context
		Aus A7.1	N/A – additional material	<p><i>External Legal Counsel</i></p> <p>An example of a letter of specific enquiry is included in [Aus] Appendix 1.</p>	Extant considered important in Aus context



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		Aus A7.2	N/A – additional material	An auditor may in some cases request that management send a letter of enquiry to the entity's legal counsel who are not identified as currently handling the entity's litigation and claims. For example when the entity has changed legal counsel on a particular matter, or when legal counsel engaged by the entity has resigned, the auditor would consider the need for enquiries concerning the reasons for the change or resignation.	Extant considered important in Aus context
		Aus A8.1	N/A – additional material	<i>In-house and/or External Legal Counsel</i>  If both in-house and external legal counsel are involved in advising the entity on the same litigation and claims, the auditor would ordinarily seek a letter of enquiry from the legal counsel with the primary responsibility for that matter. However, there may be circumstances where the in-house legal counsel has primary responsibility, but the matter has involved substantial participation by an external legal counsel, and is of such significance that the auditor would consider obtaining a letter of enquiry from the external legal counsel to determine that their opinion does not differ materially from that of the in-house legal counsel.	Extant considered important in Aus context
		Aus A8.2	N/A – additional material	In circumstances where both in-house and external legal counsel have devoted substantial attention to litigation and claims involving the entity and primary responsibility rests with the external legal counsel, evidence obtained from an in-house legal counsel is not an adequate substitute for any information that the external legal counsel may refuse to furnish.	Extant considered important in Aus context
		Aus A8.3	N/A – additional material	<i>Legal Counsel's Response</i>  Before relying on the opinion of either in-house legal counsel or external legal counsel, care should be	Extant considered important in Aus

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				exercised to ensure that conditions prevail which would make such reliance reasonable.	context
		Aus A8.4	N/A – additional material	If a disagreement between management and legal counsel is resolved after discussions, the auditor would ordinarily request the entity’s legal counsel to confirm the details in writing to the auditor. (Ref: Para. Aus 5.2)	Extant considered important in Aus context
		Aus A8.5	N/A – additional material	If the disagreement is not resolved, the auditor would ordinarily prepare a memorandum of the discussion and seek written confirmation from management and the entity’s legal counsel that it is an accurate record of the discussion. In conjunction with evidence from other audit procedures, the auditor, under ASA 705, needs to consider the effect of such disagreement on the auditor’s report.	Extant considered important in Aus context
		Aus A8.6	N/A – additional material	If the response from the entity’s legal counsel contains information that requires clarification, the auditor would ordinarily make further enquiries of management and the entity’s legal counsel, as appropriate, and request clarification in writing.	Extant considered important in Aus context
		Aus A8.7	N/A – additional material	<p>Legal Counsel’s Inability to Respond Comprehensively or Limitations in a Response</p> <p>If a response is not received from the entity’s legal counsel, or the response received is incomplete, the auditor would ordinarily consider:</p> <ul style="list-style-type: none"> <li>(a) requesting management to contact the entity’s legal counsel to either seek a complete answer to the original request, or an explanation for the lack of, or limitation in, a response, which ought to be sent directly to the auditor; or</li> <li>(b) making arrangements to discuss with management or the entity’s legal counsel the reasons for the lack of,</li> </ul>	Extant considered important in Aus context

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				or limitation in, a response.	
		Aus A8.8	N/A – additional material	<p>Due to the following circumstances it may be difficult to either obtain a response to a letter of enquiry or be provided with information about litigation and claims from the entity’s legal counsel:</p> <ul style="list-style-type: none"> <li>(a) If the entity is involved in litigation, or litigation is anticipated or contemplated, relevant information about legal matters may be subject to legal professional privilege. Disclosure of this information in the letter of enquiry, directly to the auditor for the purposes of the audit of the entity’s financial report, is not privileged. This may cause legal professional privilege attaching to the entity’s communications with its legal counsel to be compromised, as information in the letter of enquiry might become discoverable in litigation proceedings.</li> <li>(b) Factors influencing the outcome of a legal matter may sometimes not be within the legal counsel’s competence to judge, for example where there is no relevant or historical experience of the entity or other entities in similar matters, or where the litigation is at an early stage.</li> <li>(c) Due to material uncertainties, the entity’s legal counsel may be unable to form a conclusion to corroborate management’s representations regarding outstanding litigation and claims.</li> </ul>	Extant considered important in Aus context

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		Aus A8.9	N/A – additional material	<p>Alternative Audit Procedures</p> <p>Where the auditor has not obtained sufficient appropriate audit evidence as to a material financial report assertion regarding litigation and claims, under ASA 330, the auditor needs to consider whether alternative audit procedures can provide further audit evidence. Alternative audit procedures may include:</p> <ul style="list-style-type: none"> <li>(a) further enquiries of management or those charged with governance, about for instance the processes, procedures and assumptions they implement, adopt or make to ensure litigation and claims are recognised and disclosed in accordance with the applicable financial reporting framework;</li> <li>(b) where possible, making arrangements to discuss litigation and claims with management and the entity's legal counsel;</li> <li>(c) further review of documents in management's possession concerning litigation and claims, including the entity's board minutes; and</li> <li>(d) further examination of accounts rendered by the entity's external legal counsel.</li> </ul>	Extant considered important in Aus context
		Aus A8.10	N/A – additional material	<p>The auditor may also consider any relevant legislation to assist in obtaining information about litigation and claims, including, for example:</p> <ul style="list-style-type: none"> <li>• Section 310 of the Corporations Act 2001 which entitles the auditor to a right of access at all reasonable times to the books of a company, registered scheme or disclosing entity,</li> </ul>	Extant considered important in Aus context

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				<p>and to require from any officer information, explanations or other assistance for the purposes of the audit or review.</p> <ul style="list-style-type: none"> <li>• When the entity is a disclosing entity, whether disclosure of any litigation and claims has been made in accordance with the continuous disclosure requirements under sections 674 or 675 of the Corporations Act 2001.</li> </ul>	
		Aus A8.11	N/A – additional material	<p>Other Audit Reporting Considerations</p> <p>In those circumstances where, due to uncertainties, the entity’s legal counsel is unable to form a conclusion to corroborate management’s representation, the auditor needs to consider the effect on the auditor’s report arising from the extent of disclosure of the uncertainty in the financial report:</p> <ul style="list-style-type: none"> <li>(a) where the auditor considers that the disclosure of the uncertainty in the financial report is adequate, the auditor needs to consider including an Emphasis of Matter paragraph; in accordance with ASA 706,* or</li> <li>(b) if in the auditor’s opinion the disclosure of the uncertainty is inadequate or unreliable, a modified opinion needs to be expressed in accordance with ASA 705.</li> </ul>	Extant considered important in Aus context

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		Aus A8.12	N/A – additional material	<p><b>Written Representations</b></p> <p>ASA 580 deals with the auditor’s responsibility to obtain written representations from management and, where appropriate, those charged with governance, in an audit of a financial report. Appendix 2 of that Standard provides an illustrative example of a representation letter.</p>	Extant considered important in Aus context
		Aus A8.13	N/A – additional material	As management is the primary source of information regarding litigation and claims, the auditor is required to request management to provide written representations about such matters. Written representations from management provide audit evidence regarding litigation and claims that may have a material effect on the financial report.	Extant considered important in Aus context
		Aus A9.1	N/A – additional material	<p><b>Related Procedures</b></p> <p>When new litigation or claims, which may have a material effect on the financial report, have been referred to the entity’s legal counsel subsequent to sending the letter of enquiry to the entity’s legal counsel and prior to signing the auditor’s report, the auditor would ordinarily request management to prepare an additional letter of enquiry to the legal counsel regarding the new litigation or claims.</p>	Extant considered important in Aus context
		Aus A9.2	N/A – additional material	When litigation and claims matters, which may have a material effect on the financial report, are discovered, which were not previously identified by management, the auditor would ordinarily inform management and request management to address further enquiries to, or arrange a meeting with, the entity’s legal counsel or other relevant experts, at which the auditor would be present. In addition, the auditor needs to extend the auditor’s audit procedures to ensure that sufficient appropriate audit evidence on which to form an opinion has been obtained. If, however, having regard to all the circumstances, the auditor is unable	Extant considered important in Aus context

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				to obtain satisfaction that all the information required for the purposes of the audit has been received, the auditor considers the effect on the auditor's report	
		Aus A9.3	N/A – additional material	If information comes to the auditor's attention that may indicate the existence of material liabilities resulting from litigation and claims on which management has not sought advice, the auditor ordinarily discusses the matter with those charged with governance. Depending on the circumstances, refusal by management to seek advice may be considered to be a limitation in the scope of the auditor's work.	Extant considered important in Aus context
<b>ASA 550 Related Parties</b>					
<u>Application and Other Explanatory Materials</u>					
	ASA 550 (2009)	Aus A34.1	N/A – additional material	Existence of Related Parties  In determining whether underlying circumstances confirm the existence of related party relationships or transactions, the auditor may consider the Australian Accounting Standards,* including consideration of the substance of the relationship and/or transaction and not merely the legal form.	Australian accounting standards
<b>ASA 570 Going Concern</b>					
<u>Application and Other Explanatory Materials</u>					
	ASA 570 (2015)	Aus A15.1	<b>Paragraph 15 deleted</b>  Other than enquiry of management, the auditor does not have a responsibility to perform any other audit procedures to identify events or conditions that may cast significant doubt on the entity's ability to continue as a going concern beyond the period assessed by management, which, <b>as discussed in paragraph 13, would be at least twelve months from the date of financial statements.</b>	<b>Period beyond Management's Assessment</b>  Other than enquiry of management, the auditor does not have a responsibility to perform any other audit procedures to identify events or conditions that may cast significant doubt on the entity's ability to continue as a going concern beyond the period assessed by management, which, as discussed in paragraph Aus 13.2, is approximately twelve months from the date of the auditors' report on the current financial report.	Clarification of appropriate date

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		Aus A21 .1	N/A – additional material	<p><b>Auditor Conclusions</b></p> <p>Refer to [Aus] Appendix 1 for a diagrammatic illustration of the links between going concern considerations and the types of audit opinions.</p>	Clarification of appropriate date
		Aus A33 .1	N/A – additional material	<p>Adequate Disclosure of a Material Uncertainty Is Not Made in the Financial Report (Ref: Para. 23)</p> <p>[Aus] Illustration 4A of Appendix 2 is an example of an auditor’s report containing a disclaimer of opinion, when the auditor has not obtained sufficient appropriate audit evidence regarding the appropriateness of the management’s use of the going concern basis of accounting.</p>	Clarification of appropriate date
		Aus A35 .1	N/A – additional material	<p>Other Considerations</p> <p>An auditor is required under the Corporations Act 2001* (the Act) to notify the Australian Securities and Investments Commission (ASIC) if the auditor, when conducting an audit, becomes aware of certain circumstances specified in the Act. ASIC# provides guidance to help auditors comply with their obligations under the, such as reporting suspected insolvent trading.</p>	Australian legislative environment
<b>ASA 580 Written Representations</b>					
<i>Application and Other Explanatory Materials</i>					
	ASA 580 (2009)	Aus A26 .1	N/A – additional material	<p><i>If Management do not Provide Written Representations</i></p> <p>If management do not provide written representations, the auditor would ordinarily:</p> <p>(a) draw to the attention of those charged with governance any relevant regulatory requirements which give the auditor a right of access to any requested information, explanations or assistance for the purposes of the audit;*</p>	Australian legislative environment

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				<p>(b) consider any other implications of the refusal that may have any effect on the auditor's report;# and</p> <p>(c) consider whether the auditor has any regulatory obligation to report that management has not provided a written representation.</p>	
<b>ASA 600 Special Considerations-Audits of a Group Financial Report</b>					
<u>Application and Other Explanatory Materials</u>					
	ASA 600 (2009)	Aus A12.1	N/A – additional material	<p><i>Obtaining an Understanding at the Acceptance or Continuance</i></p> <p>Section 323B of the <i>Corporations Act 2001</i> (the Act) requires the auditor of a controlled (component) entity to give the principal (group) auditor any information, explanation or assistance required under section 323A of the Act.</p>	Australian legislative environment
<b>ASA 620 Using the Work of an Auditor's Expert</b>					
<u>Definitions</u>					
10	ASA 620 (Oct 2009)	Aus 6.1	N/A – additional definition	"Partner" and "firm" should be read as referring to their public sector equivalents where relevant.	Sector neutral language
<b>ASA 700 Forming an Opinion and Reporting on a Financial Report</b>					
<u>Definitions</u>					
11	ASA 700 (Dec 2015)	Aus 8.1	<b>Deleted paragraph</b> Reference to "financial statements" in this ISA means "a complete set of general purpose financial statements." The requirements of the applicable financial reporting framework determine the presentation, structure and content of the financial statements, and what constitutes a complete set of financial statements.	Financial Report means, for the purpose of the <i>Corporations Act 2001</i> ,* financial statements for the year or the half-year and notes to the financial statements, and the directors' declaration about the statements and notes.	Corps Act definition of financial report
12	ASA 700 (Dec 2015)	Aus 8.2	<b>Deleted paragraph</b> As above.	Financial Report means, for purposes other than the <i>Corporations Act 2001</i> , a complete set of financial statements, and an assertion statement by those responsible for the financial report	Australian legislative environment
<u>Application and Other Explanatory Materials</u>					

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	ASA 700 (Dec 2015)	Aus A34 .1	<b>Deleted paragraph</b> The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA 200 explains that relevant ethical requirements ordinarily comprise Parts A and B of the IESBA Code related to an audit of financial statements together with national requirements that are more restrictive. When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code. If the IESBA Code constitutes all of the ethical requirements relevant to the audit, the statement need not identify jurisdiction of origin.	The identification of the relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ASA 200 explains that the auditor is subject to the relevant ethical requirements as described in ASA 102.*	Relevant ethical requirements
		Aus A57 .1	N/A – additional material	When the auditor refers to a description of the auditor’s responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board and the website address is <a href="http://www.auasb.gov.au/Home.aspx">http://www.auasb.gov.au/Home.aspx</a> *	Australian legislative environment
		Aus A58 .1	N/A – additional material	When the audit of a financial report is conducted in accordance with the <i>Corporations Act 2001</i> (the “Act”), section 308(3)(b) of that Act requires the auditor to describe in the auditor’s report any deficiency, failure or shortcoming in respect of certain matters referred to in section 307(b), (c) or (d) of that Act.	Australian legislative environment
		Aus A59 .1	N/A – additional material	An example of “other reporting responsibilities” is where a remuneration report is included in a directors’ report and the auditor is required to report in accordance with section 308(3C) of the <i>Corporations Act 2001</i> .	Australian legislative environment
		Aus A61 .1	<b>Deleted paragraph</b> ISQC 1 requires that the firm establish policies and procedures to provide reasonable assurance that engagements are performed in	<b>ASQC 1</b> requires that the firm establish policies and procedures to provide reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and	Australian legislative environment

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			accordance with professional standards and applicable legal and regulatory requirements. Notwithstanding these ISQC 1 requirements, naming the engagement partner in the auditor's report is intended to provide further transparency to the users of the auditor's report <b>on financial statements of a listed entity.</b>	regulatory requirements. Notwithstanding these <b>ASQC 1</b> requirements, naming the engagement partner in the auditor's report is intended to provide further transparency to the users of the auditor's report.	
		Aus A64 .1	N/A – additional material	Under the Corporations Act 2001, the auditor of a company or registered scheme is required to sign the auditor's report in both their own name and the name of their firm [section 324AB(3)] or the name of the audit company [section 324AD(1)], as applicable.	Australian legislative environment
<b>ASA 710 Comparative Information-Corresponding Figures and Comparative Financial Reports</b>					
<u>Definitions</u>					
13	ASA 710 (2009)	Aus 6.1	N/A – additional definition	In accordance with the applicable financial reporting framework of the <i>Corporations Act 2001</i> and Australian Accounting Standards, comparative information refers to corresponding figures.	Australian legislative environment
<u>Application and Other Explanatory Materials</u>					
		Aus A12 .1	N/A – additional material	In respect of audit engagements conducted under the <i>Corporations Act 2001</i> , if the prior period auditor's report on the prior period financial report is amended by a predecessor auditor during the current financial year, the auditor is unable to express an opinion in the current period auditor's report in respect of that amendment.	Australian legislative environment
<b>ASA 720 The Auditor's Responsibilities Relating to Other Information</b>					
<u>Application and Other Explanatory Materials</u>					
		Aus A50 .1	N/A – additional material	The auditor uses professional judgement in considering the appropriate actions, as suggested in paragraph A50, that the auditor may take in circumstances where a material misstatement of the other information remains uncorrected. The auditor may also consider	Australian legislative environment

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				obtaining legal advice as part of these considerations. In respect of audits performed under the <i>Corporations Act 2001</i> , the auditor considers whether the uncorrected material misstatement of other information gives rise to any reporting obligations to the Australian Securities and Investments Commission under section 311 of the <i>Corporations Act 2001</i> .	
		Aus A52.1	N/A – additional material	Refer [Aus] Appendix 2 for a decision tree diagram of other information reporting.	Australian legislative environment
<b>ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks</b>					
<u>Definitions</u>					
14	ASA 800 (2016)	Aus 6.1	N/A – additional definition	Special purpose financial report means a complete set of financial statements*, including an assertion statement by those responsible for the financial report, prepared in accordance with a special purpose framework. (Ref: Para. A1-A4)	Australian legislative environment
<u>Application and Other Explanatory Materials</u>					
	ASA 800 (2016)	Aus A1.1	N/A – additional material	<b>Definition of Special Purpose Framework</b>  The <i>Corporations Act 2001</i> , * other applicable law or regulation, or certain parties, may determine whether a financial report is required to be prepared. Under the <i>Corporations Act 2001</i> , financial reports are required to be prepared in accordance with Australian Accounting Standards. Accounting Standard AASB 101 <i>Presentation of Financial Statements</i> defines a reporting entity and general purpose financial statements. Accounting Standard AASB 1054 <i>Australian Additional Disclosures</i> defines special purpose financial statements. Australian Accounting Standards set out requirements for general purpose financial statements. “Reporting entities” are required to prepare general purpose financial statements.	Australian legislative environment

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				“Non-reporting entities” may prepare general purpose financial statements or apply a special purpose framework for their financial reporting.	
		Aus A9.1	<p><b>Deleted paragraph</b></p> <p>ISA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to <b>financial statement</b> audit engagements, and (b) all ISAs relevant to the audit. It also requires the auditor to comply with each requirement of an ISA unless, in the circumstances of the audit, the entire ISA is not relevant or the requirement is not relevant because it is conditional and the condition does not exist. In exceptional circumstances, the auditor may judge it necessary to depart from a relevant requirement in an ISA by performing alternative audit procedures to achieve the aim of that requirement.</p>	<p><b>Considerations when Planning and Performing the Audit</b></p> <p>ASA 200 requires the auditor to comply with (a) relevant ethical requirements, including those pertaining to independence, relating to financial report audit engagements, and (b) all Australian Auditing Standards relevant to the audit. It also requires the auditor to comply with each requirement of an Australian Auditing Standard unless, in the circumstances of the audit, the entire Auditing Standard is not relevant or the requirement is not relevant because it is conditional and the condition does not exist; <b>or application of the requirement(s) would relate to classes of transactions, account balances or disclosures that the auditor has determined are immaterial. In rare and exceptional circumstances, when there are factors outside the auditor’s control that prevent the auditor from complying with a requirement, the auditor where possible, performs appropriate alternative audit procedures.</b></p>	Relevant ethical requirements
	ASA 2017-1	Aus A18.1	<p><b>Deleted paragraph</b></p> <p>The requirement in ISA 700 (Revised) for the auditor to include the name of the engagement partner in the auditor’s report also applies to audits of special purpose financial statements <b>of listed entities. The auditor may be required by law or regulation to include the name of the engagement partner in the auditor’s report or may otherwise decide to do so when reporting on special purpose financial statements of entities other than listed entities.</b></p>	<p>Name of the Engagement Partner</p> <p>The requirement in ASA 700 for the name of the engagement partner to be included in the auditor’s report where required by law or regulation also applies to audits of special purpose financial reports.*</p>	Australian legislative environment