Compiled Auditing Standard **ASA 200**
(June 2007)

Auditing Standard ASA 200
Objective and General Principles Governing an Audit of a Financial Report

This compilation was prepared on 27 June 2007 taking into account amendments made up to and including 27 June 2007

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

Australian Government
Auditing and Assurance Standards Board

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COMPILATION DETAILS

Auditing Standard ASA 200 *Objective and General Principles Governing an Audit of a Financial Report* as Amended

This compilation takes into account amendments up to and including 27June 2007 and was prepared on 27 June 2007 by the staff of the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUSB. Instead, it is a representation of ASA 200 (April 2006) as amended by an other Auditing Standard which is listed in the Table below.

Table of Standards

Standard	**Date made**	**Operative date**
ASA 200	28 April 2006	1 July 2006
ASA 2007-1	27 June 2007	1 July 2007 (Auditor's reports signed and dated on or after 1 July 2007)

Table of Amendments

Paragraph affected	**How affected**	**By … [paragraph]**
45	Amended	ASA 2007-1 [16]

AUTHORITY STATEMENT

Auditing Standard ASA 200 *Objective and General Principles Governing an Audit of a Financial Report* (as amended at 27 June 2007) is set out in paragraphs 1 to 49.

This Auditing Standard is to be read in conjunction with the *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Auditing Standards are to be understood, interpreted and applied.

The mandatory requirements of this Auditing Standard are set out in **bold-type** paragraphs.

AUDITING STANDARD ASA 200

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 200 *Objective and General Principles Governing an Audit of a Financial Report*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 28 April 2006.

This compiled version of ASA 200 incorporates subsequent amendments contained in an other Auditing Standard made by the AUASB up to and including 27 June 2007 (see Compilation Details).

AUDITING STANDARD ASA 200

Objective and General Principles Governing an Audit of a Financial Report

Application

1 **This Auditing Standard applies to:**

(a) **an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with Part 2M.3 of the *Corporations Act 2001*; and**

(b) **an audit of a financial report for any other purpose.**

2 This Auditing Standard also applies, as appropriate, to an audit of other financial information.

Operative Date

3 **This Auditing Standard is operative for financial reporting periods commencing on or after 1 July 2006.**
[Note: For operative dates of paragraphs changed or added by an amending Standard, see Compilation Details.]

Introduction

4 The purpose of this Auditing Standard is to establish mandatory requirements and to provide explanatory guidance on the objective and general principles governing an audit of a financial report. It also describes the responsibilities of those charged with governance for the preparation and presentation of the financial report and for identifying the financial reporting framework to be used in preparing the financial report, referred to in the Auditing Standards as the "applicable financial reporting framework."

Objective of an Audit of a Financial Report

5 **The objective of an audit of a financial report is to enable the auditor to express an opinion as to whether the financial report is prepared, in all material respects, in accordance with an applicable financial reporting framework.**

6 In Australia, an applicable financial reporting framework that may be used in preparing a financial report is represented by the Australian Accounting Standards (including the Australian Accounting Interpretations) promulgated by the Australian Accounting Standards Board ("AASB") and relevant legislation, such as the *Corporations Act 2001*, for entities covered by that Act, or other relevant legislation that may be applicable to other entities.

Ethical Requirements Relating to an Audit of a Financial Report

7 The auditor shall comply with relevant ethical requirements relating to audit engagements.

8 As discussed in ASA 220 *Quality Control for Audits of Historical Financial Information*, relevant ethical requirements relating to an audit of a financial report ordinarily comprise the applicable code of conduct of a professional accounting body.[1] ASA 220 identifies the fundamental principles of professional ethics established by the applicable code of conduct of a professional accounting body and sets out the engagement partner's responsibilities with respect to relevant ethical requirements relating to audit engagements. ASA 220 recognises that, unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on a firm's systems in meeting its responsibilities with respect to quality control procedures applicable to the individual audit engagement, for example, in relation to:

- capabilities and competence of personnel through their recruitment and formal training;
- independence through the accumulation and communication of relevant independence information;
- maintenance of client relationships through acceptance and continuance systems; and
- adherence to regulatory and legal requirements through the monitoring process.

[1] In Australia, the codes of conduct of the professional accounting bodies, as issued from time to time, are:
- CPA Australia and The Institute of Chartered Accountants in Australia, *Joint Code of Professional Conduct*; and
- National Institute of Accountants, *Pronouncements of the Board of Directors – Code of Ethics.*

Accordingly, the quality control requirements for firms[2] issued by a professional accounting body require the firm to establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements.

Conduct of an Audit of a Financial Report

9 The auditor shall conduct an audit in accordance with Auditing Standards.

10 The requirements of Auditing Standards, as set out in bold-type paragraphs, contain basic principles and essential procedures that are mandatory. The explanatory paragraphs in and any appendices to Auditing Standards provide guidance and illustrative examples to assist auditors in the application of the mandatory requirements.

11 In conducting an audit in accordance with the Auditing Standards, the auditor ordinarily considers Guidance Statements applicable to the audit engagement. Guidance Statements provide guidance on procedural matters and on entity or industry specific matters.

12 The auditor may also conduct the audit in accordance with both Australian Auditing Standards and the auditing standards of a specific jurisdiction or country.

Scope of an Audit of a Financial Report

13 The term "scope of an audit" refers to the audit procedures that, in the auditor's judgement and based on the Auditing Standards, are deemed appropriate in the circumstances to achieve the objective of the audit.

14 In determining the audit procedures to be performed in conducting an audit in accordance with Auditing Standards, the auditor shall comply with each of the Auditing Standards relevant to the audit.

15 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 mandatory requirement, the auditor shall:

[2] In Australia, the quality control requirements for firms, as issued from time to time, are:
- CPA Australia and The Institute of Chartered Accountants in Australia, *APS 5 Statement of Quality Control for Firms*; and
- National Institute of Accountants, *Standard on Quality Control*.

(a) if possible, perform appropriate alternative audit procedures; and

(b) in accordance with ASA 230 *Audit Documentation*, document in the working papers:

(i) the circumstances surrounding the inability to comply;

(ii) the reasons for the inability to comply; and

(iii) justification of how alternative audit procedures achieve the objectives of the mandatory requirement.

When the auditor is unable to perform appropriate alternative audit procedures, the auditor shall consider the implications for the auditor's report.

16 In performing an audit, an auditor may be required to comply with other professional, legal or regulatory requirements in addition to the Auditing Standards. In the event that these other requirements differ from those in the Auditing Standards, an audit conducted in accordance with other professional, legal or regulatory requirements does not, of itself, represent compliance with Auditing Standards.

17 When the auditor conducts the audit in accordance with Auditing Standards and International Standards on Auditing ("ISAs"), in accordance with ASA 700 *The Auditor's Report on a General Purpose Financial Report*, the auditor's report is required to refer to the audit having been conducted in accordance with the Auditing Standards and ISAs only when the auditor has complied fully with all of the Auditing Standards and ISAs relevant to the audit.

18 The auditor shall not represent compliance with Auditing Standards unless the auditor has complied fully with all of the Auditing Standards relevant to the audit.

19 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 mandatory requirement, compliance with the Auditing Standards can still be represented provided the auditor has complied with the requirements of paragraph 15 of this Auditing Standard.

Professional Judgement and Professional Scepticism

20 The auditor shall plan and perform an audit by exercising professional judgement.

21 The auditor shall plan and perform an audit with an attitude of professional scepticism recognising that circumstances may exist that cause the financial report to be materially misstated.

22 The professional judgement of an auditor emanates from characteristics such as the auditor's expertise, experience, knowledge and training. In exercising professional judgement when conducting an audit of a financial report, the auditor considers a number of factors which may influence the auditor's decision on the planning, performance and reporting aspects of the audit. Such factors may include audit objectives, the nature of the subject matter(s) subject to audit, expectations, practicality, sufficiency and appropriateness of audit evidence, reliability of information and alternative audit tools and techniques. When exercising professional judgement, the auditor maintains independence and objectivity, and adopts an attitude of professional scepticism in order to achieve the audit objectives.

23 An attitude of professional scepticism means the auditor makes a critical assessment, with a questioning mind, of the validity of audit evidence obtained and is alert to audit evidence that contradicts or brings into question the reliability of documents and responses to enquiries and other information obtained from management and those charged with governance. For example, an attitude of professional scepticism is necessary throughout the audit process for the auditor to reduce the risk of overlooking unusual circumstances, of over generalising when drawing conclusions from audit observations, and of using faulty assumptions in determining the nature, timing and extent of the audit procedures and evaluating the results thereof. When making enquiries and performing other audit procedures, the auditor is not satisfied with less-than-persuasive audit evidence based on a belief that management and those charged with governance are honest and have integrity. Accordingly, representations from management and those charged with governance are not a substitute for obtaining sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the auditor's opinion.

Reasonable Assurance

24 **The auditor shall obtain reasonable assurance as to whether the financial report taken as a whole is free from material misstatement, whether due to fraud or error, when conducting an audit in accordance with Auditing Standards.**

25 Reasonable assurance is a concept relating to the accumulation of the audit evidence necessary for the auditor to conclude that there are no material misstatements in the financial report taken as a whole. Reasonable assurance relates to the whole audit process.

26 An auditor cannot obtain absolute assurance because there are inherent limitations in an audit that affect the auditor's ability to detect material misstatements. These limitations result from factors such as the following:

- the use of testing;
- the inherent limitations of internal control (for example, the possibility of management override or collusion); and
- the fact that most audit evidence is persuasive rather than conclusive.

27 Also, the work undertaken by the auditor to form an audit opinion is permeated by judgement, in particular regarding:

- the gathering of audit evidence, for example, in deciding the nature, timing and extent of audit procedures; and
- the drawing of conclusions based on the audit evidence gathered, for example, assessing the reasonableness of the estimates made by management and those charged with governance in preparing the financial report.

28 Further, other limitations may affect the persuasiveness of audit evidence available to draw conclusions on particular assertions[3] (for example, transactions between related parties). In these cases, certain Auditing Standards identify specified audit procedures which will, because of the nature of the particular assertions, provide sufficient appropriate audit evidence in the absence of:

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[3] See ASA 500 *Audit Evidence* for further explanatory guidance in relation to the use of assertions in obtaining audit evidence.

(a) unusual circumstances which increase the risk of material misstatement beyond that which would ordinarily be expected; or

(b) any indication that a material misstatement has occurred.

29 Accordingly, because of the factors described above, an audit is not a guarantee that the financial report is free from material misstatement, because absolute assurance is not attainable. Further, an audit opinion does not assure the future viability of the entity nor the efficiency or effectiveness with which management and those charged with governance have conducted the affairs of the entity.

Audit Risk and Materiality

30 Entities pursue strategies to achieve their objectives, and depending on the nature of their operations and industry, the regulatory environment in which they operate, and their size and complexity, they face a variety of business risks.[4] Management and those charged with governance are responsible for identifying such risks and responding to them. However, not all risks relate to the preparation of the financial report. The auditor is ultimately concerned only with risks that may affect the financial report.

31 Under ASA 500 *Audit Evidence,* the auditor needs to obtain and evaluate audit evidence to obtain reasonable assurance about whether the financial report gives a true and fair view or presents fairly, in all material respects, in accordance with the applicable financial reporting framework. The concept of reasonable assurance acknowledges that there is a risk the audit opinion is inappropriate. The risk that the auditor expresses an inappropriate audit opinion when the financial report is materially misstated is known as "audit risk".[5]

32 The auditor shall plan and perform the audit to reduce audit risk to an acceptably low level that is consistent with the objective of an audit.

33 Under ASA 330 *The Auditor's Procedures in Response to Assessed Risks*, the auditor needs to reduce audit risk by designing and performing audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base

[4] See ASA 315 *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement* for further explanatory guidance in relation to the concept of business risks and their relationship to (or relation with) risks of material misstatement.

[5] This definition of audit risk does not include the risk that the auditor might erroneously express an opinion that the financial report is materially misstated.

an audit opinion. Reasonable assurance is obtained when the auditor has reduced audit risk to an acceptably low level.

34 Audit risk is a function of the risk of material misstatement of the financial report (or simply, the "risk of material misstatement") (that is, the risk that the financial report is materially misstated prior to audit) and the risk that the auditor will not detect such misstatement ("detection risk"). Under ASA 315 *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and ASA 330, the auditor needs to perform audit procedures to assess the risk of material misstatement and to seek to limit detection risk by performing further audit procedures based on that assessment. The audit process involves the exercise of professional judgement in designing the audit approach, through focusing on what can go wrong (that is, what are the potential misstatements that may arise) at the assertion level (see ASA 500 for further explanatory guidance) and performing audit procedures in response to the assessed risks in order to obtain sufficient appropriate audit evidence (see ASA 330 for further explanatory guidance).

35 The auditor is concerned with material misstatements, and is not responsible for the detection of misstatements that are not material to the financial report taken as a whole. Under ASA 320 *Materiality and Audit Adjustments*, the auditor needs to consider whether the effect of identified uncorrected misstatements, both individually and in aggregate, is material to the financial report taken as a whole. Materiality and audit risk are related (see ASA 320 for further explanatory guidance). In order to design audit procedures to determine whether there are misstatements that are material to the financial report taken as a whole, under ASA 315, the auditor needs to consider the risk of material misstatement at two levels: the overall financial report level and the assertion level for:

(a) classes of transactions;

(b) account balances; and

(c) disclosures and the related assertions.[6]

36 Under ASA 315, the auditor needs to consider the risk of material misstatement at the overall financial report level, which refers to the risk of material misstatement that relates pervasively to the financial report as a whole and potentially affects many assertions. Risk of this nature often relates to the entity's control environment (although

[6] See ASA 315 for further explanatory guidance in relation to the auditor's need to assess risks of material misstatement at the financial report level and at the assertion level.

this risk may also relate to other factors, such as declining economic conditions), and is not necessarily risk identifiable with specific assertions at the class of transactions, account balance, or disclosure level. Rather, this overall risk represents circumstances that increase the risk that there could be material misstatements in any number of different assertions, for example, through management override of internal control. Such risk may be especially relevant to the auditor's consideration of the risk of material misstatement arising from fraud. The auditor's response to the assessed risk of material misstatement at the overall financial report level ordinarily includes consideration of the knowledge, skill, and ability of personnel assigned significant engagement responsibilities, including:

- whether to involve experts;
- the appropriate levels of supervision; and
- whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

37 Under ASA 315, the auditor needs to consider the risk of material misstatement at the class of transactions, account balance, and disclosure level because such consideration directly assists in determining the nature, timing, and extent of further audit procedures at the assertion level.[7] Under ASA 330, the auditor needs to obtain sufficient appropriate audit evidence at the class of transactions, account balance, and disclosure level in such a way that enables the auditor, at the completion of the audit, to express an opinion on the financial report taken as a whole at an acceptably low level of audit risk. The auditor ordinarily uses various approaches to accomplish that objective.[8]

38 The discussion in the following paragraphs provides an explanation of the components of audit risk. The risk of material misstatement at the assertion level consists of two components as follows:

(a) "Inherent risk" is the susceptibility of an assertion to a misstatement that could be material, either individually or when aggregated with other misstatements, assuming that

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7 See ASA 330 for further explanatory guidance in relation to the need for the auditor to design and perform further audit procedures in response to the assessed risks at the assertion level.

8 The auditor may make use of a model that expresses the general relationship of the components of audit risk in mathematical terms to arrive at an appropriate level of detection risk. Some auditors find such a model to be useful when planning audit procedures to achieve a desired audit risk though the use of such a model does not eliminate the judgement inherent in the audit process.

there are no related controls. The risk of such misstatement is greater for some assertions and related classes of transactions, account balances, and disclosures than for others. For example, complex calculations are more likely to be misstated than simple calculations. Accounts consisting of amounts derived from accounting estimates that are subject to significant measurement uncertainty pose greater risks than do accounts consisting of relatively routine, factual data. External circumstances giving rise to business risks may also influence inherent risk. For example, technological developments might make a particular product obsolete, thereby causing inventory to be more susceptible to overstatement. In addition to those circumstances that are peculiar to a specific assertion, factors in the entity and its environment that relate to several or all of the classes of transactions, account balances, or disclosures may influence the inherent risk related to a specific assertion. These latter factors include, for example, a lack of sufficient working capital to continue operations or a declining industry characterised by a large number of business failures.

(b) "Control risk" is the risk that a misstatement that could occur in an assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control. That risk is a function of the effectiveness of the design and operation of internal control in achieving the entity's objectives relevant to preparation of the entity's financial report. Some control risk will always exist because of the inherent limitations of internal control.

39 Inherent risk and control risk are the entity's risks; they exist independently of the audit of the financial report. Under ASA 330, the auditor needs to assess the risk of material misstatement at the assertion level as a basis for further audit procedures, though that assessment is a judgement, rather than a precise measurement of risk. When the auditor's assessment of the risk of material misstatement includes an expectation of the operating effectiveness of controls, under ASA 330, the auditor needs to perform tests of controls to support the risk assessment. The Auditing Standards do not ordinarily refer to inherent risk and control risk separately, but rather to a combined assessment of the "risk of material misstatement". Although the Auditing Standards ordinarily describe a combined assessment of the risk of material misstatement, the auditor may make separate or combined assessments of inherent and

control risk depending on preferred audit techniques or methodologies and practical considerations. The assessment of the risk of material misstatement may be expressed in quantitative terms, such as in percentages, or in non-quantitative terms. In any case, the need for the auditor to make appropriate risk assessments is more important than the different approaches by which they may be made.

40 "Detection risk" is the risk that the auditor will not detect a misstatement that exists in an assertion that could be material, either individually or when aggregated with other misstatements. Detection risk is a function of the effectiveness of an audit procedure and of its application by the auditor. Detection risk cannot be reduced to zero because the auditor ordinarily does not examine all of a class of transactions, account balance, or disclosure and because of other factors. Such other factors include the possibility that an auditor might select an inappropriate audit procedure, misapply an appropriate audit procedure, or misinterpret the audit results. These other factors can ordinarily be addressed through:

- adequate planning;
- proper assignment of personnel to the engagement team;
- the application of professional scepticism; and
- supervision and review of the audit work performed.

41 Detection risk relates to the nature, timing, and extent of the auditor's procedures that are determined by the auditor to reduce audit risk to an acceptably low level. For a given level of audit risk, the acceptable level of detection risk bears an inverse relationship to the assessment of the risk of material misstatement at the assertion level. The greater the risk of material misstatement the auditor believes exists, the less the detection risk that can be accepted. Conversely, the less risk of material misstatement the auditor believes exists, the greater the detection risk that can be accepted.

Responsibility for the Financial Report

42 While the auditor is responsible for forming and expressing an opinion on the financial report, the responsibility for the preparation and presentation of the financial report in accordance with the applicable financial reporting framework is that of those charged

with governance of the entity.[9] Ordinarily, those charged with governance delegate certain tasks concerning the preparation and presentation of the financial report to management.[10] However, in such cases, those charged with governance are still ultimately responsible. The audit of the financial report does not relieve management or those charged with governance of their responsibilities.

43 The term "financial report" refers to a structured representation of the financial information, which ordinarily includes accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term may refer to a complete financial report, but in some jurisdictions, it may also refer to a single financial statement, for example, a balance sheet, or a statement of revenues and expenses, and related explanatory notes.

44 The requirements of the financial reporting framework determine the form and content of the financial report and what constitutes a complete financial report. For certain financial reporting frameworks, a single financial statement, such as a cash flow statement and the related explanatory notes, constitutes a complete financial report. For example, the International Public Sector Accounting Standard ("IPSAS"), "Financial Reporting Under the Cash Basis of Accounting," states that the primary financial statement is a statement of cash receipts and payments when a public sector entity prepares and presents its financial statements in accordance with that IPSAS. A financial report prepared by reference to Australian Accounting Standards, on the other hand, is intended to provide information about the financial position, performance and cash flows of an entity. A financial report as defined under sections 295 and 303 of the *Corporations Act 2001* and AASB 101 *Presentation of Financial Statements*, consists of the financial statements for the year and the half-year respectively, notes to the financial statements and the directors' declaration about the statements and notes.

45 Those charged with governance are responsible for identifying the financial reporting framework to be used in the preparation and

[9] The structures of governance vary from country to country, reflecting cultural and legal backgrounds. Therefore, the respective responsibilities of management and those charged with governance vary depending on the legal responsibilities in the particular jurisdiction.

[10] The term "management" has been used in this Auditing Standard to describe officers and others who perform senior managerial functions. Other terms may be appropriate depending on the legal framework in the particular jurisdiction.

presentation of the financial report. Those charged with governance are also responsible for preparing and presenting the financial report in accordance with that applicable financial reporting framework. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and presentation of a financial report that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Expressing an Opinion on a Financial Report

46 ASA 700 contains mandatory requirements and explanatory guidance on the matters the auditor considers in forming an opinion on a general purpose financial report prepared in accordance with a financial reporting framework that is designed to achieve fair presentation and on the form and content of the auditor's report. ASA 701 *Modifications to the Auditor's Report* contains mandatory requirements and explanatory guidance when the auditor expresses a modified auditor's opinion, including an emphasis of matter, a qualified opinion, a disclaimer of opinion or an adverse opinion.

47 ASA 800 *The Auditor's Report on Special Purpose Audit Engagements* contains mandatory requirements and explanatory guidance when expressing an opinion on:

(a) a financial report prepared in accordance with an alternative comprehensive basis of accounting, such as a special purpose financial report prepared for the purpose of fulfilling the directors' financial reporting requirements of the *Corporations Act 2001*;

(b) a component of a general purpose or special purpose financial report, such as a single financial statement, specified accounts, elements of accounts, or items in a financial statement;

(c) compliance with contractual agreements; and

(d) a summarised financial report.

48 In addition to addressing reporting considerations, ASA 800 also addresses other matters the auditor ordinarily considers in such engagements related to, for example, engagement acceptance and the conduct of the audit.

Conformity with International Standards on Auditing

49 Except as noted below, this Auditing Standard conforms with International Standard on Auditing ISA 200 *Objective and General Principles Governing an Audit of Financial Statements*, effective for audits of financial statements for periods beginning on or after 15 December 2005, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. The main differences between this Auditing Standard and ISA 200 are:

- This Auditing Standards includes the following mandatory requirements not contained in ISA 200:
  - ♦ 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 mandatory requirement, the auditor shall:
    - ○ if possible, perform appropriate alternative audit procedures; and
    - ○ in accordance with ASA 230 *Audit Documentation*, document in the working papers:
      - ◊ the circumstances surrounding the inability to comply;
      - ◊ the reasons for the inability to comply; and
      - ◊ justification of how alternative audit procedures achieve the objectives of the mandatory requirement.

    When the auditor is unable to perform appropriate alternative audit procedures, the auditor shall consider the implications for the auditor’s report (paragraph 15);

- ♦ the auditor shall plan and perform an audit by exercising professional judgement (paragraph 20); and
- ♦ the auditor shall obtain reasonable assurance as to whether the financial report taken as a whole is free from material misstatement, whether due to fraud or error, when conducting an audit in accordance with Auditing Standards (paragraph 24).

- This Auditing Standard incorporates terminology and references used in Australia and refers to the requirements of the Australian Accounting Standards and the *Corporations Act 2001*. This Auditing Standard does not include certain explanatory guidance contained in ISA 200 when that explanatory guidance is not relevant to, or permitted, in Australia.
- ISA 200 includes a Public Sector Perspective. This Auditing Standard does not include a separate section on the public sector as it is sector neutral.

Compliance with this Auditing Standard enables compliance with ISA 200.