



Project Plan

Project Title:	ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity
Project ID:	ASRE 2410 - 2018
Project Objective(s):	To issue revised ASRE 2410 for consistency with amendments to the auditing standards as a result of the auditor reporting project
Priority:	Medium
Issue/Reason:	
Date Prepared:	19 November 2018
Date To Be Approved:	4 December 2019
Date Updated: (if applicable)	
Prepared by:	Anne Waters – AUSB Senior Project Manager

Project Objectives

1. To issue revised ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* for consistency with amendments to the auditing standards as a result of the auditor reporting project.

Background

2. 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).
3. 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.
4. The AUASB have previously discussed:
 - (a) There are inconsistencies between the reporting requirements in ASRE 2410 and ASA 700 *Forming an Opinion and Reporting on a Financial Report*, which may potentially create confusion for practitioners and users of review reports. ASRE 2410 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 reviewed by their auditor, which is not a legislative requirement in other jurisdictions.

- (b) We have received feedback from some practitioners that the reporting requirements in ASRE 2410 should be updated for consistency with the enhanced auditor's report, and in some instances practitioners are doing this in practice.
 - (c) 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.
 - (d) An update of ASRE 2410 was required however this was not a priority. Ideally this would occur when the IAASB update ISRE 2410.
5. At its September 2018 Board meeting, the NZAuASB agreed that as the IAASB were not planning to update ISRE 2410, they would update NZ SRE 2410 to include changes introduced into the auditing standards in the auditor reporting project, other than the requirement to report key audit matters. In addition, the NZAuASB agreed to consider conforming amendments to NZ SRE 2410 to ensure that the standard is aligned with NOCLAR.
 6. The AUASB agreed at its meeting on 12 September 2018, that in accordance with the strategy of convergence with the NZAuASB, we will work together to ensure consistency of the principles in this standard across both jurisdictions. The AUASB also discussed that it was appropriate to amend ASRE 2410 for consistency with ASA 700, and it was not necessary to make further amendments and in accordance with our mandate of adopting International Auditing Standards, we would wait for the IAASB to consider if ISRE 2410 needed further enhancements.
 7. At its meeting on 24 October 2018 the NZAuASB reconfirmed the scope of the update to NZ ISRE 2410 to be restricted to the conforming amendments as a result of the enhanced auditors report, and NOCLAR. A draft ED was discussed at this meeting, however will be reconsidered at the March 2018 meeting, with the aim to release an ED following this, and to release the final NZ ISRE in approximately September / October 2018.
 8. Consistent with our principles of convergence with NZAuASB the ATG will work with the NZAuASB technical group.

Scope of the update to ASRE 2410

9. As detailed above the amendments to ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* are limited to those for consistency with amendments to the auditing standards as a result of the auditor reporting project, and to consider if any NOCLAR amendments are appropriate.

Stakeholders

10. Stakeholders impacted by an update to ASRE 2410 are:
 - Practitioners – mainly those who perform half year reviews for listed entities ie. large and medium practitioners, however some small practitioners may audit small listed entities
 - Regulators - ASIC, APRA
 - Entities preparing financial reports that are reviewed by their auditor
 - Users of half year financial reports including shareholders and investors
 - Accounting bodies – CA ANZ, CPA Australia & IPA – representing practitioners.
 - NZAuASB

Risks/Issues

11. The risks are:

- (a) As detailed above the scope of this project is to achieve consistency with the auditor reporting project and NOCLAR, and is not intended to be a holistic review of ASRE 2410. The risk is that ASRE 2410 requires further enhancements which are not within the scope of this project. This risk will be mitigated by issuing ASRE 2410 as an exposure draft to seek feedback from stakeholders. If we receive stakeholders feedback that further amendments are required the AUASB will consider these. Further no stakeholders have raised any concerns with the existing ASRE 2410 in our strategy consultations conducted in the past year.
- (b) When the IAASB subsequently update ISRE 2410 the amendments are not consistent with revised ASRE 2410. This risk is not considered a major one as the amendments we are proposing are to the review report to achieve consistency with the auditor reporting project, and not to the underlying procedures an auditor performs or the auditor's responsibilities in relation to a review. The AUASB will consider any amendments the IAASB make to ISRE 2410 when this occurs.

Resources

12. Anne Waters – Senior Project Manager, Carolyn Ralph – AUASB sponsor

Action plan/ Timetable

Date	Description
4 December 2018	AUASB approve project plan and discuss the ASRE 2410 Matters for AUASB Consideration paper
6 March 2018	AUASB consider and approve ED ASRE 2410
April 2018	ED ASRE 2410 issued for 90 comment period
May / June 2018	Outreach: Communications via website, email to stakeholder database, and newsletter Outreach in conjunction with the outreach on the Quality Standards
11 September 2018	Draft ASRE 2410 considered by the AUASB for approval