



Merran Kelsall

The Chairman  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
Melbourne VIC 8007

12 August 2015

Dear Ms Kelsall

***Exposure Draft 02/15: Proposed Auditing Standard ASA 720 The Auditor's Responsibilities Relating to Other Information***

We appreciate the opportunity to comment on the above mentioned Exposure Draft.

We fully support the revised standard. We also fully support the AUASB's policy to only amend the ISAs when there are compelling reasons to do so, and agree with the decision to remove those "Aus" paragraphs that do not meet the compelling reasons test.

We have included our responses to the specific questions included in the Request for Comment in the Appendix to this letter.

We would be pleased to discuss our comments with you. Please contact Avril Trent on (02) 8266 8097 should you require any further information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'A Mill', is positioned above the printed name and title.

Andrew Mill  
Risk & Quality Leader

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**Response to the Request for Comments questions**

- 1. Have applicable laws and regulations been appropriately addressed in the proposed standard?**

Yes

- 2. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?**

None noted, other than the consideration of matters described in paragraph 19(b).

- 3. What, if any are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the requirements of this proposed standard? If there are significant costs, do these outweigh the benefits to the users of audit services?**

There are likely to be additional costs for auditors in some circumstances (depending on the level of other information involved), however these are unlikely to be significant.

- 4. Is the removal of (only) “Aus” paragraph references to the *Corporations Act 2001* – currently included within the requirements and application and other explanatory material – supported.**

**If removal of existing paragraphs is not supported, respondents are asked to indicate their preference for locating the re-instated material within the standard:**

- In the requirements and application and other explanatory material (as applicable) of the proposed standard; or**
- By inclusion of a cross-referenced listing in an appendix to the standard?**

We support the removal of the “Aus” paragraph references to the *Corporations Act 2001* from the requirements and application and other explanatory material on the basis that the auditor is required to comply with the requirements of the *Corporations Act 2001* and this does not give rise to additional requirements under the Auditing Standards, i.e. the compelling reason test is not met. However, the references are a useful reminder to the auditor and we would support the inclusion of a cross-referenced listing in an appendix to the standard.

- 5. Is there any perceived practical difficulty in identifying the entity’s other information (as defined in paragraph 12, with guidance provided in paragraphs A1-A5 of the Auditing Standard)?**

There will be some circumstances where it may be difficult to identify the other information or whether such information should be included as other information as defined. However, this is



more likely to be the exception rather than the rule, and as such we do not believe that there is a need for additional Australian specific guidance.

- 6. Where the auditor has concluded a material misstatement exists in the other information obtained after the auditor's report date, would additional guidance, to paragraphs A49-A50, be helpful related to requirement paragraph 19(b) in respect of any legal or regulatory obligations the auditor should consider in the circumstances? If guidance is considered helpful, what content and form do respondents consider it should take?**

Whilst additional specific Australian guidance would be helpful in relation to the application of paragraph 19(b), there are limitations to the extent of guidance that could be provided, given that the legal considerations are likely to be specific to the particular circumstances.

- 7. Do respondents see any issues with the proposed differential reporting requirement contained in paragraph 21 for "listed" versus "other than listed" entities, in terms of its potential to cause confusion and/or create an expectation gap in terms of what, and when, the other information section is to be included in the auditor's report?**

This differential reporting requirement may cause confusion and will require education of users. However, we do not believe that there is a compelling reason to deviate from ISA 720 in relation to the requirement and application material. We find the decision tree in [Aus] Appendix 2 very useful and support its inclusion in the Standard.

- 8. Are there any other significant public interest matters that constituents wish to raise?**

No

