



# AUASB Board Meeting Summary Paper

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## AGENDA ITEM NO.

**Meeting date:** 4 December 2018  
**Subject:** ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity  
**Date prepared:** 19 November 2018  
**Prepared by:** Anne Waters – AUASB Senior Project Manager

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. For the AUASB to consider for approval the project plan for the update of ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.
2. To update the AUASB on the status of the project in NZAuASB.
3. For the AUASB to consider the matters included in the ASRE 2410 Matters for the AUASB's Consideration paper.
4. To consider if an update to the other review standards is required.

## Background

5. In Australia ASRE 2410 was reissued in 2009 to conform with clarity format, and updated in 2013. Consistent with ISRE 2410, ASRE 2410 does not include any conforming amendments as a result of the auditor reporting project or the new framework for dealing with non-compliance with laws and regulations (NOCLAR).
6. ISRE 2410 has not been updated since 2006, and is not in clarity format and does not include any conforming amendments as a result of the auditor reporting project or NOCLAR. An update to ISRE 2410 is not on the IAASB's current work agenda. In our response to the IAASB on its strategy survey in July 2018, the AUASB requested that the reporting requirements of the review standards be updated as a priority.
7. The AUASB have previously discussed that ASRE 2410 needed to be updated for consistency with the auditor reporting project, as it is used extensively in Australia due to the *Corporations Act 2001* legislative requirement for listed entities to issue half year financial reports with most / all being

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reviewed by their auditor. Currently the annual audit report and the half year review report look different and there is inconsistent terminology ie. Emphasis of Matter vs Material Uncertainty Related to Going Concern, which is potentially confusing to users of financial reports.

8. As an interim measure the AUASB released a bulletin in July 2017 titled “Auditor Review Reports – the Impact of the New Auditor Reporting Requirements” to provide guidance on how to amend the review report if the auditor chose to do so.
9. In September 2018 the NZAuASB approved a project to update NZ ISRE 2410 for consistency with the auditor’s report and to consider NOCLAR. At its meeting on 12 September 2018 the AUASB agreed that in accordance with our principles of convergence with the NZAuASB, we would work together to update the NZ ISRE and ASRE 2410 with consistent principles.
10. Technical staff from NZAuASB and AUASB have performed an analysis of the matters which are potential amendments to ASRE 2410 which are detailed in the ASRE 2410 Matters for the AUASB’s Consideration paper.

## **Matters to Consider**

### ***Part A – General***

#### **ASRE 2410**

11. Refer to the ASRE 2410 Project Plan which details further background and the scope of this project.
12. Refer to the ASRE 2410 Matters for the AUASB’s Consideration paper.

#### **Other ASREs**

13. The following ASREs are also on issue and the AUASB have not previously considered whether updating these for consistency with the auditor reporting project and NOCLAR is required, and whether this is a priority:
  - (a) *ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*
  - (b) *ASRE 2405 Review of Historical Financial Information Other than a Financial Report (An Australian review standard)*
  - (c) *ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation (An Australian review standard)*

#### **AUASB Technical Group recommendation**

14. The ATG consider that an update of these review standards is required, however is not a priority at this time. ASRE 2410 is the most widely used review standard in Australia and it is appropriate to update this ahead of the IAASB and the other review standards for the reasons detailed above. Engagements conducted under ASRE 2400 are stand alone engagements and the auditor does not perform an annual audit as well. Therefore inconsistency in reports issued under ASRE 2400 and the audit report is not a major issue. Also as detailed above the AUASB did request the IAASB to prioritise updating the reporting requirements for all the review standards. In relation to ASRE 2405 and 2415 which are Australian issued standards, we will seek feedback from stakeholders as to the extent of their use to consider whether and when an update is required.

**Part B – NZAuASB**

15. This project is being conducted in conjunction with the NZAuASB with the objective of issuing standards with consistent principles.

**Part C – “Compelling Reasons” Assessment**

16. N/A

**Actions for the AUASB**

17. Consider the ASRE 2410 Project Plan for approval.
18. Consider and discuss the matters included in the ASRE 2410 Matters for the AUASB’s Consideration.
19. Do you agree with the ATG recommendation in relation to the updating of the other ASREs (paragraph 14 above)?

**Material Presented**

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| Agenda item 7.1.0 | AUASB Board Meeting Summary Paper               |
| Agenda item 7.1.1 | ASRE 2410 Project Plan                          |
| Agenda item 7.1.2 | ASRE 2410 Matters for the AUASB’s Consideration |