



Regulation Impact Statement – April 2006

Auditing Standards issued under section 336 of the Corporations Act 2001

1.0 Purpose

This Regulation Impact Statement (RIS) addresses the effects of the options that were available to the AUASB in implementing the requirements of the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* and the FRC Strategic Direction. This RIS accompanies the 35 statutory Auditing Standards that are being issued in April 2006.

2.0 Background

The passage of the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* (CLERP 9) changed the framework under which Auditing Standards are issued. The Auditing and Assurance Standards Board (AUASB) was reconstituted as a Commonwealth statutory body and, under section 336 of the *Corporations Act 2001*, was charged with the responsibility of issuing Auditing Standards. These standards are legally enforceable for financial reporting periods commencing 1 July 2006. Making Auditing Standards legally enforceable meant that all the key requirements associated with the preparation and audit of corporate financial reports have direct legal backing.

The *Australian Securities and Investments Commission Act 2001* requires the AUASB to follow the broad strategic direction given to it by the Financial Reporting Council (FRC). As part of the FRC's functions under section 225(2A) of the ASIC Act, the FRC issued the following strategic direction to the AUASB on 6 April 2005:

1. *'The AUASB should develop Auditing Standards that have a clear public interest focus and are of the highest quality.'*
2. *The AUASB should use, as appropriate, International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as a base from which to develop Auditing Standards.*
3. *The AUASB should make such amendments to ISAs as necessary to accommodate and ensure that Auditing Standards both exhibit and conform with the Australian regulatory environment and statutory requirements, including amendments as necessary for Auditing Standards to have the force of law and be capable of enforcement under the requirements of the Corporations Act 2001 by 30 June 2006.*
4. *The process of developing Auditing Standards should include monitoring and reviewing auditing and assurance standards issued by other standard setting bodies in other national jurisdictions and considering other matters relevant to achieving the objectives of Part 12 of the ASIC Act. Consequently, where appropriate and considered to be in the public interest and necessary to producing standards of the highest quality, the AUASB should incorporate additional requirements in its Auditing*

Standards.

5. *The AUASB should continue to develop auditing and assurance standards other than for historical financial information as well as developing and issuing other guidance on auditing and assurance matters, and may participate in audit research that is conducive to, and which significantly benefits, the standard-setting activities of the AUASB.*

In addition, the AUASB should have regard to any programme initiated by the IAASB for the revision and enhancement of ISAs and make appropriate consequential amendments to the AUSs. The FRC strongly encourages participation by the AUASB in the work of international bodies such as the IAASB.'

The effect of CLERP 9 and the FRC Strategic Direction is that the AUASB was required to issue Auditing Standards as legislative instruments which used ISAs as a base, where appropriate, and had been amended to incorporate the Australian environment.

2.1 ASAs, AUSs and ISAs

This RIS contains various references to different sets of Auditing Standards. These sets are:

1. Auditing Standards (ASAs) – this is the title and acronym of the new Auditing Standards issued by the reconstituted AUASB. The new title and acronym was adopted to clearly differentiate between the old AUSs (see below) and the new, statutory ASAs.
2. Australian Auditing Standards (AUSs) – these were the standards produced by the former Auditing & Assurance Standards Board of the Australian Accounting Research Foundation and mandatory only for members of the professional accounting bodies.
3. International Standards on Auditing (ISAs) – these standards are produced by the IAASB.

Appendix A discusses the significant differences between the ASAs and the AUSs that preceded them.

3.0 Identifying the problem

The AUASB had to consider how to create Auditing Standards that best implemented the Federal Government's requirements, as expressed in both legislation and the strategic direction given to the AUASB by the FRC. The FRC Strategic Direction required that ISAs be used as a base, where appropriate, however, ISAs were not designed to be enforced in a legal context. As such, there were a number of changes that were needed to make enforcement possible, as well as changes to ensure that the auditor's obligations were clear and transparent.

Another aspect to the problem before the AUASB was the status of the existing Australian Auditing Standards (AUSs). These AUSs were issued by the former Auditing & Assurance Standards Board of the Australian Accounting Research Foundation. These standards were based on the ISAs, however they had been altered where the former Auditing & Assurance

Standards Board determined changes were desirable. The AUSs were similar, but not identical to ISAs.

Section 1455 of the *Corporations Act 2001* and *Corporations Regulation 10.5.01* gave interim legal endorsement to the AUSs. The primary objective of the transitional provision was to ensure there was, and continued to be, a comprehensive body of standards available to provide guidance to auditors who are appointed to conduct audits under the *Corporations Act 2001*.

Under section 1455(4) of the *Corporations Act 2001*, Auditing Standards that were given interim legal backing cease to have effect on 1 July 2006, although there is provision for the regulations to extend this date. During the period of interim legal endorsement, it was intended that the AUASB would review the standards and remake them in accordance with section 336 of the *Corporations Act 2001*. This imposed a time constraint that limited the options available to the AUASB.

In summary, the problem faced by the AUASB was how best to implement the legislative and FRC requirements in making Auditing Standards legally enforceable. CLERP 9 and the FRC strategic directive required that the preferred option must have the following key elements:

- a clear public interest focus;
- be of the highest quality; and
- conform with the International Standards on Auditing (ISAs).

There were six main groups who were affected by the AUASB's decision:

- Auditors.
- ASIC and other regulators.
- Entities preparing financial reports under the *Corporations Act 2001*.
- Other entities who are required to have their financial reports audited
- Professional accounting bodies.
- Users of financial reports.

The AUASB did not have the option of not issuing standards, as if no action were taken then the AUASB would not have met the legislative requirements of CLERP 9 and, further, would not have followed the FRC's strategic direction.

4.0 The objectives of government action

The government's main objective in passing CLERP 9 was to promote the enforceability of Auditing Standards. Under the previous arrangements, Auditing Standards were compulsory for registered company auditors who were members of the Australian professional accounting bodies. These standards were enforced via the joint code of professional conduct of these bodies, however there was no such requirement for auditors who were not members of a professional accounting body. The Companies Auditors and Liquidators Disciplinary Board (CALDB) could use Auditing Standards in disciplining registered company auditors, however the Australian Securities and Investments Commission (ASIC) had no powers to enforce the Auditing Standards. Under the new arrangements, the *Corporations Act 2001* provides for

enforcement of the new Auditing Standards for audits of financial reports for periods commencing on or after 1 July 2006.

The government's intentions in this area were evident in CLERP 9 and the accompanying explanatory memorandum.

The main objective of the strategic direction provided by the FRC was to ensure that the new, redrafted Auditing Standards consider the public interest first and foremost. Other objectives were conforming the Australian Auditing Standards with international standards on auditing and considering the effect of the Australian legal and regulatory environment on the Auditing Standards.

5.0 Chosen Option and Alternative Options considered

The AUASB considered several options to comply with the government's requirements. The options given below consider the broad strategic options that the AUASB considered in making legally enforceable Auditing Standards. The AUASB decided to follow the option entitled "Chosen Option". Other options considered by the AUASB in arriving at its decision are listed in sections 5.2 to 5.4 and are entitled "Alternative Options". These Alternative Options are included in this RIS for information purposes, but were not pursued by the AUASB.

In considering the options, the AUASB decided that the Chosen Option was preferred as:

- a. the Chosen Option best met the requirements of the *Corporations Act 2001* and the FRC Strategic Directive; and
- b. the qualitative cost/benefit analysis undertaken for each option (see below) showed that the Chosen Option had a better ratio of costs to benefits than the other options considered.

In this RIS the qualitative impact of each of the options is discussed. At the present time, there is no accepted method to quantify the costs and benefits of auditing standard-setting. The staff of the AUASB considered using the Business Cost Calculator prepared by the Office of Small Business, however, it was found that the information required was not available and, as such, it was not possible to use the Business Cost Calculator.

5.1 Chosen Option (Use ISAs as a base but amend where the AUASB considered necessary for the Australian regulatory environment)

The AUASB decided to pursue this option, which involved using ISAs as a base but making amendments where deemed necessary. This option entailed:

- Insertion of legal drafting clauses (revised preface, application clauses, conformity statement etc).
- A review to ensure the standard did not conflict with regulatory or statutory requirements.

- Not including presumptive requirements.¹
- Additional amendments to improve the format, specificity, and application as statutory Auditing Standards. This involved a two-tiered approach whereby mandatory requirements are depicted in bold type and explanatory guidance in normal type; the bold type and normal type do not have equal authority. The most recent standard (AUS or ISA) was used as a base for the revision. Implied obligations² in the explanatory guidance were removed.

Included in Appendix A are the significant changes that have arisen as a result of pursuing the chosen option.

5.1.1 Impact analysis

Costs for the chosen option were:

- Auditors and audit firms may have to revise audit programs where changes are made to mandatory requirements and explanatory guidance. The auditing profession is used to regular changes to the standards and these changes would not be any more significant than a normal update.
- As discussed in the Regulation Impact Statement³ for CLERP 9, auditors who are members of the professional accounting bodies will already comply with the Auditing Standards and consequently this proposal will give rise to little, if any, compliance costs for these parties.
- Any costs incurred will be short-run and relate mostly to the first year of compliance. Given the broad range of parties who may use Auditing Standards it is not possible to quantify these costs. Whilst no specific question about compliance costs was asked in the exposure draft process, few comments were received on the subject. The AUASB considered all such comments in its deliberations.

Benefits from the chosen option were:

- Consistency with existing structure of the AUSs (no presumptive requirements).
- Some changes to existing requirements to avoid uncertainty over the auditor's obligations.
- Conformity with ISAs would be maintained, except where conformity would create uncertainty. This demonstrated that Australian Auditing Standards are comparable to the most widely-used international auditing standards, and therefore follow international best-practice.

¹ The definition of a presumptive requirement is where the auditor should follow the presumptive requirement, however, in some cases, the auditor may depart from a presumptive requirement provided the audit file includes documentation of the justification for departure and how alternative procedures performed in the circumstances were sufficient and appropriate to replace the presumptive requirement.

² An implied obligation may exist, for example, where the explanatory guidance contains an expression such as "The auditor considers...". In this example, it can be difficult to determine if this represents an obligation (as indicated by the use of the present tense) or guidance only (as indicated by the presence of the statement in the explanatory guidance). Such implied obligations can be removed by (i) elevating the passage to a mandatory requirement; (ii) inserting a qualifier such as "ordinarily"; or (iii) rewriting the sentence to avoid the use of the present tense.

³ Paragraph 4.294, page 61.

5.2 Alternative Option 1 (Minimal revision to current AUSs)

Alternative Option 1 was to use the current Australian standards (AUSs issued by the Australian Accounting Research Foundation) with minimal changes. This would have involved:

- Inserting legal drafting clauses (revised preface, application clauses, conformity statement etc).
- A review to ensure the standard would not conflict with regulatory or statutory requirements;.
- Further changes to adopt any new ISAs.

Impact analysis

Costs for Alternative Option 1 were:

- The marginal costs of Alternative Option 1 would have been minimal as the compliance costs for auditors and companies would have been very similar to the existing costs.
- Some firms would have had to alter their auditing methods to facilitate any new standards issued, however, these would have been minimal. The auditing profession is used to regular changes to the standards and these changes would not have been any more significant than a normal update.
- The existing Auditing Standards were not framed in enforceable terms and would have been difficult to enforce. Further, this option created uncertainty about the auditor's obligations due to the existence of implied obligations in the explanatory guidance.

The benefits of this option are minimal also:

- Alternative Option 1 was simple and would not have involved any significant workload or expenditure for the AUASB.

In summary, this option did not achieve the government's objectives in implementing CLERP 9.

5.3 Alternative Option 2 (Extensive revision to current AUSs)

Alternative Option 2 involved extensive revision to AUSs. This would have involved:

- Making the changes described in Alternative 1 above, but also incorporating presumptive requirements where appropriate.
- Implied obligations in the explanatory guidance would have been removed.

Impact analysis

Adopting Alternative Option 2 would have resulted in increased costs for auditors and businesses:

- Auditors would have had to develop and undergo training in the new standards, which would have been significantly different to the old standards.

- Businesses would have incurred additional compliance costs as the cost of training may be passed on to businesses via increased audit fees.
- Any costs incurred would have been short-run and related mostly to the first year of compliance. Given the broad range of parties who may use Auditing Standards it is not possible to quantify these costs. Whilst no specific question about compliance costs was asked in the exposure draft process, few comments were received on the subject. The AUASB considered all such comments in its deliberations.
- There was a risk that the Auditing Standards may contain very different requirements to those of ISAs, which would have increased costs for auditors who may have to use two different systems in auditing multinational companies. Further, if the AUASB decided later to adopt the ISA requirements arising from the “Clarity” project⁴ then a further re-issuance process may have been needed.
- Alternative Option 2 would have required the AUASB to hire many more staff to complete the work within the legislative timeframe.

Benefits arising from Alternative Option 2 were:

- The Auditing Standards would have been able to incorporate global best practice requirements, in advance of the IAASB’s “Clarity” project. This may have included improving the structure of the standards and removing sections of the standards that have been considered unnecessary.
- The standards would also have been more consistent in format and structure than is the case with the AUSs, as all standards could be revised at the same time.

5.4 Alternative Option 3 (ISAs as a base with few amendments)

To adopt Alternative Option 3, the AUASB would have used ISAs as a base with few amendments. This would have meant:

- Other than the changes listed below, no changes would be made to the format or content of the standards, which would result in the ISAs being presented largely unaltered.
- Legal drafting clauses would have been inserted (revised preface, application clauses, conformity statement etc).
- A review would have been undertaken to ensure the standard does not conflict with regulatory or statutory requirements.
- The standard would not contain presumptive requirements.
- Implied obligations would remain in the explanatory guidance of the standards rather than being amended to clarify the meaning of the ISAs.

Alternative Option 3 differs from the Chosen Option in that the AUASB decided to make more changes to the base standards than Alternative Option 3 permitted. This included using AUSs as a base where the AUS was more recently revised than the ISA, and making amendments to the standards to improve the format, specificity, and application of the standards as statutory Auditing Standards.

⁴ The “Clarity” project of the IAASB aims to improve the clarity of the language used in IAASB standards to describe the responsibilities of the professional accountant, the authority attaching to the bold and ordinary type paragraphs and to reconsider the use of the present tense in IAASB standards. In addition, the project considers other aspects of the clarity and structure of IAASB standards.

Impact analysis

Costs for Alternative Option 3 were:

- Auditors and audit firms may have incurred minor costs in developing and undergoing training in the new standards.
- Any costs incurred would have been short-run and related mostly to the first year of compliance. Given the broad range of parties who may use Auditing Standards it is not possible to quantify these costs. Whilst no specific question about compliance costs was asked in the exposure draft process, few comments were received on the subject. The AUASB considered all such comments in its deliberations.
- Auditors may also have incurred costs in dealing with the uncertainty created by the implied obligations.
- The auditing profession is used to regular changes to the standards and these changes would not have been any more significant than a normal update.
- As discussed in the Regulation Impact Statement⁵ for CLERP 9, auditors who are members of the professional accounting bodies will already comply with the Auditing Standards and consequently this proposal will give rise to little, if any, compliance costs for these parties.
- This option was not consistent with the FRC directive as it places conformity with the ISAs above producing Auditing Standards of the highest quality.

Benefits from Alternative Option 3 were:

- Consistency with existing structure of the AUSs (no presumptive requirements).
- Minimal changes to existing requirements.
- Conformity with ISAs would have been maintained.

6.0 Consultation

In accordance with the AUASB due process:

- the AUASB Technical Group compiled detailed submissions on each proposed Auditing Standard for consideration by AUASB Board members at public meetings during the six months to December 2005.
- prior to each public meeting of the AUASB, proposed Auditing Standards to be tabled were posted on the AUASB website for the benefit of interested constituents.
- after each public meeting of the AUASB, meeting highlights were posted on the AUASB website for public viewing.
- *An Explanatory Guide to Exposure Drafts of Proposed Auditing Standards issued by the AUASB* was compiled and posted on the AUASB website for public viewing together with the first group of exposure drafts of proposed Auditing Standards. Thereafter, each of the remaining groups of exposure drafts proposed Auditing Standards were posted on the AUASB website for public viewing.

⁵ Paragraph 4.294, page 61.

- A media release accompanied the release of each of the five groups of exposure drafts of proposed Auditing Standards.
- The *AUASB Update Notification Service* provided subscribers with a notification in the form of an email, alerting interested parties of all important updates to the website on the release of each of the five groups of exposure drafts of proposed Auditing Standards and each media release.
- Constituents were given 45 days to comment on the exposure drafts of each proposed Auditing Standard.
- Articles were written for professional journals where appropriate. This assists in informing stakeholders about the proposals, even though they may not respond formally to the AUASB.

A total of 39 comment letters were received from 14 different respondents. Many respondents chose to respond to all 5 groups of exposure drafts, however, others responded only to one exposure draft. All public comments are available on the AUASB web site (www.auasb.gov.au).

The 14 respondents were:

- Accounting and Finance Association of Australia and New Zealand (AFAANZ)
- ASIC Staff – Confidential Submission
- Auditing Standards Response Group (ASRG)
- Australasian Council of Auditors-General (ACAG)
- CPA Australia
- Deloitte Touche Tohmatsu
- Ernst & Young
- Institute of Chartered Accountants in Australia (ICAA)
- Institute of Internal Auditors - Australia
- KPMG
- National Institute of Accountants (NIA)
- Pitcher Partners
- PricewaterhouseCoopers
- William Buck

These respondents represented the key groups affected by the proposed Auditing Standards: audit firms, professional bodies, auditors-general and regulators. Most of the responses received were broadly supportive of the chosen option, though some groups preferred other variants such as Alternative Option 2 or Alternative Option 3. Importantly, most of the contents of the comment letters related to specific proposals within the exposure drafts, not to the broader issues of how the AUASB should implement the CLERP 9 and FRC strategic directive requirements.

Other than confidential comments received, constituent comments were posted on the AUASB website for public viewing. Constituent comments on each proposed Auditing Standard were analysed and tabled together with recommended amendments to proposed

Auditing Standards during the February and March 2006 public meetings of the AUASB. The comments of constituents were divided into:

- Those relating to the Auditing Standards as a whole; and
- Those relating to an individual standard.

In both cases, the AUASB Technical Group analysed each of the comments of each letter, and made a specific recommendation to the AUASB about each comment. The AUASB discussed the comments and the proposed Auditing Standard, then resolved whether to make changes. Where important issues were raised that required further consideration, these issues were brought back to the next board meeting for additional discussion.

7.0 Conclusions and recommended option

As outlined in section 5.1, the chosen option balanced the government's legislative objectives with the costs and benefits of the issuance of legally-enforceable standards. This course of action was the only one that meets the criteria of enforceability, upholding the public interest and conformity with ISAs. The chosen option also provides greater certainty to auditors and users of financial reports by avoiding creating a set of requirements that are radically different to the ISAs. Further, this option will create minimal disruption to normal auditing processes and thus minimise compliance costs.

8.0 Implementation and review

8.1 Informing stakeholders

Those affected by the changes will be notified in a variety of ways. Consultation meetings are being held to inform key stakeholders about the decisions of the AUASB in May 2006. The AUASB maintains contact with the professional accounting bodies. This will result in a number of formal sessions being offered by the professional bodies with assistance from the AUASB. The AUASB also issues media releases at each stage of the process, and writes articles for professional magazines when appropriate. Members of the public can also subscribe to an update service for the AUASB's web site.

8.2 Monitoring and review

The AUASB will monitor the implementation of the Auditing Standards by:

- Liaison with ASIC and APRA
- Liaison with the professional accounting bodies
- Regular consultative meetings with key stakeholders.
- Direct stakeholder enquiry

The AUASB has decided to perform a second phase of reviewing the Auditing Standards. This second phase will be used to consider any potential improvements arising from, for example, the IAASB's "Clarity Project" or the work of other auditing standard-setters, as well as any necessary changes to the Auditing Standards that have arisen as a result of the monitoring processes.

Appendix– Significant Changes between ASAs and AUSs

A.1. *Changes common to all ASAs*

The AUASB determined that a number of changes needed to be made to each standard (whether based on ISAs or AUSs) to ensure that the standards would be enforceable. These drafting changes occur in all standards and are listed below:

1. **“Should” has been changed to “shall”.** The word ‘shall’, in the bold-type paragraphs, is the terminology used to describe an auditor’s mandatory requirements, whereas an auditor’s degree of responsibility is described in AUSs by the word ‘should’.
2. **Implied obligations have been removed.** The explanatory paragraphs provide guidance and illustrative examples to assist the auditor in fulfilling the mandatory requirements, whereas in the AUSs some obligations are implied within certain explanatory paragraphs. Accordingly, such paragraphs have been redrafted to clarify that the matter forms part of the explanatory guidance. Where this has resulted in a major change to the standard, the change is listed in the table in section A.2. below.
3. **Legal drafting clauses have been inserted.** Each Auditing Standard now includes:
 - a. A preface that outlines the main features of the standard and the differences between each revised Auditing Standard and the AUS that preceded it.
 - b. An application clause that explains when the standard should be applied.
 - c. An operative date paragraph.
 - d. A statement explaining any differences between the standard and the equivalent ISA (also known as the conformity statement).

A.2. *Changes to specific Auditing Standards*

In addition to the changes common to all standards discussed above, two tables have been provided to explain the changes between the ASAs and the equivalent AUSs. Table A lists the ASAs, the equivalent AUSs and the equivalent ISAs. Table B includes the main changes to each AUS that the AUASB made in producing the statutory Auditing Standards. This information has been drawn from the “Main Changes” section at the front of every Auditing Standard. Table B includes also information regarding the extent of the change to each standard.

Table A – ASAs and the equivalent AUSs and ISAs

New ASA Number	New ASA Title	Existing AUS Number	Existing AUS Title	ISA Number	ISA Title
ASA 100	<i>Preamble to AUASB Standards</i>		No equivalent AUS		No equivalent ISA
ASA 200	<i>Objective and General Principles Governing an Audit of a Financial Report</i>	AUS 202	<i>Objective and General Principles Governing an Audit of a Financial Report</i>	ISA 200	<i>Objective and General Principles Governing an Audit of Financial Statements</i>
ASA 210	<i>Terms of Audit Engagements</i>	AUS 204	<i>Terms of Audit Engagements</i>	ISA 210	<i>Terms of Audit Engagements</i>
ASA 220	<i>Quality Control for Audits of Historical Financial Information</i>	AUS 206	<i>Quality Control for Audits of Historical Financial Information</i>	ISA 220	<i>Quality Control for Audits of Historical Financial Information</i>
ASA 230	<i>Audit Documentation</i>	AUS 208	<i>Documentation</i>	ISA 230	<i>Documentation</i>
ASA 240	<i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>	AUS 210	<i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>	ISA 240	<i>The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements</i>
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	AUS 218	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	ISA 250	<i>Consideration of Laws and Regulations in an Audit of Financial Statements</i>
ASA 260	<i>Communication of Audit Matters with Those Charged With Governance</i>	AUS 710	<i>Communicating with Management on Matters Arising from the Audit</i>	ISA 260	<i>Communications of Audit Matters with Those Charged With Governance</i>
ASA 300	<i>Planning an Audit of a Financial Report</i>	AUS 302	<i>Planning</i>	ISA 300	<i>Planning an Audit of Financial Statements</i>
ASA 315	<i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	AUS 402	<i>Understanding the Entity and its Environment and Assessing the Risks of Material Misstatements</i>	ISA 315	<i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>
ASA 320	<i>Materiality and Audit Adjustments</i>	AUS 306	<i>Materiality and Audit Adjustments</i>	ISA 320	<i>Audit Materiality</i>
ASA 330	<i>The Auditor's Procedures in Response to Assessed Risks</i>	AUS 406	<i>The Auditor's Procedures in Response to Assessed Risks</i>	ISA 330	<i>The Auditor's Procedures in Response to Assessed Risks</i>
ASA 402	<i>Audit Considerations Relating to Entities Using Service Organisations</i>	AUS 404	<i>Audit Implications Relating to Entities Using a Service Entity</i>	ISA 402	<i>Audit Considerations Relating to Entities Using Service</i>

New ASA Number	New ASA Title	Existing AUS Number	Existing AUS Title	ISA Number	ISA Title
					<i>Organizations</i>
ASA 500	<i>Audit Evidence</i>	AUS 502	<i>Audit Evidence</i>	ISA 500	<i>Audit Evidence</i>
ASA 501	<i>Existence and Valuation of Inventory</i>	AUS 506	<i>Existence and Valuation of Inventory</i>	ISA 501	<i>Audit Evidence – Additional Considerations for Specific Items – Part A: Attendance at Physical Inventory Counting</i>
ASA 505	<i>External Confirmations</i>	AUS 504	<i>External Confirmations</i>	ISA 505	<i>External Confirmations</i>
ASA 508	<i>Enquiry Regarding Litigation and Claims</i>	AUS 508	<i>Inquiry Regarding Litigation and Claims</i>	ISA 501	<i>Procedures Regarding Litigation and Claims – Part C: Procedures Regarding Litigation and Claims</i>
ASA 510	<i>Initial Engagements - Opening Balances</i>	AUS 510	<i>Initial Engagements - Opening Balances</i>	ISA 510	<i>Initial Engagements - Opening Balances</i>
ASA 520	<i>Analytical Procedures</i>	AUS 512	<i>Analytical Procedures</i>	ISA 520	<i>Analytical Procedures</i>
ASA 530	<i>Audit Sampling and Other Means of Testing</i>	AUS 514	<i>Audit Sampling and Other Selective Testing Procedures</i>	ISA 530	<i>Audit Sampling and Other Means of Testing</i>
ASA 540	<i>Audit of Accounting Estimates</i>	AUS 516	<i>Audit of Accounting Estimates</i>	ISA 540	<i>Audit of Accounting Estimates</i>
ASA 545	<i>Auditing Fair Value Measurements and Disclosures</i>	AUS 526	<i>Auditing Fair Value Measurements and Disclosures</i>	ISA 545	<i>Auditing Fair Value Measurements and Disclosures</i>
ASA 550	<i>Related Parties</i>	AUS 518	<i>Related Parties</i>	ISA 550	<i>Related Parties</i>
ASA 560	<i>Subsequent Events</i>	AUS 706	<i>Subsequent Events</i>	ISA 560	<i>Subsequent Events</i>
ASA 570	<i>Going Concern</i>	AUS 708	<i>Going Concern</i>	ISA 570	<i>Going Concern</i>
ASA 580	<i>Management Representations</i>	AUS 520	<i>Management Representations</i>	ISA 580	<i>Management Representations</i>
ASA 600	<i>Using the Work of Another Auditor</i>	AUS 602	<i>Using the Work of Another Auditor</i>	ISA 600	<i>Using the Work of Another Auditor</i>
ASA 610	<i>Considering the Work of Internal Audit</i>	AUS 604	<i>Considering the Work of Internal Auditing</i>	ISA 610	<i>Considering the Work of Internal Auditing</i>
ASA 620	<i>Using the Work of an Expert</i>	AUS 606	<i>Using the Work of an Expert</i>	ISA 620	<i>Using the Work of an Expert</i>
ASA 700	<i>The Auditor's Report on a General Purpose Financial Report</i>	AUS 702	<i>The Audit Report on a General Purpose Financial Report</i>	ISA 700 (Revised)	<i>The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements</i>

New ASA Number	New ASA Title	Existing AUS Number	Existing AUS Title	ISA Number	ISA Title
ASA 701	<i>Modifications to the Auditor's Report</i>	AUS 702	<i>The Audit Report on a General Purpose Financial Report</i>	ISA 701	<i>Modifications to the Independent Auditor's Report</i>
ASA 710	<i>Comparatives</i>	AUS 704	<i>Comparatives</i>	ISA 710	<i>Comparatives</i>
ASA 720	<i>Other Information in Documents Containing Audited Financial Reports</i>	AUS 212	<i>Other Information in Documents Containing Audited Financial Reports</i>	ISA 720	<i>Other Information in Documents Containing Audited Financial Statements</i>
ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>	AUS 802	<i>The Audit Report on Financial Information other than a General Purpose Financial Report</i>	ISA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>		No equivalent AUS	ISRE 2410	<i>Review of Interim Financial Information Performed by the Independent Auditor of the Entity</i>

Table B – Main Changes from AUSs and Extent of Change

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
ASA 100 <i>Preamble to AUASB Standards</i>	ASA 100 has no AUS equivalent	N/A	N/A	<p>The Preamble sets out the AUASB's intentions as to how AUASB Standards are to be understood, interpreted and applied.</p> <p>As the nature of this Auditing Standard is interpretive, it is not expected that compliance with this Standard will result in any significant increases in compliance costs for auditors.</p>
ASA 200 <i>Objective and General Principles Governing an Audit of a Financial Report</i>	AUS 202 <i>Objective and General Principles Governing an Audit of a Financial Report</i>	<p>1. The following additional mandatory requirements are included (these mandatory requirements are either not contained in AUS 202 or have been expanded or re-worded in this Auditing Standard):</p> <ul style="list-style-type: none"> a. The auditor shall comply with relevant ethical requirements relating to audit engagements (paragraph 7). In AUS 202, the auditor should comply with the ethical requirements of CPA Australia and the Institute of Chartered Accountants in Australia; b. 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 (paragraph 14). In AUS 202, the audit 	Extensive	<p>The changes to this Auditing Standard are extensive, and are made to conform with International Standard on Auditing ISA 200 <i>Objective and General Principles Governing an Audit of Financial Statements</i>, effective for audits of financial statements for periods beginning on or after 15 December 2005.</p> <p>Some changes are made from the ISA to ensure that the obligations created by the Auditing Standards are clear, and, also, to ensure that the standard makes allowance for the Australian legal and regulatory environment.</p> <p>It is not expected that these changes will result in any significant increases in</p>

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		<p>procedures required to conduct an audit in accordance with AUSs should be determined by the auditor having regard to the requirements of AUSs, relevant professional bodies, legislation, regulations and, where appropriate, the terms of the audit engagement and reporting requirements;</p> <p>c. 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:</p> <ol style="list-style-type: none"> i. if possible, perform appropriate alternative audit procedures; and ii. in accordance with ASA 230 Audit Documentation, document in the working papers: <ol style="list-style-type: none"> 1. the circumstances surrounding the inability to comply; 2. the reasons for the inability to comply; and 3. justification of how alternative audit procedures achieve the objectives of the mandatory requirement. <p>When the auditor is unable to perform appropriate alternative audit procedures, the auditor shall consider the implications for</p>		compliance costs for auditors.

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>the auditor's report (paragraph 15);</p> <p>d. 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 (paragraph 18);</p> <p>e. The auditor shall plan and perform an audit by exercising professional judgement (paragraph 20); and</p> <p>f. 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); and</p> <p>2. Explanatory guidance relating to the following matters, not contained in AUS 202, is included:</p> <p>a. professional judgement;</p> <p>b. responsibility for the financial report; and</p> <p>c. expressing an opinion on a financial report.</p> <p>3. The explanatory guidance on relevant ethical requirements relating to an audit of a financial report and the conduct of an audit of a financial report has also been expanded.</p>		
ASA 210 Terms of Audit Engagements	AUS 204 <i>Terms of Audit Engagement</i>	<p>1. The following additional mandatory requirement, not contained in AUS 204, is included:</p> <p>a. The terms of the engagement shall identify</p>	Minimal	The changes to this Auditing Standard are minimal and were made to conform with ISA 210 <i>Terms of Audit Engagements</i> . The inclusion of the section about auditor

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>the applicable financial reporting framework (paragraph 17);</p> <p>2. The following additional explanatory guidance, not contained in AUS 204, is included:</p> <p style="padding-left: 40px;">a. the auditor independence requirements of the Corporations Act 2001 (paragraphs 13 and 14); and</p> <p>3. The example engagement letter at Appendix 1 has been re-worded based on the example engagement letter in the equivalent ISA 210 Terms of Audit Engagements, and also includes matters relating to auditor independence and the entity's annual general meeting.</p>		<p>independence requirements recognises recent changes to the <i>Corporations Act 2001</i>. The example engagement letter is amended to recognise recent changes to the Corporations Act 2001 and also changes from ISA 210.</p>
<p>ASA 220 <i>Quality Control for Audits of Historical Financial Information</i></p>	<p>AUS 206 <i>Quality Control for Audits of Historical Financial Information</i></p>	<p>1. The following implied obligation in AUS 206 has been elevated and re-stated as a specific mandatory requirement:</p> <p style="padding-left: 40px;">a. for other audit engagements, where an engagement quality control review is performed, the engagement partner shall follow the requirements set out in subparagraphs (a) to (c) (paragraph 40).</p>	<p>Minimal</p>	<p>The changes to this Auditing Standard are minor and are made to ensure the Auditing Standard is enforceable. These changes are only to ensure the standard is compatible with the Corporations Act 2001.</p>
<p>ASA 230 <i>Audit Documentation</i></p>	<p>AUS 208 <i>Documentation</i></p>	<p>1. The following mandatory requirements, not contained in AUS 208 are included:</p> <p style="padding-left: 40px;">a. The auditor shall prepare, on a timely basis, audit documentation that provides a sufficient and appropriate record of the basis for the auditor's report, and evidence that the audit was carried out in accordance with Auditing Standards and applicable legal and</p>	<p>Extensive</p>	<p>The changes to this Auditing Standard are extensive, and are made to conform with ISA 230 <i>Audit Documentation</i>.</p> <p>Some changes from the ISA are necessary to ensure that the obligations created by the Auditing Standards are clear, and, also, to ensure that the standard makes allowance for the Australian legal and</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>regulatory requirements (paragraph 5).</p> <p>b. The auditor shall prepare the audit documentation so as to enable an experienced auditor, having no previous connection with the audit, to understand the audit work performed, the results and audit evidence obtained, and the significant matters identified and conclusions reached thereon (paragraph 11).</p> <p>c. Where, in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure in a relevant mandatory requirement, the auditor shall document 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 (paragraph 23).</p> <p>d. Establishes new requirements regarding the form, content and extent of audit documentation in regard to: identifying characteristics, discussions with those charged with governance, management and others, contradictory information and identification of preparer and reviewer (paragraphs 14, 18, 20 and 26).</p> <p>e. The auditor shall complete the assembly of the final audit file on a timely basis after the</p>		<p>regulatory environment.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>

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		<p>date of the auditor's report (paragraph 28).</p> <p>f. The auditor shall not delete or discard audit documentation before the end of its retention period, and shall document all modifications and additions (paragraphs 31 and 34).</p> <p>g. When exceptional circumstances arise after the date of the auditor's report that require the auditor to perform new or additional audit procedures or that lead the auditor to new conclusions, the auditor shall document certain matters (paragraph 35).</p> <p>h. The auditor shall adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation (paragraph 37); and</p> <p>2. The following explanatory guidance not contained in AUS 208 is included:</p> <p>a. Under section 307B of the Corporations Act 2001, 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 Auditing Standards until:</p> <p>b. the end of 7 years after the date of the audit report prepared in relation to the audit or review to which the audit working papers relate; or</p>		

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		<ul style="list-style-type: none"> c. an earlier date determined by ASIC for the audit working papers” (paragraph 32); d. For audits other than those conducted under the Corporations Act 2001, the auditor ordinarily retains all audit documentation for not less than 7 years from the date of the audit report (paragraph 33); and e. Under quality control requirements for firms issued by a professional accounting body, firms are required to establish policies and procedures to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of audit documentation. Engagement teams are ordinarily entitled to rely on the firm’s systems, unless information provided by the firm or other parties suggests otherwise (see ASA 220 for further guidance) (paragraph 38). 		
<p>ASA 240 <i>The Auditor’s Responsibility to Consider Fraud in an Audit of a Financial Report</i></p>	<p>AUS 210 <i>The Auditor’s Responsibility to Consider Fraud in an Audit of a Financial Report</i></p>	<p>1. Explanatory guidance relating to the following matters, not contained in AUS 210, is included:</p> <ul style="list-style-type: none"> a. Legislation may require the auditor or a member of the audit team to maintain the confidentiality of information disclosed to the auditor by a 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 	<p>Minimal</p>	<p>The changes to this Auditing Standard are minor and are made to ensure the Auditing Standard makes allowances for the Australian legal and regulatory environment.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		the identity of the person who has disclosed confidential information that alleges a breach of the law. Consequently, the auditor may need to consider the implications for the audit engagement (paragraph 102).		
ASA 250 <i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	AUS 218 <i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	1. Guidance has not been included on the interpretation of terms used in section 311 of the Corporations Act 2001 regarding an auditor's responsibilities to report suspected contraventions of the Corporations Act 2001 to the Australian Securities and Investments Commission (ASIC), in light of amendments to section 311 and re-issuance of ASIC Practice Note 34 "Auditors' obligations: reporting to ASIC".	Minimal	The changes to this Auditing Standard were minimal and are made to ensure the Auditing Standard makes allowances for the Australian legal and regulatory environment.
ASA 260 <i>Communication with Those Charged with Governance</i>	AUS 710 <i>Communicat-ing with Management on Matters Arising from an Audit</i>	<p>1. The definition of "governance", "audit matters of governance interest" and "those charged with governance" and the explanatory guidance on "relevant persons" replace the explanatory guidance on the different level of management and the definitions of "report to management" and "operational management" in AUS 710;</p> <p>2. The mandatory requirement and explanatory guidance paragraphs on "Audit Matters of Governance Interest to be Communicated" replace "Identification of Significant Matters" and "Reporting Significant Matters" in the existing AUS 710 with the following revised and/or additional requirements:</p> <p style="padding-left: 40px;">(a) The auditor shall consider audit matters of governance interest that arise from the audit of the financial report and communicate</p>	Extensive	<p>The changes to this Auditing Standard are extensive, and are made to conform with International Standard on Auditing ISA 260 <i>Communication of Audit Matters with Those Charged With Governance</i>.</p> <p>Some changes are made from the ISA to ensure that this Auditing Standard conforms with the Australian legal and regulatory environment.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>them with those charged with governance (paragraph 15).</p> <p>(b) The auditor shall inform those charged with governance of those uncorrected misstatements aggregated by the auditor during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial report taken as a whole (paragraph 17);</p> <p>3. The following additional specific mandatory requirements are included:</p> <p>a. The auditor shall determine the relevant persons who are charged with governance and with whom audit matters of governance interest are communicated (paragraph 9).</p> <p>b. When the audit is conducted under Part 2M.3 of the Corporations Act 2001, the auditor shall communicate directly with those charged with governance:</p> <p>i. a statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms are independent in accordance with relevant ethical requirements and any additional external requirements that apply to the engagement; and</p> <p>ii. - all relationships and other matters on auditor independence</p>		

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		<p>requirements, as specified in Parts 2M.3 and 2M.4 of the Corporations Act 2001, which are required to be disclosed by the auditor; and</p> <ul style="list-style-type: none"> - the related safeguards that have been applied to eliminate threats to independence or reduce them to an acceptable level (paragraph 20); <p>4. The following mandatory requirement and related explanatory guidance paragraphs on “Format and Presentation” in the existing AUS 710 has been removed in view of the same mandatory requirement as it is included in ASA 230 Audit Documentation:</p> <ul style="list-style-type: none"> • The auditor should document the subject matter of oral reports to management regarding significant matters(paragraph .31); <p>5. The mandatory requirement and related explanatory guidance paragraphs on “Management Response” in AUS 710 has been included as explanatory guidance (paragraph 32); and</p> <p>Appendices 1 to 3 in AUS 710 are not included.</p>		
ASA 300 <i>Planning an Audit of a Financial Report</i>	AUS 302 <i>Planning</i>	<p>1. Additional mandatory requirements, which are not in AUS 302, have been included. Under this Auditing Standard the auditor is required to:</p> <ul style="list-style-type: none"> a. perform various preliminary engagement 	Extensive	The changes to this Auditing Standard are extensive and are made to ensure conformity with the ISA 300 <i>Planning an Audit of Financial Statements</i> .

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>activities at the commencement of the audit engagement, including evaluating the auditor's independence (paragraph 9);</p> <p>b. establish an overall audit strategy, setting out the scope, timing and direction of the audit as a guide to the development of the more detailed audit plan (paragraph 12);</p> <p>c. develop an audit plan for the audit in order to reduce audit risk to an acceptably low level (paragraph 18);</p> <p>d. update the overall audit strategy and the audit plan for any changes as necessary during the course of the audit (paragraph 21);</p> <p>e. plan the nature, timing and extent of direction and supervision of the audit engagement team members and review of their work (paragraph 23); and</p> <p>f. perform various procedures prior to starting an initial audit assignment (paragraph 31).</p>		<p>Some changes are made from the ISA to ensure that this Auditing Standard conforms with the Australian legal and regulatory environment.</p> <p>It is not expected that these changes will result in any significant increases in compliance costs for auditors.</p>
<p>ASA 315 <i>Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement</i></p>	<p>AUS 402 <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatements</i></p>	<p>The main changes made to this Auditing Standard are those discussed in section A1 <i>Changes common to all standards</i>.</p>	<p>Minimal</p>	<p>These changes are editorial in nature.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
ASA 320 <i>Materiality and Audit Adjustments</i>	AUS 306 <i>Materiality and Audit Adjustments</i>	<ol style="list-style-type: none"> 1. The following implied obligations, in AUS 306, have been elevated and re-stated as specific mandatory requirements: <ol style="list-style-type: none"> a. an auditor shall make a preliminary assessment of materiality to establish an appropriate quantitative materiality level to plan risk assessment procedures, further audit procedures at the assertion level, selection strategies and other audit procedures (paragraph 12); b. the auditor shall consider qualitative factors, which impact on the materiality of individual misstatements, to assess: <ol style="list-style-type: none"> i. the significance of the misstatement to the particular entity; ii. the pervasiveness of the misstatement; and iii. the effect of misstatement on the financial report as a whole (paragraph 21); c. the auditor shall bring to the attention of management, misstatements identified during the audit, other than those that are clearly trivial, for correction prior to evaluating the effect of the remaining uncorrected misstatements (paragraph 24); and d. when the auditor concludes that uncorrected misstatements are immaterial individually and in aggregate to the financial report, the 	Minimal	<p>The changes to this Auditing Standard are minimal, and are made to clarify the auditor's obligations and to ensure that the standard makes allowance for the Australian legal and regulatory environment.</p> <p>As the changes to this Auditing Standard do not, in the main, impose new procedures, it is not expected that these changes will result in any significant increases in compliance costs for auditors.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>auditor shall endeavour to obtain representations from management to acknowledge:</p> <ol style="list-style-type: none"> i. uncorrected misstatements have been brought to their attention by the auditor; and ii. they have considered the effect of any uncorrected misstatements, aggregated during and pertaining to the latest period, on the financial report and consider the misstatements are immaterial individually and in aggregate to the financial report taken as a whole (paragraph 35). <p>2. Additional explanatory guidance is provided in relation to misstatements, identified during the audit, that an auditor shall bring to the attention of management (paragraphs 25 and 26).</p> <p>3. The objective of an audit of a financial report is included within explanatory guidance and refers to Auditing Standard ASA 200 Objective and General Principles Governing an Audit of a Financial Report (paragraph 8). AUS 306, however, requires that the objective of an audit of a financial report is to enable the auditor to express an opinion whether the financial report is prepared, in all material respects, in accordance with an applicable financial reporting framework.</p>		
ASA 330 <i>The</i>	AUS 406	1. The following implied obligations in AUS 406	Minimal	The changes to this Auditing Standard are

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<i>Auditor's Procedures in Response to Assessed Risks</i>	<i>The Auditor's Procedures in Response to Assessed Risk</i>	<p>have been elevated and re-stated as specific mandatory requirements:</p> <ul style="list-style-type: none"> a. when the auditor plans to perform only substantive procedures, the auditor shall design substantive procedures, for the relevant assertions, that are effective in reducing risks of material misstatement to an acceptably low level (paragraph 14); b. if the auditor's procedures detect a material misstatement that was not identified by the entity and that is indicative of a material weakness in internal control, the auditor shall communicate that weakness to management and those charged with governance on a timely basis (paragraph 44); c. when the auditor plans to use audit evidence about the operating effectiveness of controls obtained in a prior audit, the auditor shall perform audit procedures during the current period to establish the continuing relevance of the audit evidence (paragraph 52); d. when the approach to significant risks consists only of substantive procedures, the auditor shall perform tests of details only or a combination of tests of details and substantive analytical procedures to address such significant risks (paragraph 73); and e. when the auditor plans to use audit evidence from the performance of substantive 		minimal and are made to ensure the Auditing Standard is enforceable.

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		procedures in a prior audit, the auditor shall perform audit procedures during the current period to establish the continuing relevance of the audit evidence (paragraph 84).		
ASA 402 <i>Audit Considerations Relating to Entities Using Service Organisations</i>	AUS 404 <i>Audit Implications Relating to Entities Using a Service Entity</i>	<ol style="list-style-type: none"> 1. The application is extended to cases where the service organisation uses the services of a sub-service organisation; 2. The following additional mandatory requirements are included (these mandatory requirements are either not contained in AUS 404 or have been expanded or re-worded in this Auditing Standard): <ol style="list-style-type: none"> a. the auditor shall consider how an entity's use of a service organisation affects the entity's internal control so as to identify and assess the risk of material misstatement and to design and perform further audit procedures (paragraph 5). In AUS 404, the auditor should assess the effect that a service entity has on audit risk to enable the auditor to plan and develop an effective audit approach; b. in obtaining an understanding of the entity and its environment, the auditor shall determine the significance of service organisation activities to the entity and the relevance to the audit (paragraph 9); c. if the auditor concludes that the activities of the service organisation are significant to the entity and relevant to the audit, the auditor shall obtain a sufficient 	Minimal	<p>The changes to this Auditing Standard are minimal and are made to ensure the Auditing Standard is enforceable.</p> <p>The AUASB extended the application of the standard to sub-service organisations in order to provide guidance on this matter. By receiving guidance on sub-service organisations, auditors will be more certain of their obligations, thus lowering costs.</p> <p>Other changes were made to conform with International Standard on Auditing ISA 402 <i>Audit Considerations Relating to Entities Using Service Organizations</i>.</p> <p>Some changes from the ISA are necessary to ensure that the obligations created by the Auditing Standards are clear.</p>

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		<p>understanding of the entity and its environment, including its internal control, to identify and assess the risks of material misstatement and design further audit procedures in response to the assessed risk (paragraph 13);</p> <p>d. if the auditor uses the report of a service organisation auditor, the auditor shall consider the professional competence of that auditor in the context of the specific assignment undertaken by the service organisation auditor (paragraph 17);</p> <p>e. when using a service organisation auditor's report, the auditor shall consider the nature of and content of that report (paragraph 19);</p> <p>f. the auditor shall consider the scope of work performed by the service organisation auditor and shall evaluate the usefulness and appropriateness of reports issued by the service organisation auditor (paragraph 21). In AUS 404, when the auditor uses a report issued by the service entity auditor, the user auditor should consider the scope of the work performed and assess whether the report is sufficient and appropriate for its intended use by the user auditor;</p> <p>g. for those specific tests of control and results that are relevant, the auditor shall consider whether the nature, timing and extent of such tests provide sufficient appropriate audit evidence about the operating</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>effectiveness of the internal control to support the auditor's assessed risks of material misstatement (paragraph 24). In AUS 404, for those specific tests of control that are relevant, the user auditor should consider whether the nature, timing and extent of such tests by the service entity auditor provide sufficient appropriate audit evidence about the effectiveness of the design and operation of the internal control structure to support the user auditor's assessed level of control risk; and</p> <p>h. when the auditor uses a report from the auditor of a service organisation, no reference shall be made in the entity's auditor's report to the auditor's report on the service organisation (paragraph 27); and</p> <p>3. The mandatory requirements contained in paragraphs .21, .25 and .30 of AUS 404 are not included.</p>		
ASA 500 <i>Audit Evidence</i>	AUS 502 <i>Audit Evidence</i>	The main changes made to this Auditing Standard are those discussed in section A1 <i>Changes common to all standards</i> .	Minimal	These changes are editorial in nature.
ASA 501 <i>Existence and Valuation of Inventory</i>	AUS 506 <i>Existence and Valuation of Inventory</i>	<p>1. The following implied obligation in AUS 506, has been elevated and re-stated as a specific mandatory requirement:</p> <p>a. if the entity uses procedures to estimate the physical quantity of inventory that is material, the auditor shall design and perform audit procedures to be satisfied with the reasonableness of those procedures</p>	Minimal	The changes to this Auditing Standard are minimal. The first change is minimal as the obligation is already present in the standard, though implied rather than stated explicitly. The second change is made to conform with ISA 501 <i>Audit Evidence – Additional Considerations for Specific Items (Part A), Attendance at</i>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>(paragraph 19);</p> <p>2. The following additional mandatory requirement, not contained in AUS 506, is included:</p> <p style="padding-left: 40px;">a. the auditor is required to take or observe physical counts on an alternative date when planned attendance was not possible due to unforeseen circumstances (paragraph 13); and</p> <p>3. The auditor is required to attend physical inventory counting unless impracticable (paragraph 11), whereas in AUS 506 in exceptional circumstances, the auditor may judge it necessary to depart from the requirements to attend physical inventory counting in order to more effectively achieve the same objectives.</p>		<p><i>Physical Inventory Counting</i>, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. The final change relates the auditor's discretion to not attend physical inventory counts. This is a minor change to make the standard enforceable.</p>
ASA 505 <i>External Confirmations</i>	AUS 504 <i>External Confirmations</i>	The main changes made to this Auditing Standard are those discussed in section A1 <i>Changes common to all standards</i> .	Minimal	These changes are editorial in nature.
ASA 508 <i>Enquiry Regarding Litigation and Claims</i>	AUS 508 <i>Inquiry regarding Litigation and Claims</i>	1. This Auditing Standard includes explanatory guidance, not included in AUS 508, regarding circumstances when it may be difficult to either obtain a representation letter or be provided with information about legal matters from the entity's lawyers, and alternative audit procedures that the auditor may consider in such circumstances (paragraphs 27 and 28).	Minimal	The changes to this Auditing Standard are minimal as the changes relate only to explanatory guidance paragraphs, and are made to provide guidance on an uncertainty arising from a recent court case.
ASA 510 <i>Initial</i>	AUS 510 <i>Initial</i>	1. The following additional specific mandatory requirement is included:	Minimal	The changes to this Auditing Standard are minimal, and are made to conform with

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<i>Engagements – Opening Balances</i>	<i>Engagements – Opening Balances</i>	a. if a modification regarding the prior period’s financial report remains relevant and material to the current period’s financial report, the auditor shall modify the current auditor’s report accordingly (paragraph 19); and 2. Appendix 1 contains examples of modified auditor’s reports.		International Standard on Auditing ISA 510 <i>Initial Engagements – Opening Balances</i> . Some changes are made from the ISA to ensure that this Auditing Standard conforms with the Australian legal and regulatory environment. Modified auditor’s reports are included to assist auditors in preparing such reports.
ASA 520 <i>Analytical Procedures</i>	AUS 512 <i>Analytical Procedures</i>	Appendix 1 – Examples of Analytical Procedures in AUS 512 has been removed.	Minimal	This change is minimal and was done to conform with ISA 520 <i>Analytical Procedures</i> . Some changes are made from the ISA to ensure that this Auditing Standard conforms with the Australian legal and regulatory environment.
ASA 530 <i>Audit Sampling and Other Means of Testing</i>	AUS 514 <i>Audit Sampling and Other Selective Testing Procedures</i>	The main changes made to this Auditing Standard are those discussed in section A1 <i>Changes common to all standards</i> .	Minimal	These changes are editorial in nature.
ASA 540 <i>Audit of Accounting Estimates</i>	AUS 516 <i>Audit of Accounting Estimates</i>	1. The following specific mandatory requirement, not in AUS 516, has been included: a. the auditor shall endeavour to obtain written representations from management regarding	Minimal	The changes to this Auditing Standard are minimal as the standard only adds an additional requirement to the management representation letter which is already

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		<p>the reasonableness of significant assumptions used by them in making accounting estimates (paragraph 32);</p> <p>2. Explanatory guidance on management representations has been included at paragraphs 33 and 34; and</p> <p>3. Appendix 1 of AUS 516 has been removed and additional examples of accounting estimates have been included at paragraph 6.</p>		<p>required under AUS 580 <i>Management Representations</i>. The change to the appendix is minor as it involves only the removal of superceded material and the relocation of other material to another part of ASA 540.</p>
<p>ASA 545 <i>Auditing Fair Value Measurements and Disclosures</i></p>	<p>AUS 526 <i>Auditing Fair Value Measurements and Disclosures</i></p>	<p>1. The following implied obligations in AUS 526, have been elevated and re-stated as specific mandatory requirements:</p> <p>a. the auditor is required to assess the adequacy of disclosures of fair value information made by the entity when disclosures required under the applicable financial reporting framework have not been appropriately made or omitted, due to impracticability of obtaining reliable fair values (paragraphs 68); and</p> <p>b. where the auditor assesses that the entity has not appropriately disclosed fair value information required by the applicable financial reporting framework, the auditor shall determine whether such departure causes the financial report to be materially misstated (paragraph 69).</p>	<p>Minimal</p>	<p>The changes to this Auditing Standard are minimal. The changes are minimal as the obligation was already present in the standard, though implied rather than stated explicitly. In making this change the cost for auditors will be lower as their obligations are clearer. These changes will give rise to little, if any compliance costs.</p>
<p>ASA 550 <i>Related Parties</i></p>	<p>AUS 518 <i>Related</i></p>	<p>1. The following implied obligations in AUS 518, have been elevated and re-stated as specific</p>	<p>Extensive</p>	<p>ASA 550 is drafted to conform with ISA 550 <i>Related Parties</i> whilst maintaining</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
	<i>Parties</i>	<p>mandatory requirements:</p> <ol style="list-style-type: none"> a. based on the auditor's understanding of the entity and its environment including its internal control, the auditor shall make an assessment of the risk of material misstatement as it relates to the identification of related parties and the authorisation and recording of related party transactions (paragraph 13); b. the auditor shall review information provided by those charged with governance and management identifying the names of all known related parties and shall perform the following audit procedures to reduce the risk of related parties remaining undetected to an acceptably low level: <ol style="list-style-type: none"> i. review prior year working papers for names of known related parties; ii. review the entity's procedures for identification of related parties; iii. enquire as to the affiliation of those charged with governance and officers with other entities; iv. review shareholder records to determine the names of principal shareholders or, if appropriate, obtain a listing of principal shareholders from the share register; v. review minutes of the meetings of shareholders and those charged with 		<p>the requirements of AUS 518. In addition, changes are made to ensure that the Auditing Standard included additional requirements to reflect current community expectations regarding communication with those charged with governance.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>governance and other relevant statutory records such as the register of directors' interests;</p> <ul style="list-style-type: none"> vi. enquire of other auditors currently involved in the audit, or predecessor auditors, as to their knowledge of additional related parties; and vii. review the entity's income tax returns and other information supplied to regulatory agencies. <p>If, in the auditor's judgement, there is a lower risk of significant related parties remaining undetected, these procedures may be modified as appropriate (paragraph 18);</p> <ul style="list-style-type: none"> c. the auditor shall endeavour to obtain a written representation from management concerning: <ul style="list-style-type: none"> i. the completeness of information provided regarding the identification of related parties; and ii. the adequacy of related party disclosures in the financial report (paragraph 33); <p>2. The following specific mandatory requirements, not in AUS 518, have been included:</p> <ul style="list-style-type: none"> a. where there is any indication that there are limitations that may affect the persuasiveness of audit evidence, the auditor 		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>shall design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement at the assertion level (paragraph 7);</p> <ul style="list-style-type: none"> b. where the applicable financial reporting framework requires disclosure of related party relationships, the auditor shall be satisfied that the disclosure is in accordance with that framework (paragraph 23); and c. the auditor shall discuss with those charged with governance the nature, extent and business rationale of significant related party relationships and transactions, including those involving actual conflicts of interest (paragraph 31); <p>3. Additional explanatory guidance paragraphs have been included on:</p> <ul style="list-style-type: none"> a. the application of this Auditing Standard to public sector entities (paragraph 4); b. communication with those charged with governance (paragraph 32); and c. circumstances when management is unable to or refuses to provide the auditor a written representation (paragraph 34); and <p>4. The following mandatory requirement in AUS 518 and associated explanatory guidance paragraphs have been replaced with explanatory guidance at paragraph 17:</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>a. The auditor should consider the assessed levels of inherent and control risks in determining the nature, timing and extent of substantive audit procedures.</p>		
<p>ASA 560 <i>Subsequent Events</i></p>	<p>AUS 706 <i>Subsequent Events</i></p>	<p>1. The following implied obligations, in AUS 706, have been elevated and re-stated as specific mandatory requirements:</p> <ul style="list-style-type: none"> a. when the financial report is amended, the auditor shall carry out the audit procedures necessary in the circumstances and shall provide management and those charged with governance with a new report on the amended financial report (paragraph 15); b. when the auditor's report has been released to the entity, the auditor shall notify those charged with governance not to issue the financial report and the auditor's report thereon to third parties (paragraph 18); c. if the financial report is subsequently released, the auditor shall take action to prevent reliance on the auditor's report (paragraph 19); d. when the financial report is revised, the auditor shall carry out the audit procedures necessary in the circumstances, shall review the steps taken by management and those charged with governance to ensure that anyone in receipt of the previously issued financial report together with the auditor's 	<p>Minimal</p>	<p>The changes to this Auditing Standard are minimal. The changes are minimal as the obligation was already present in the standard, though implied rather than stated explicitly.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>report thereon is informed of the situation, and shall issue a new report on the revised financial report (paragraph 23); and</p> <p>e. when those charged with governance do not:</p> <ul style="list-style-type: none"> i. take the necessary steps to ensure that anyone in receipt of the previously issued financial report together with the auditor’s report thereon is informed of the situation; or ii. revise the financial report in circumstances where the auditor believes it needs to be revised; <p>the auditor shall take action with the objective of preventing future reliance on the auditor’s report and shall notify those charged with governance of this action. (paragraph 26); and</p> <p>2. The explanatory paragraphs on the definitions of “reporting date”, “date of approval of the financial report”, “date of the auditor’s report” and “date the financial report is issued” as contained in ISA 560, are adopted and adjusted, where appropriate, to align to the wordings in AASB 110 ‘Events after the Balance Sheet Date’.</p>		
ASA 570 <i>Going Concern</i>	AUS 708 <i>Going Concern</i>	1. Consistent with the definition of ‘going concern basis’ adopted by the Australian Accounting Standard AASB 101 Presentation of Financial Statements, the mandatory requirement on the auditor’s responsibility to consider the	Minimal	The changes to this Auditing Standard are minimal. Change (1) is minimal as the change only reflects changes made to ASA 700 <i>The Auditor’s Report on a General Purpose Financial Report</i> .

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>appropriateness of the going concern basis has been revised as follows:</p> <ol style="list-style-type: none"> a. if, in the auditor’s judgement, the entity will not be able to continue as a going concern, the auditor shall express an adverse opinion if the financial report had been prepared on a going concern basis (paragraph 43); and <p>2. The following additional specific mandatory requirements are included:</p> <ol style="list-style-type: none"> a. if management is unwilling to make or extend its assessment when requested to do so by the auditor, the auditor shall consider the need to modify the auditor’s report as a result of the limitation on the scope of the auditor’s work (paragraph 46); and b. the auditor shall communicate with those charged with governance or management, as soon as practical, the impact on the auditor’s report where: <ol style="list-style-type: none"> i. there is a material uncertainty as described at paragraphs 39 and 41; ii. the going concern assumption is inappropriate as described at paragraph 43; and iii. management is unwilling to make or extend its assessment as required by paragraph 46 (paragraph 50). 		<p>Change (2)(a) was made to conform with ISA 570 <i>Going Concern</i>. Change 2(b) is an additional requirement that was introduced to improve communication between the auditor and those charged with governance..</p>
ASA 580 <i>Management</i>	AUS 520 <i>Management</i>	1. The following additional mandatory requirement is included (this mandatory requirement is not	Minimal	The changes to this Auditing Standard are minimal and are made to conform with

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
<i>Representations</i>	<i>Representations</i>	<p>contained in AUS 520):</p> <ol style="list-style-type: none"> a. The auditor shall endeavour to obtain written representations from management that : <ol style="list-style-type: none"> i. it acknowledges its responsibility for the design and implementation of internal control to prevent and detect error; and ii. it believes the effects of those uncorrected financial report misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of such items shall be included in or attached to the written representations. (paragraph 12) 		<p>ISA 580 <i>Management Representations</i>.</p> <p>Some changes are made from the ISA to ensure that the obligations created by the Auditing Standards are clear, and, also, to ensure that the standard makes allowance for the Australian legal and regulatory environment.</p>
ASA 600 <i>Using the Work of Another Auditor</i>	AUS 602 <i>Using the Work of Another Auditor</i>	<ol style="list-style-type: none"> 1. The following implied obligation in AUS 602 has been elevated and restated as a specific mandatory requirement: <ol style="list-style-type: none"> a. when the other auditor issues, or intends to issue, a modified auditor's report, the principal auditor shall consider: <ol style="list-style-type: none"> i. the nature and significance of the modification, in relation to the financial report of the entity on which the principal auditor is reporting; and 	Minimal	<p>The changes to this Auditing Standard were minimal. The changes were minimal as the obligation was already present in the standard, though implied rather than stated explicitly.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		ii. whether a modification is also required to the principal auditor's report, under ASA 701 Modifications to the Auditor's Report (paragraph 25).		
ASA 610 <i>Considering the Work of Internal Audit</i>	AUS 604 <i>Considering the Work of Internal Auditing</i>	1. The following additional mandatory requirement, not contained in AUS 604, is included: <ul style="list-style-type: none"> a. the external auditor shall perform an assessment of the internal audit function when internal audit is relevant to the external auditor's risk assessment (paragraph 14). 	Minimal	The changes to this Auditing Standard were minimal and were made to conform with ISA 610 <i>Considering the Work of Internal Audit</i> . Some changes are made from the ISA to ensure that this Auditing Standard conforms with the Australian legal and regulatory environment.
ASA 620 <i>Using the Work of an Expert</i>	AUS 606 <i>Using the Work of an Expert</i>	This Auditing Standard includes as an expert a person employed by the auditor, whereas in AUS 606, a person employed by the auditor is not considered an expert.	Minimal	The changes to this Auditing Standard were minimal and relate only to a minor extension to a definition.
ASA 700 <i>The Auditor's Report on a General Purpose Financial Report</i>	AUS 702 <i>The Audit Report on a General Purpose Financial Report</i> (with ASA 701)	1. The mandatory requirements and explanatory guidance relating to modifications to the auditor's report are included in ASA 701 Modifications to the Auditor's Report, whereas such mandatory requirements and explanatory guidance are contained in AUS 702 together with the mandatory requirements and explanatory guidance relating to unmodified auditor's reports. Furthermore, as described in the Main Changes section of ASA 701, new terminology relating to the types of opinions issued by the auditor has been adopted.	Extensive	The changes to this Auditing Standard are, in the main, due to conforming with ISA 700 (Revised) <i>The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements</i> , effective for auditor's reports dated on or after 31 December 2006. The most significant part of these changes is the creation of two separate Auditing Standards, ASA 700 and ASA 701, to replace the existing AUS 702.

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>2. The mandatory requirements refer generically to the “applicable financial reporting framework” The mandatory requirements in AUS 702 specifically identify the financial reporting framework as the “Accounting Standards and other mandatory professional reporting requirements in Australia and, when appropriate, relevant statutory and other requirements”.</p> <p>3. The following additional mandatory requirements are included (these mandatory requirements are either not contained in AUS 702 or have been expanded in this Auditing Standard). The addition of these mandatory requirements has resulted in a change in the content and format of the example auditor’s reports in the Appendices:</p> <p><i>The Auditor’s Report on a Financial Report</i></p> <p>a. Unless required by law or regulation to use different wording, the auditor’s opinion on a general purpose financial report prepared in accordance with a financial reporting framework that is designed to achieve fair presentation shall state 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 (paragraph 8).</p> <p>In AUS 702, the wording to express the auditor’s opinion should be “presents fairly”.</p>		<p>Some changes are made to the Auditing Standard to accommodate the Australian legal and regulatory environment.</p> <p>The changes made to this Auditing Standard relate predominantly to update the form and content of the auditor’s reports rather than significantly changing the underlying principles and procedures.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p><i>Introductory Paragraph</i></p> <p>b. The introductory paragraph in the auditor’s report shall identify the entity whose financial report has been audited and shall state that the financial report has been audited. The introductory paragraph shall also:</p> <ul style="list-style-type: none"> i. identify the title of each of the financial statements that comprise the financial report; ii. refer to the summary of significant accounting policies and other explanatory notes and, when appropriate, the directors’ declaration; and iii. specify the date and period covered by the financial report (paragraph 27). <p>In AUS 702, the audit report should identify the financial report being audited, including the name of the entity and the reporting period covered by the financial report.</p> <p><i>The Responsibility of Those Charged with Governance for the Financial Report</i></p> <p>c. The auditor’s report shall state that those charged with governance are responsible for the preparation and the fair presentation of the financial report in accordance with the</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>applicable financial reporting framework and that this responsibility includes:</p> <ul style="list-style-type: none"> i. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; ii. selecting and applying appropriate accounting policies; and iii. making accounting estimates that are reasonable in the circumstances (paragraph 33). <p>In AUS 702, the audit report should include a statement that the financial report is the responsibility of the members of the governing body only.</p> <p><i>Auditor's Responsibility</i></p> <ul style="list-style-type: none"> d. The auditor's report shall also explain that Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements (paragraph 39). e. The auditor's report shall describe an audit by stating that: <ul style="list-style-type: none"> i. an audit involves performing 		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>procedures to obtain audit evidence about the amounts and disclosures in the financial report;</p> <p>ii. the procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor shall consider internal control relevant to the entity's preparation and fair presentation 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 the entity's internal control. In circumstances when the auditor also 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</p> <p>iii. an audit also includes evaluating the appropriateness of the accounting polices used, the reasonableness of</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>accounting estimates made by those charged with governance, as well as the overall presentation of the financial report (paragraph 42).</p> <p>In AUS 702, the audit report should include a statement that the auditor's procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates only.</p> <p>f. The auditor's report shall state that the auditor believes the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the auditor's opinion (paragraph 43).</p> <p>In AUS 702, the audit report should include a statement that the audit opinion expressed in the report has been formed on the basis identified in the scope section.</p> <p><i>Auditor's Opinion</i></p> <p>g. When Australian Accounting Standards are not used as the financial reporting framework, the reference to the financial reporting framework in the wording of the opinion shall identify the jurisdiction or country of origin of the financial reporting</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>framework (paragraph 46).</p> <p><i>Other Reporting Responsibilities</i></p> <p>h. When the auditor addresses other reporting responsibilities within the auditor's report on the financial report, these other reporting responsibilities shall be included in a separate section in the auditor's report that follows the opinion paragraph (paragraph 51).</p> <p><i>Date of the Auditor's Report</i></p> <p>i. The auditor's report shall be dated as of the date the auditor signs that report. The auditor shall date the auditor's report on the financial report no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial report. Sufficient appropriate audit evidence shall include evidence that the entity's financial report has been prepared and that those charged with governance have asserted that they have taken responsibility for it (paragraph 54).</p> <p>In AUS 702, the audit report should be dated as of the date the auditor signs that report. That date should be no earlier than the date on which the financial report is signed or approved by the governing body</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>only.</p> <p><i>Auditor's Report</i></p> <p>j. The auditor's report shall be in writing (paragraph 59).</p> <p><i>Auditor's Report for Audits Conducted in Accordance with both Australian Auditing Standards and International Standards on Auditing</i></p> <p>k. The auditor's report shall refer to the audit having been conducted in accordance with the Australian Auditing Standards and ISAs only when the auditor has complied fully with all of the Auditing Standards and ISAs relevant to the audit (paragraph 63).</p> <p><i>Unaudited Supplementary Information presented with an Audited Financial Report</i></p> <p>l. The auditor shall be satisfied that any supplementary information presented together with the financial report that is not covered by the auditor's opinion is clearly differentiated from the audited financial report (paragraph 64).</p> <p>m. If the auditor concludes that the entity's presentation of any unaudited supplementary information does not differentiate it sufficiently from the audited financial report, the auditor shall explain in the auditor's report that the information has</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>not been audited (paragraph 67).</p> <ol style="list-style-type: none"> 4. The mandatory requirements contained in paragraphs .17, .17(c), .17(e), .17(g), .24 and .26 of AUS 702 are not included. These mandatory requirements have been superseded by new mandatory requirements of this Auditing Standard or other Auditing Standards. 5. The explanatory guidance on concise financial reports and example auditors' reports in respect of concise financial reports, contained in an Appendix to AUS 702, are not included. 6. The example auditor's reports in the Appendices have been re-worded based on the example auditor's report in ISA 700 (Revised) The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements. 7. Appendix 2 "Summary of Audit Reporting Requirements Under the Corporations Act 2001," has been updated. 		
ASA 701 <i>Modifications to the Auditor's Report</i>	AUS 702 <i>The Audit Report on a General Purpose Financial Report (with ASA 700)</i>	<ol style="list-style-type: none"> 1. The mandatory requirements and explanatory guidance relating to modifications to the auditor's report are included in this Auditing Standard, ASA 701 Modifications to the Auditor's Report, whereas AUS 702 contains mandatory requirements and explanatory guidance relating to modified and unmodified auditors' reports; 2. A 'modified auditor's report' is the term used to describe an auditor's report containing: 	Extensive	<p>The changes to this Auditing Standard are, in the main, due to conforming with ISA 701 <i>Modifications to the Independent Auditor's Report</i>. The most significant part of these changes is the creation of two separate Auditing Standards, ASA 700 and ASA 701, to replace the existing AUS 702.</p> <p>Some changes are made to the Auditing</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>a. a qualified opinion (referred to in AUS 702 as an “except for opinion”);</p> <p>b. a disclaimer of opinion (referred to in AUS 702 as an “inability to form an opinion”);</p> <p>c. an adverse opinion; or</p> <p>d. an emphasis of matter paragraph.</p> <p>Accordingly, in this Auditing Standard, whenever an auditor expresses an opinion that is other than unqualified, a description is included in the auditor’s report in a section headed “Basis for [Qualified, Disclaimer of, Adverse,] Auditor’s Opinion” whereas in AUS 702, the section in the auditor’s report is referred to as the “Qualification” paragraph. Furthermore, when an auditor expresses a qualified, adverse or disclaimer opinion, the opinion paragraph is headed “Qualified Auditor’s Opinion”, “Adverse Auditor’s Opinion” or “Disclaimer of Auditor’s Opinion” as applicable, whereas in AUS 702, the opinion paragraph, in such cases, is headed “Qualified Audit Opinion”.</p> <p>Appendix 1 contains diagrams that demonstrate the use of the new terminology in this Auditing Standard; and</p> <p>3. The following requirements, relating to modifications contained in AUS 702, have not been included in this Auditing Standard:</p> <p>a. the audit report should not, except as required by this AUS, draw attention to or emphasise any matter which has, in the</p>		<p>Standard to accommodate the Australian legal and regulatory environment.</p> <p>The changes made to this Auditing Standard relate predominantly to update the form and content of the auditor’s reports rather than significantly changing the underlying principles and procedures. This Auditing Standard has been co-ordinated with the changes in ASA 700.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>auditor's opinion, been adequately dealt with in the financial report (AUS 702.31);</p> <p>b. there is no longer a requirement for the auditor to send a copy of the audit report to the Executive Director of the Australian Accounting Research Foundation when the auditor agrees with the inclusion of additional information in the financial report so as to ensure the financial report is not misleading (AUS 702.59); and</p> <p>c. AASB 110 Events after the Balance Sheet Date, prohibits the preparation of a financial report using a going concern basis when the going concern assumption is no longer appropriate (main difference between AASB 110 and the superceded AASB 1002 Events Occurring After the Reporting Date). Accordingly, the following basic principles and essential procedures previously contained in AUS 702.64 are no longer relevant and do not appear in this Auditing Standard:</p> <p style="padding-left: 40px;">“When it is highly improbable that an entity will continue as a going concern because of an event occurring after reporting date which provides new information that does not relate to conditions existing at reporting date, and there has been adequate disclosure of this in the financial report, in accordance with</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>AASB 1002/AAS 8 Events Occurring After Reporting Date, paragraph 5.1, the audit report should include an emphasis of matter section which describes the event and refers to the note to the financial statements. The auditor should carefully consider the adequacy of the disclosure of the event in the note and the reliability of all amounts and other disclosures affected by it”.</p> <p>In addition, this Auditing Standard does not include requirements contained in paragraphs .10, .11, .32, .43, .45, .50, .54 and .62 of AUS 702.</p>		
ASA 710 <i>Comparatives</i>	AUS 704 <i>Comparatives</i>	<ol style="list-style-type: none"> 1. Explanatory guidance is provided in respect of audit procedures performed on the comparatives (paragraph 9) whereas AUS 704 includes these as mandatory requirements; 2. The following additional mandatory requirements not contained in AUS 704 are included: <ol style="list-style-type: none"> a. the auditor shall issue an auditor’s report in which the comparatives are not specifically identified because the audit opinion is on the current period financial report as a whole, including the comparatives (paragraph 13); b. in situations where the incoming auditor identifies that the comparatives are 	Minimal	The changes to this Auditing Standard are minor and are due to conforming with ISA 710 <i>Comparatives</i> .

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>materially misstated, the auditor shall request management and those charged with governance to revise the comparatives, and if management and those charged with governance refuse to do so, appropriately modify the auditor's report (paragraph 26); and</p> <p>3. The following additional explanatory guidance not contained in AUS 704 is included:</p> <p>a. when the auditor's report on the prior period, as previously issued, included a qualified opinion, disclaimer of opinion, or adverse opinion and the matter which gave rise to the modification is resolved and properly dealt with in the financial report, the current report does not ordinarily refer to the previous modification (paragraph 16).</p>		
<i>ASA 720 Other Information in Documents Containing Audited Financial Reports</i>	<i>AUS 212 Other Information in Documents Containing Audited Financial Reports</i>	There are no main changes between ASA 720 and AUS 212.	Minimal	The only changes made to this Auditing Standard were those discussed in section A1 <i>Changes common to all standards</i> .
<i>ASA 800 The Auditor's Report on Special Purpose Audit</i>	<i>AUS 802 The Audit Report on Financial Information</i>	1. The basic elements required in the auditor's report on a special purpose audit engagement, except for a report on a summarised financial report, have been updated based on the basic elements prescribed in ASA 700 The Auditor's Report on a General	Minimal	The changes to this Auditing Standard are minimal and are made to conform with International Standard on Auditing ISA 800 <i>The Independent Auditor's Report on Special Purpose Audit Engagements</i> .

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
<i>Engagements</i>	<i>Other than a General Purpose Financial Report</i>	<p>Purpose Financial Report. Consequently, the example auditors' reports in the Appendices have also been updated. The basic elements required in the auditor's report on a summarised financial report have been updated based on the basic elements prescribed in ISA 800 The Independent Auditor's Report on a Special Purpose Audit Engagement, but also contain some basic elements prescribed in ASA 700.</p> <p>2. The following additional mandatory requirements are included (these mandatory requirements are either not contained in AUS 802 or have been expanded in this Auditing Standard):</p> <p><i>General Considerations</i></p> <p>a. when requested to report in a prescribed format, the auditor shall consider the substance and wording of the prescribed format and, when necessary, shall make appropriate changes to confirm to the requirements of this Auditing Standard, either by rewording the form or by attaching a separate report (paragraph 12). In AUS 802, when requested to report on financial information in a prescribed format, the auditor should consider whether there are any restrictions on the substance and wording of the report that would constitute a limitation on the scope of the audit that could not be overcome either by rewording the prescribed format or by attaching a</p>		Some changes are made from the ISA to accommodate the Australian legal and regulatory environment.

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>separate report;</p> <p>b. the auditor shall consider whether any significant interpretations of an agreement on which the financial information is based are clearly disclosed in the financial information (paragraph 15). In AUS 802, when the information on which the auditor has been engaged to express an opinion is based on provisions of an agreement, the auditor should consider whether any significant interpretations of the agreement have been made in preparing the information;</p> <p><i>Reports on Financial Reports Prepared in Accordance with an Alternative Comprehensive Basis of Accounting</i></p> <p>c. the auditor's report on a financial report prepared in accordance with an alternative comprehensive basis of accounting shall include a statement that indicates the basis of accounting used or shall refer to the note to the financial report giving that information. The opinion shall state whether the financial report gives a true and fair view or presents fairly, in all material respects, in accordance with the identified basis of accounting (paragraph 22);</p> <p>d. if the financial report prepared on an alternative comprehensive basis of accounting is not suitably titled or the basis</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>of accounting is not adequately disclosed, the auditor shall issue an appropriately modified report (paragraph 25);</p> <p><i>Reports on Components of a Financial Report</i></p> <p>e. in determining the scope of the engagement, the auditor shall consider those financial report items that are inter-related and which could materially affect the information on which the audit opinion is to be expressed (paragraph 28). In AUS 802, when deciding whether to accept a separate engagement to express an audit opinion on a component(s) of a financial report, the auditor should consider whether the scope of the proposed engagement is sufficient to allow adequate attention to be paid to the inter-relationship that exists between various components;</p> <p>f. the auditor shall consider the concept of materiality in relation to the component of a financial report being reported on (paragraph 30). In AUS 802, the auditor should consider the concept of materiality in relation to ‘other’ financial information;</p> <p>g. the auditor’s report on a component of a financial report shall include a statement that indicates the applicable financial reporting framework in accordance with which the component is presented or refers to an agreement that specifies the basis of</p>		

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
		<p>accounting used. The opinion shall state whether the component gives a true and fair view or presents fairly, in all material respects, in accordance with the applicable financial reporting framework or identified basis of accounting (paragraph 32);</p> <p><i>Reports on Compliance with Contractual Agreements</i></p> <p>h. engagements to express an opinion as to an entity's compliance with contractual agreements shall be undertaken only when the overall aspects of compliance relate to accounting and financial matters within the scope of the auditor's professional competence (paragraph 39); and</p> <p>i. the report shall state whether, in the auditor's opinion, the entity has complied with the particular provisions of the agreement (paragraph 41).</p> <p>3. The mandatory requirements contained in paragraphs .09, .10, .17, .30 and .34 of AUS 802 are not included in this Auditing Standard. These mandatory requirements have been superseded by new mandatory requirements of this Auditing Standard or other Auditing Standards.</p> <p>4. The matters dealt with in Appendix 2, Summary of Audit Reporting Requirements Under the Corporations Act 2001 have been updated.</p>		
ASRE 2410 <i>Review of an</i>	None	ASRE 2410 has been made specifically to facilitate reviews by the auditor of the entity of interim financial	Extensive	ASRE 2410 substantially differs from AUS 902 so as to clarify, and state

ASA number and title	AUS number and title	Main Changes from AUS	Extent of change	Explanation and impact of change
<i>Interim Financial Report Performed by the Independent Auditor of the Entity</i>		reports, with particular emphasis on reviews of half-year financial reports under the <i>Corporations Act 2001</i> . ASRE 2410 does not replace AUS 902 <i>Review of Financial Reports</i> . AUS 902 addresses review engagements generally. Furthermore, it requires auditors to conduct reviews in accordance with other Auditing Standards applicable to review engagements whereas ASRE 2410 is self-contained.		<p>explicitly, an auditor's obligations within one Auditing Standard.</p> <p>The underlying principles and procedures in ASRE 2410 do not differ substantially from those commonly used by practitioners in applying AUS 902.</p> <p>Whilst it has not been possible to quantify the impact of these changes on compliance costs for auditors, it is not envisaged that these changes will result in any significant increases in compliance costs.</p>