



AUASB Comments Received and Proposed Disposition Paper

AGENDA ITEM NO. **5.1.1**

Meeting Date: 11 September 2019

Subject: Comments received on Exposure Drafts – ED 01/19 Proposed Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Auditor of the Entity*

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LISTING OF RESPONDENTS

Short Form Name	Name	Date Received
Deloitte	Deloitte Touche Tohmatsu	12 August 2019
CA ANZ	Chartered Accountants Australia and New Zealand	26 August 2019
KPMG	KPMG	28 August 2019
GT	Grant Thornton Australia Limited	28 August 2019
PwC	PricewaterhouseCoopers	30 August 2019
CPA	CPA Australia Ltd	30 August 2019
BDO	BDO Australia Ltd	30 August 2019
EY	Ernst & Young	30 August 2019

Draft

EXHIBIT 1: Comments received on Exposure Drafts – ED 01/19 Proposed Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Auditor of the Entity

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
1	Do you agree with the scope and key proposals to incorporate the auditor’s reporting requirements made to the auditor’s report consistently into the auditor’s review report?	<p><u>Deloitte</u></p> <p>We agree with the scope and key proposals included within ED 01/19 as we understand that these proposed updates to ASRE 2410 are not intended to be all-encompassing and are an interim solution to provide consistency and reduce stakeholder confusion, whilst waiting for the IAASB to include ISRE 2410 on their work agenda for reassessment and updating.</p> <p>We acknowledge that the areas of Key Audit Matters and Other Information, and determining their applicability to review engagements, are significant and complex. Thus we agree with the AUASB’s approach of specifically excluding these from ED 01/19 and wait for actions and decisions to be made by the IAASB based on results of their Auditor Reporting post implementation review.</p>	Agree with ED 01/19 and no issues raised	N
		<p><u>CA ANZ</u></p> <p>We agree with the scope and key proposals. Since the auditor’s report was enhanced, there has been divergence in practice in relation to the format and content of interim review reports. While the AUASB’s Bulletin, Auditor review reports – the impact of the new auditor reporting requirements was a good initiative and well received, it does not completely alleviate this divergence. Therefore, we would prefer it to be mandated within a standard as opposed to just optional guidance.</p>	Agree with ED 01/19 and no issues raised	N
		<p><u>KPMG</u></p> <p>We agree with the scope and key proposals to incorporate the relevant auditor’s reporting requirements into the auditor’s review report.</p> <p>However, we wish to raise the following items to the AUASBs attention.</p> <p>Global consistency: We consider global convergence of auditing standards, where possible, to be fundamentally important to achieving audit quality and consistency in</p>	Agree with ED 01/19 and no issues raised	N

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		<p>global practice. We strongly encourage the AUASB to closely monitor updates in the IAASBs work plan, including international updates to the review suite of standards and any changes resulting from the IAASB’s Auditor Reporting post implementation review, with the objective of global convergence/consistency.</p> <p>Other review standards: We believe that the AUASB should consistently incorporate the relevant reporting changes, to the full suite of Australian review standards. We believe consistent application is necessary to avoid differential performance and reporting requirements for practitioners in applying the review standards. To illustrate this point, ASRE 2400.Aus87.1 requires the auditor to add an Emphasis of Matter paragraph to the assurance practitioner’s report (to highlight a material uncertainty relating to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern) however proposed ASRE 2410 requires a “Material Uncertainty Related to Going Concern”.</p> <p>Application of Key Audit Matters (KAMs) to Review Reports: We agree with the AUASB that it is not an appropriate time to consider including KAMs in auditor’s review reports. Further, the premise of a review engagement is a limited level of assurance and involves limited procedures such as analytical review and enquiry etc. To include “key audit/review matters” in a review report may imply that we had undertaken more test procedures, at a higher level of precision, and provided a greater level of assurance, than limited assurance is designed to give.</p> <p>Other Information reporting requirements: We agree with the AUASB that it is not an appropriate time to consider including Other Information reporting requirements in auditor’s review reports and that any further considerations should be made following the IAASB’s Auditor Reporting post implementation review.</p>	<p>No impact on ED 01/19, to be considered going forward.</p> <p>Agree with ED 01/19 and no issues raised</p> <p>Agree with ED 01/19 and no issues raised</p>	<p>N</p> <p>N</p> <p>N</p>
		<p><u>GT</u></p> <p>We welcome the proposed changes to the scope and key proposals. Since the introduction of the revised ASA 701, there has been confusion in on the format for review opinions. We welcome the amendment to the standard in place of the extant guidance provided by the AUASB which, while well-received, did not create the harmonisation required.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p><u>PwC</u> Yes.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u> Yes, we are supportive of the scope and key proposals which provide consistency between the interim review report and the annual auditor’s report.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>BDO</u> Yes, on balance, we agree with the scope and key proposals to incorporate the auditor’s reporting requirements made to the auditor’s report. This ensures consistency in reporting and adopts the guidance from the previous AUASB Bulletin.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>EY</u> Overall, we support the proposed amendments outlined in ED 01/19 which aim at enhancing the current ASRE 2410 by aligning the format and content, where applicable to a review engagement, of the auditor’s review report in ASRE 2410 to the auditor’s report requirements in ASA 700 <i>Forming an Opinion and Reporting on the Financial Report</i>, ASA 705 <i>Modifications to the Opinion in the Independent Auditor’s Report</i> and ASA 706 <i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report</i> and the conforming amendments, relevant to a review engagement, as a result of recent changes to ASA 250 <i>Considerations of Laws and Regulations in the Audit of a Financial Report</i>.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
<p>2</p>	<p>Do you agree with the proposed amendments to incorporate conforming amendments as a result of</p>	<p><u>Deloitte</u> We agree with the AUASB’s proposed amendments regarding NOCLAR which updates wording to be consistent with ASA 250 and expands the requirements when a matter comes to the auditor’s attention.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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	<p>the IAASB’s project regarding non-compliance with laws and regulation (NOCLAR)?</p>	<p><u>KPMG</u></p> <p>We agree with the proposed amendments to incorporate conforming amendments in the proposed ASRE 2410 as a result of the IAASB’s (and IESBA’s) projects regarding non-compliance with laws and regulations.</p> <p>As discussed at 1) above, we believe the conforming amendments should be consistently applied to the full suite of Australian review standards and the IAASB suite of review standards to achieve consistency in global practice.</p> <p>NOCLAR</p> <p>The NOCLAR related amendments in proposed ASRE 2410 do not appear to cover the extent of the auditors obligations covered in ASA 250 <i>Consideration of Laws and Regulations in an Audit of a Financial Report</i> and where relevant, APES 110 <i>Code of Ethics for Professional Accountants</i> including:</p> <ul style="list-style-type: none"> • Communication with Respect to Groups (ASA 250.9(b)) • Documentation requirements (ASA 250.9(c) and ASA 250.30) <p>We observe that this could be addressed in a similar way to Proposed ASRE 2410.A36. e.g. Auditors conducting a review engagement under this auditing standard are not required to comply with ASA 250. However, ASA 250 includes guidance which may be useful.</p> <p>Other matters</p> <p>We have included additional observations and considerations for the AUASB in Appendix 3 to this letter.</p>	<p>Agree with ED 01/19 and no issues raised</p> <p>No impact on ED 01/19, to be considered</p> <p>Yet to be considered</p>	<p>N</p>
		<p><u>GT</u></p> <p>The consequential amendments from ASA 250, appear to not address all areas noted in paragraph 23 – 25. We would recommend referring to ASA 250 to highlight the</p>	<p>Yet to be considered.</p>	

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		complexity in assessing this area for discussion and conclusion in relation to the impact on the review.		
		<p><u>PwC</u></p> <p>Yes, for the purpose of consistency and overall compliance with the ethical standards.</p>	Agree with ED 01/19 and no issues raised	N
		<p><u>CPA</u></p> <p>Yes, we support amendments to reflect NOCLAR so that practitioners are clear on their responsibilities with respect to following up on instances of or suspected NOCLAR when conducting reviews. However, we consider that the applicable requirements of the APES 110 with respect to NOCLAR need to be more fully addressed in the revised standard. Whilst APES 110 provides two sets of NOCLAR requirements, one for “audits of financial statements” (APES 110 paragraphs 225.12-.38 which are reflected in ASA 250) and another for “professional services other than audits of financial statements” (APES 110 paragraphs 225.39-.56), we consider that the NOCLAR requirements for “audits of financial statements” are appropriate for review engagements conducted by the auditor of the entity. The NOCLAR requirements for “professional services other than audits of financial statements” address communication with the external auditor, which is not applicable to engagements under ASRE 2410. The AUASB seems to have also reached that view as ED 01/19 directs auditors to ASA 220 for guidance. The revised ASRE 2410 should clearly link to these requirements in APES 110 by way of footnote. ASA 220 is also useful in drafting additional requirements.</p> <p>Whilst additional requirements for NOCLAR are included in paragraph 30 of the ED, we consider that the following amendments are also needed:</p> <ul style="list-style-type: none"> a) Inclusion of requirements under the heading “Enquiries, Analytical and Other Review Procedures” for: <ul style="list-style-type: none"> (i) the auditor to enquire about whether the entity is aware of any NOCLAR (See ASA 250 paragraph 15), and (ii) if the auditor becomes aware of an instance or suspects NOCLAR, to obtain an understanding of the nature of the act and the circumstances in which it has 	Yet to be considered	

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		<p>occurred, as well as further information to evaluate the possible effect on the financial report (See ASA 250 paragraph 19).</p> <p>b) Amendment of paragraph 30 to better reflect the communications the auditor would need to undertake under APES 110. In particular, rather than requesting “management’s assessment of the effect on the financial report” (subparagraph 30(b)), we consider there should be a requirement to address the circumstance where management or those charged with governance (TCWG) may be involved in the NOCLAR and consider the need to obtain legal advice. (See ASA 250, paragraphs 25).</p> <p>We support reference to ASA 250 as a source of guidance. However, we consider that this reference would be better placed in paragraph A39, which is directly referenced in paragraph 30 with respect to the NOCLAR requirement. The reference in subparagraph A20(d)(xv) to ASA 250 could also be retained if it was linked to a requirement for enquires regarding NOCLAR as suggested in (a) above.</p>		
		<p><u>BDO</u></p> <p>Yes, we support inclusion of the conforming amendments with respect to NOCLAR.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
<p>3</p>	<p>Do you agree with including reviews of financial reports prepared in accordance with a compliance framework explicitly in the scope of ASRE 2410?</p>	<p><u>Deloitte</u></p> <p>Given that ASRE 2410 is predominantly used for listed entity half-year financial report review engagements and other types of financial report review engagements prepared in accordance with a fair presentation framework, we don’t believe there are many practical instances where a financial report prepared in accordance with a compliance framework would be reviewed by the auditor (as these types of engagements would commonly fall under the realm of ASRE 2405 instead).</p> <p>We don’t disagree with the AUASB’s proposed amendments to include reviews of financial reports prepared in accordance with a compliance framework implicitly within ASRE 2410 for completeness purposes, however we do not think it is critical as it is not the key focus area or use of the standard.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p><u>CA ANZ</u></p> <p>While we acknowledge reviews of interim financial reports prepared in accordance with compliance frameworks are not inconceivable, we expect them to be rare. If ASRE 2410 is to also include reference to compliance frameworks, we have the following observations:</p> <ul style="list-style-type: none"> • Appendix 2, detailed procedure 9 (page 45 of the ED) uses the term “fairly presented.” • Paragraph A2 appears to only address fair presentation frameworks. • The fifth bullet on page 32 of the ED appears to be inconsistent with the amendments to paragraph 11(a). • Paragraph 35(a) appears to be inconsistent with the amendments to paragraph 11(a). 	<p>Agree with ED 01/19 and no issues raised</p> <p>Yet to be considered.</p>	<p>N</p>
		<p><u>KPMG</u></p> <p>In our experience, whilst rare, it is possible for financial reports to be prepared in accordance with a compliance framework and be subject to a review that meets the scope of ASRE 2410. Including for example,</p> <ul style="list-style-type: none"> • Interim Financial Reports prepared by a component of a Group for Group consolidation purposes; • Completion Financial Reports prepared in accordance with a purchase/sale agreement between a buyer and seller; • Financial Reports prepared in connection with a transaction, such as an Initial Public Offering; • Other Financial Reports or complete sets of financial statements prepared in connection with other contracts, agreements or regulations. 	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p>In the absence of existing guidance, practitioners may have reverted to the requirements and guidance in other auditing standards, such as ASRE 2405 <i>Review of Historical Financial Information Other than a Financial Report</i>, to appropriately deal with the form and content of the auditor’s review report and conduct of the review.</p> <p>To create consistency in practice and greater clarity for auditors, we therefore agree with including reviews of financial reports prepared in accordance with a compliance framework explicitly within the scope of proposed ASRE 2410.</p> <p>We are also aware of other jurisdictions that include compliance frameworks within the scope of their equivalent standards, including the New Zealand’s NZ SRE 2410 <i>Review of Financial Statements Performed by the Independent Auditor of the Entity</i> and ISA 2410 <i>Review of Interim Financial Information performed by the Independent Auditor of the Entity</i>.</p>		
		<p><u>GT</u></p> <p>The proposed amendments to ASRE 2410 are similar to the amendments to ASRE 2400 <i>Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity</i>. If the proposed amendments to ASRE 2410 are to bring in the compliance framework, there are current drafting issues around consistency, specifically paragraph 33(e) and paragraph 36 that would need to be considered.</p>	Yet to be considered	
		<p><u>PwC</u></p> <p>Yes, as the financial reports subject to review by the auditor of an entity are at times prepared in accordance with a compliance framework. It is therefore beneficial to explicitly include them within the scope of the standard.</p>	Agree with ED 01/19 and no issues raised	N
		<p><u>CPA</u></p> <p>Whilst we agree that theoretically reviews by the auditor of the entity under a compliance framework may occur, in addition to reviews under a fair presentation framework, we believe in practice this scenario would very rarely arise as the standard is applicable</p>	Yet to be considered	

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		<p>primarily to interim reviews required under the Corporations Act. Therefore, we suggest that minimum attention be given to compliance frameworks.</p> <p>We recommend that the definition in paragraph 5 of financial reporting framework could be revised to reference compliance frameworks, but then include the statement along the lines that “this standard does not address the circumstance where a review is conducted by the auditor of the entity on a financial report prepared under a compliance framework as it is expected to rarely occur. However, the requirements can be adapted for that purpose.”</p> <p>Furthermore, we suggest deletion of the example report: Example F - Unmodified Auditor’s Review Report on a Financial Report Financial Report Prepared in Accordance with a Financial Reporting Framework Designed to Achieve Compliance as we believe it will only serve to cause confusion regarding the appropriate auditor’s review report to use. Likewise, the following paragraphs and footnote could be deleted or amended: 33(e)(iii), A41 and footnote 20 on page 38.</p> <p>We also recommend reinstating the references to fair presentation frameworks in paragraphs 11(a) and 35(a), and the retention of a reference to fair presentation framework in paragraph A2, the conformity statement, and Appendix 2 illustrative procedures.</p>		
		<p><u>BDO</u></p> <p>Yes, we agree with broadening the scope of ASRE 2410 to include reviews of financial reports prepared in accordance with a compliance framework. This ensures consistency with ISRE 2410 and is consistent with ASRE 2405, which already considers compliance frameworks.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
<p>4</p>	<p>Do you agree with how the responsibilities of management for the financial report, and the auditor’s responsibilities for the review of the</p>	<p><u>Deloitte</u></p> <p>We agree with how the responsibilities of management for the financial report and the auditor’s responsibilities for the review of the financial report are described in the auditor’s review report, which include enhanced disclosures about the responsibilities of both parties relating to going concern, except for the following points with respect to the auditor’s responsibilities section:</p>	<p>Refer to BMSP</p>	<p>N</p>

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	<p>financial report, are described in the auditor’s review report? Refer to paragraph 18 and 19 for detail on the AUASB’s deliberations.</p>	<ul style="list-style-type: none"> The opening sentence reads as follows: <i>“We make enquiries about whether those charged with governance have changed their assessment of the entity’s ability to continue as a going concern.”</i> <p>The above wording seems to be appropriate for a recurring review engagement (which would be predominantly applicable to a listed entity), but this may not be the case for an initial review engagement or a review engagement other than for a listed entity, as it relies on and builds on previous knowledge and information.</p> <p>We recommend that the AUASB reassesses the proposed wording to reconsider whether it is applicable in all situations and if not, determine whether changes are required to the wording or further guidance should be provided.</p> <ul style="list-style-type: none"> The second part of the section reads as follows: <i>“When as a result of this enquiry or other review procedures, we become aware of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern:</i> <p><i>(a) we enquire of those charged with governance as to their plans for future actions based on their going concern assessment, the feasibility of these plans, and whether they believe that the outcome of these plans will improve the situation; and</i></p> <p><i>(b) we consider the adequacy of the disclosure about such matters in the financial report.”</i></p> <p>Unlike the auditor’s responsibilities section of the auditor’s report under ASA 700, the proposed wording doesn’t extend to include reference to the situation whereby the outcome of parts (a) and (b) as per above are insufficient or inadequate, and the auditor would modify their conclusion.</p> <p>We recommend that the AUASB reassesses the proposed wording to reconsider whether it is applicable to extend the wording to refer to the situation when a modified conclusion would apply, which aligns conceptually with the equivalent paragraph in the ASA 700 auditor’s report.</p>		

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		<p>We also specifically highlight that it is appropriate for management’s responsibilities for going concern to be consistent with that included in ASA 700 relating to audits of financial reports, whereas the auditor’s responsibilities for the review of a financial report are less onerous than for an audit and thus the wording in the auditor’s review report is different to that included in the auditor’s report as per ASA 700.</p> <p><u>CA ANZ</u></p> <p><u>Responsibilities of management for the financial report</u></p> <p>The terms “management” and “those charged with governance” appear to be used interchangeably and inconsistently at times throughout the ED. While it reflects that the roles are not always distinct, it may be confusing, so we recommend the board analyses the usage of these terms. In addition, other terms may be used, therefore the statement in paragraph 35, “The report shall use the term that is appropriate ... and need not refer specifically to “management”,” is key and may be highlighted in all relevant places (especially in the illustrative reports, by way of a footnote or otherwise) to the effect of “or other term that is appropriate.”</p> <p><u>Auditor’s responsibility for the review of the financial report</u></p> <p>See our responses below to the Addendum questions for our views on how the auditor’s responsibilities in relation to going concern are described.</p> <p><u>KPMG</u></p> <p>We agree with how the responsibilities of auditors and management are described in the auditor’s review report, including those relating to going concern.</p> <p>We ask the AUASB to consider allowing auditors to refer to a description of the relevant auditors responsibilities on a website of an appropriate authority, such as the AUASB website, consistent with the requirements of ASA 700.</p> <p>Refer to related comments on the specific questions raised in the Addendum to Explanatory Memorandum for ED 01/19 in Appendix 2 to this letter.</p>	<p>Yet to be considered</p> <p>Agree with ED 01/19 and no issues raised</p> <p>Refer to BMSP</p>	<p></p> <p>N</p>

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		<p><u>GT</u></p> <p>The responsibilities of management for the financial report are highlighted throughout the standard. We would request, however, that the AUASB reviews the usage of "Management" and "Those Charged With Governance" throughout the ED. Currently, these terms are interchanged throughout the standard. Please refer to our responses to the addendum question on the auditor’s responsibilities for the review of financial report.</p>	<p>Yet to be considered</p>	
		<p><u>PwC</u></p> <p>Yes, as this provides an additional level of consistency with the form of the audit report, whilst appropriately reflecting the requirements of ASRE 2410. Refer to question 12 & 13 for additional detail.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>Whilst the responsibilities of the auditor and management required to be included in the review report have been expanded relative to the extant standard in paragraph 37(d) and in the illustrative reports, we note that those responsibilities do not encompass all of the key matters for which the auditor is responsible. The additional responsibilities included in the proposed review report only incorporate the procedures the auditor is required to conduct in relation to going concern, as detailed in paragraph 19. By ignoring other key procedures, this creates an imbalance in the matters reported, potentially over-emphasising the procedures conducted in relation to going concern.</p> <p>We consider that the auditor’s responsibilities described in the review report could be more closely aligned with those detailed in the auditor’s report under ASA 700. For example, in addition to “making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures” (which addresses the procedures in para. 16), other key procedures in ASRE 2410 that should be described in the review report include:</p> <ul style="list-style-type: none"> • Understanding of the entity and its environment, including its internal control, sufficient to plan and conduct the engagement so as to be able to identify the types of potential material misstatements and consider the likelihood of their 	<p>Yet to be considered</p>	

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		<p>occurrence, and select the enquiries, analytical and other review procedures that will provide the auditor with a basis for their review conclusion (para. 13)</p> <ul style="list-style-type: none"> • Consideration of materiality, using professional judgement, when determining the nature, timing and extent of review procedures, and evaluating the effect of misstatements (para. 15) • Obtaining evidence that the financial report agrees or reconciles with the underlying accounting records. (para. 17) • When a matter comes to the auditor’s attention that leads the auditor to question whether a material adjustment should be made for the financial report to be prepared, in all material respects, in accordance with the applicable financial reporting framework, making additional enquiries or perform other procedures to enable the auditor to express a conclusion in the auditor’s review report. (para. 20) <p>This list may not be complete and would need further consideration in order to appropriately summarise the responsibilities reflected in ASRE 2410. By including all of the auditor’s key responsibilities in conducting a review in the review report, it puts the going concern procedures into context.</p> <p>In addition, we do not consider that procedures required on going concern are adequately reflected in the review report wording, as the report only reflects the procedures in paragraph 19, but fails to encapsulate the response to the outcome of those procedures in paragraphs 50-52. We consider that the wording used by the NZAuASB in its ED on NZ SRE 2410 explains what is done more clearly and clarifies the period considered and the risk that conditions may change, as well as aligning closely to ASA/NZ ISA 700 report wording. The words in ED NZ SRE 2410 are:</p> <p>“Based on the review procedures performed, we conclude whether anything has come to our attention that causes us to believe that the use of the going concern basis of accounting by [those charged with governance] is not appropriate and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If a matter comes to our attention that causes us to believe that a material uncertainty related to going concern exists, we are required to draw attention in our review report to the related disclosures in the [period] financial statements</p>		

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		<p>or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the procedures performed up to the date of the review report. However, future events or conditions may cause the entity to cease to continue as a going concern.”</p> <p>In addition, we consider that paragraph 19, which requires the auditor to “enquire whether those charged with governance have changed their assessment of the entity’s ability to continue as a going concern”, could be more clearly expressed. Even though it remains unchanged from the extant standard, we suggest the procedures could instead require the auditor to enquire about the basis for TCWG’s assessment of the entity’s ability to continue as a going concern.</p> <p>Finally, we question why “Those Charged with Governance” are not referred to in the review report examples. We suggest that Those Charged with Governance are added to title “the responsibilities of Management for the Financial Report” and the wording from example reports in ASA 700 be included: “Those charged with governance are responsible for overseeing the Entity’s financial reporting process.” Overall, we recommend consideration of whether the terms “those charged with governance” and “management” have been consistently applied throughout the standard.</p>		
		<p><u>BDO</u></p> <p>Please refer to the ‘Addendum questions’.</p>	Noted	N
		<p><u>EY</u></p> <p>We agree with the description of the responsibilities of management for the financial report, as described in the auditor’s review report.</p> <p>We believe the description of the auditor’s responsibilities, particularly in relation to going concern, as drafted in ED 01/19 reflects the requirement of paragraph 19 of the ED 01/19 but, it does not include the reporting responsibilities included within paragraph 50-52 of ED 01/19, which align to the auditor’s responsibilities on reporting under ASA 700.</p> <p>In specific consideration of the NZAuASB suggested wording of the description of the responsibility in respect of going concern, we believe:</p>	Noted on the suggested wordings	Y/N

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		<ul style="list-style-type: none"> • Considering the scope of proposed amendments of AuASB’s ED 01/19 and the equivalent NZAuASB ED are mainly to the reporting requirements and do not substantially change the work performed by auditors when performing review of a financial report, the auditor’s review report to, explicitly, state a responsibility to conclude on going concern basis inquiries, may be onerous on the practitioner. • The description in the NZAuASB draft: <i>“Based on the review procedures performed, we conclude on whether anything has come to our attention that causes us to believe that the use of the going concern basis of accounting by those charged with governance is not appropriate”</i> may seem to indicate a requirement to express a conclusion on the going concern basis of accounting in addition to the conclusion on the financial report in its entirety under ASRE 2410. <p>It could be argued that the current wording in AuASB’s ED 01/19 appears to place undue emphasis on the auditor’s responsibility to inquire of those charged with governance and lesser emphasis on the consideration of evidence gathered from other review procedures to become aware of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>We suggest the following changes to the description of the auditor’s responsibilities relating to going concern to reflect the considerations discussed above:</p> <p>“We make enquiries about whether those charged with governance have changed their assessment of the entity’s ability to continue as a going concern. When as a result of this enquiry or other <i>Based on the review procedures performed, including enquiries of those charged with governance, if we become aware of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern, we further enquire of those charged with governance as to their plans for future actions based on their going concern assessment, the feasibility of these plans, and whether they believe that the outcome of these plans will improve the situation. If a matter comes to our attention that causes us to believe that a material uncertainty related to going concern exists, we are required to draw attention in our review report to the</i></p>		

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p><i>related disclosures in the financial report or, if such disclosures are inadequate, to modify our conclusion. Our conclusion is based on the procedures performed up to the date of the review report, however future events or conditions may cause the entity to cease to continue as a going concern. we consider the adequacy of the disclosure about such matters in the financial report.</i></p>		
5	Do you consider that there are any further amendments required to be made to ASRE 2410?	<p><u>Deloitte</u></p> <p>Refer to Appendices 2 & 3 for our specific comments and recommendations.</p>	For Appendix 2, refer to “Comments received on Addendum to Explanatory Memorandum ED 01/19 below”, for Appendix 3, refer to “Other comments yet to be addressed” below.	N
		<p><u>CA ANZ</u></p> <p>It is not clear what “adequate disclosure” would be in an interim financial report when there is a material uncertainty relating to an event or condition that casts significant doubt on the entity’s ability to continue as a going concern. In contrast, paragraph 19 of ASA 570 prescribes four specific disclosure requirements for annual financial statements that are subject to audit:</p> <ul style="list-style-type: none"> • The principal events or conditions that may cast doubt on the entity’s ability to continue as a going concern; • Management’s plans for dealing with these events or conditions; 	Not in scope of this project.	

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<ul style="list-style-type: none"> That there is a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern; and That, therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. 		
		<p><u>GT</u></p> <p>ASA 570 currently provides specific procedures in relation to suggested audit procedures to be undertaken where there exists a material uncertainty related to going concern. These audit procedures would be beneficial to also add to ASRE 2410. The procedures we would welcome being brought into the standards include:</p> <ul style="list-style-type: none"> - an update on management’s assessment of going concern from the year end audit; - evaluation of management’s plans for future actions; - analysis of the cash flow forecast; - consideration of additional information that has come to light during the course of the review; and - management representations where appropriate. 	<p>Outside scope of this project.</p>	
		<p><u>PwC</u></p> <p>None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>We recommend that:</p> <ul style="list-style-type: none"> “auditor of the entity” is defined to clarify that it means the auditor of the entity’s annual financial report, 	<p>Out of scope</p>	

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		<ul style="list-style-type: none"> the titles of the illustrative review reports in Appendix 4 are simplified to be consistent with ASA 700. For example: “Unmodified Auditor’s Review Report on a Financial Report, Financial Report Prepared in Accordance with a Financial Reporting Framework Designed to Achieve Fair Presentation” could be simplified to “Example Review Report, Unmodified, Single Entity, (Fair Presentation Framework)”. Consideration could also be given to mirroring the examples provided in ASA 700 and ASA 705, so it is clear which is the equivalent review report, and reference is made to ASA 570 as guidance when reviewing management’s assessment of the entity’s ability to continue as a going concern and determining the adequacy of disclosure of a material uncertainty in relation to going concern. 		
		<p><u>BDO</u></p> <p>No, not currently. Consideration has been given to ‘Other Information’ in a review context, but we agree that it is not appropriate to include a section on Other Information in a review report. Similarly, we support the exclusion of Key Audit (Review) Matters for review engagements.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>EY</u></p> <p>We believe , paragraph 23 of ED 01/19 should include requirements for obtaining written representations from management and, where appropriate, from those charged with governance, regarding their plans for future actions and the feasibility of these plans and appropriately reference the requirements to paragraph 16(e) of ASA 570 on <i>Going Concern</i>.</p>	<p>Yet to be considered</p>	
<p>6</p>	<p>Do you agree with the proposed effective date? If not, please explain why not.</p>	<p><u>Deloitte</u></p> <p>We believe that there would be a sufficient timeframe for stakeholders to implement changes relating to ED 01/19 if the updated ASRE 2410 standard is released by the end of this calendar year.</p>	<p>Illustrative reports and engagement letters not mandatory.</p>	

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p>We note that illustrative auditor’s review reports are included as appendices to engagement letters, and for financial periods commencing 1 January 2020, these would typically be issued to clients in the first half of 2020. If the updated ASRE 2410 standard is not issued by the AUASB until 2020, then it may not allow sufficient time for firms to adapt processes and templates and issue appropriate internal communications and guidance to allow for the inclusion of illustrative review reports in accordance with the updated ASRE 2410 to be included as part of the engagement letters.</p>	<p>Effective date to be considered.</p>	
		<p><u>KPMG</u></p> <p>We support the proposed effective date of financial reporting periods commencing on or after 1 January 2020.</p> <p>We observe however that the majority of reviews of half-year financial reports prepared in accordance with Division 2, Part 2M.3 of the Corporations Act 2001 exhibit 31 December half-year period ends. Therefore, the proposed standard will not achieve its full impact in the Australian market until 31 December 2020. We ask the AUASB to consider whether a proposed effective date of financial reporting periods ending on or after 31 December 2019 is more suitable to meet its objectives in amending the standard.</p>	<p>Effective date to be considered.</p>	
		<p><u>GT</u></p> <p>We agree with the proposed effective date insofar as it brings into effect consistent presentation of auditor reports.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>PwC</u></p> <p>We agree with the proposed effective date of financial periods commencing on or after 1 January 2020, as the amendments are restricted mainly to the form of the review report and should not result in significant additional work effort.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>Whilst an effective date of periods commencing on or after 1 January 2020 provides a very short implementation period, we consider that the amendments do not change the fundamental work effort which currently should be undertaken. It largely impacts the</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p>report format and content which should not present much difficulty to implement. The revisions also reflect other existing requirements such as those in relation to NOCLAR, which need to be brought to the reviewer’s attention. Consequently, unless there is a significant delay in publishing the final standard, we agree with the effective date as drafted.</p>		
		<p><u>BDO</u> Yes, we agree with the proposed effective date.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>EY</u> We support the proposed effective date allowing an option for early adoption. In our view, considering the key amendments primarily intend on alignment of auditor’s review report in ED01/19 to the auditor’s report requirements in ASA 700, the key stakeholders including practitioners will benefit from early adoption of the amendments, for auditor’s review reports for the half year ending 31 December 2020, which would allow demonstrating consistency, to the extent relevant for a review engagement, to the most recently issued auditor’s report under ASA 700.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
<p>7</p>	<p>Have applicable laws and regulations been appropriately addressed in the proposed standard? Are there any references to relevant laws or regulations that have been omitted?</p>	<p><u>Deloitte</u> Nothing further to note.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>KPMG</u> Other than the matters covered at 5) above, we believe applicable laws and regulations have been appropriately addressed in the proposed standard and that no references to relevant laws or regulations have been omitted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>GT</u> We are not aware of any laws or regulations that have not been included or addressed in the proposed ED.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p><u>PwC</u> None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u> Yes, we consider that laws and regulations been appropriately addressed. We have not identified any omissions.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>BDO</u> We are not aware of any applicable laws and regulations that have been omitted from the proposed standard. We do not have any further specific comments at this point in time.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
<p>8</p>	<p>Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?</p>	<p><u>Deloitte</u> None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>KPMG</u> We do not believe any applicable laws or regulations prevent, impede or conflict with the proposed standard.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>GT</u> We are not aware of any laws or regulations that would prevent or impede the application of the proposed ED.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>PwC</u> None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u> We have not identified any such laws or regulations.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		<p><u>BDO</u></p> <p>We are not aware of any laws or regulations that may prevent or impede the application of ASRE 2410 or conflict with the proposed standard.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
9	<p>Are there any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?</p>	<p><u>Deloitte</u></p> <p>None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>KPMG</u></p> <p>Other than the matters covered at 1) above, we are not aware of any principles and practices considered appropriate in maintaining or improving audit quality in Australia that may impact the application of, or conflict with, the proposed standard.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>GT</u></p> <p>We are not aware of any principles or practices that would prevent or impede the application of the proposed ED.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>PwC</u></p> <p>None noted.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>We have not identified any such principles and practices.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>BDO</u></p> <p>In our view, there are no evident principles or practices that prevent, or impede, the application of the proposed standard, nor do we see any conflicts in that regard.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
10	What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the main changes to the requirements of this proposed standard? If significant costs are expected, the AUASB would like to understand: <p>a. Where these costs are likely to occur;</p> <p>b. The estimate extent of costs, in percentage terms (relative to audit fees); and</p> <p>c. Whether expected costs outweigh the benefits to the users of audit services?</p>	<u>Deloitte</u> None noted.	Agree with ED 01/19 and no issues raised	N
		<u>KPMG</u> We do not expect significant incremental costs to the business community arising from changes to the proposed standard. We would like to highlight the following additional costs we expect auditors to incur from compliance with the main changes to the requirements of this proposed standard. These costs, whilst not significant, are a result of deviating from our global audit methodology and associated guidance and include: localisation of our audit platform for review engagements in accordance with proposed ASRE 2410, local methodology and guidance customisation, and updates to management representation letter templates and review report templates. These deviations may cause confusion for auditors when working as component engagement teams on global Group audits and will require customised local learning for our auditors. We do not expect these anticipated costs to outweigh the benefits to the users of audit services.	Noted.	N
		<u>GT</u> We do not envisage any significant additional costs arising from the application of the proposed ED.	Agree with ED 01/19 and no issues raised	N
		<u>PwC</u> No significant additional costs expected as a result of the proposed amendments. There is significant benefit to be gained from consistency in the form of audit and review opinions.	Agree with ED 01/19 and no issues raised	N
		<u>CPA</u> We do not consider that the revised standard will have any significant cost implications.	Agree with ED 01/19 and no issues raised	N

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p><u>BDO</u></p> <p>Overall, we do not expect the costs to be significant as this is an enhancement rather than a significant change. Areas where firms will incur time include the updating of template suites, education of engagement teams and communications with clients on the key changes.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
11	<p>Are there any other significant public interest matters that stakeholders wish to raise?</p>	<p><u>Deloitte</u></p> <p>Nothing further to note.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CA ANZ</u></p> <p>We consider it in the public interest that the AUASB and NZAuASB reach agreement on the wording of the auditor’s responsibilities in relation to going concern in the interim review report.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>KPMG</u></p> <p>There are no other significant public interest matters that we wish to raise.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>GT</u></p> <p>Harmonisation between the IAASB standards and their equivalents ensures greater transparency and comparability for shareholders.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>PwC</u></p> <p>No additional matters to raise.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>We suggest that it is in the public interest for the AUASB and NZAuASB to issue ASRE 2410 and NZ SRE 2410, respectively, with consistent wording, including that of the review report, except where legislation specific to the jurisdiction is referenced.</p>	<p>Noted</p>	<p>N</p>

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		Editorial comment: The contents page(s) should include the titles of the appendices.		
		<u>BDO</u> None noted.	Agree with ED 01/19 and no issues raised	N
		<u>EY</u> We believe that all applicable laws and regulations have been appropriately addressed in the proposed ED 01/19. Furthermore, we are not aware of any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard. In our view, there are no additional significant costs to/ benefits arising from compliance with the main changes to the requirements of the proposed standard and there are no other significant public interest matters to raise.	Agree with ED 01/19 and no issues raised	N
Comments received on Addendum to Explanatory Memorandum ED 01/19				
1	Do you agree that the review report should include a description of the responsibility for the auditor in respect of going concern?	<u>Deloitte</u> As a follow on to our response to question 4 above, we agree with the inclusion in the review report of a description of the responsibility of the auditor specifically referring to going concern. We believe that the enhanced disclosures about the responsibilities of the auditor relating to going concern more directly highlight these responsibilities and are consistent with the approach adopted for auditor’s reports as per ASA 570 and ASA 700.	Agree with ED 01/19 and no issues raised	N
		<u>CA ANZ</u> Yes, provided the AUASB and NZAuASB reach consensus on such a description and provided it accurately describes the auditor’s responsibilities in respect of going concern.	Agree with ED 01/19 and no issues raised	N
		<u>KPMG</u>	Agree with ED 01/19 and no issues raised	N

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p>We agree that the auditor’s review report should include a description of the responsibility for the auditor in respect of going concern on the basis of:</p> <ul style="list-style-type: none"> • achieving greater “communicative value” for users via format and content alignment of the auditor’s review report to the auditor’s report; • closing any perceived expectation gap for users related to the auditors responsibilities in respect of going concern between audit and review engagements; and • corresponding with the responsibilities of management included in the auditor’s review report as included in Proposed ASRE 2410.35(b). 		
		<p><u>GT</u></p> <p>We would agree that a specific comment in relation to the auditor’s responsibilities would be beneficial to the users of the review report. We would also recommend that the AUASB and NZAuASB reach a consensus in relation to the two proposed paragraphs.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>PwC</u></p> <p>Yes, as this will not only improve the consistency with the format of the audit report, but also clarify for users of the report what the auditor’s responsibilities are in respect of going concern in a limited assurance engagement.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>CPA</u></p> <p>Yes, a description of that responsibility is appropriate if the other key responsibilities of the auditor in conducting a review of an interim financial report are also reflected. The statement describing the auditor’s responsibilities needs to be appropriately balanced so that no single responsibility is overemphasised.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>
		<p><u>BDO</u></p> <p>Yes, we agree that the review report should include a description of the auditor in respect of going concern. This is consistent with the enhanced disclosure updates made to ASA</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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		700 thus achieving further transparency and preventing any misunderstanding from users of financial reports.		
2	Do you agree with how the auditor’s responsibility has been described in ED 01/19? If so, why. If not, why not, with, if appropriate, specific reference to the NZAuASB suggested wording.	<p><u>Deloitte</u></p> <p>As per our response to question 4 above, we holistically agree with how the auditor’s responsibility has been described in ED 01/19 (both within the standard as well as the illustrative review report), however we do recommend that the AUASB reconsider two specific elements, being the expectation of a recurring engagement (and is this relevant for initial review engagements and/or non-listed entities) and reference to when a modified conclusion would be relevant.</p> <p>We believe that the suggested wording by the NZAuASB does not constitute a direct alternative to the wording proposed in ED 01/19, as the NZAuASB wording seems to closely align with that included in the auditor’s report under ASA 700, which does not automatically translate over to a review engagement that is less in scope than an audit. For example, the NZAuASB suggested wording provides a direct conclusion on the use of the going concern basis, however it doesn’t make reference to the specific (limited) procedures performed.</p> <p>In addition, the NZAuASB suggested wording ends with “However, future events or conditions may cause the entity to cease to continue as a going concern.” We don’t believe this is appropriate as it is extraneous for the circumstances of a review engagement, and it is out of context as there is no linkage to the date of the auditor’s review report (which is how it is structured in the auditor’s report under ASA 700).</p> <p>We acknowledge that the NZAuASB suggested wording does make reference to the situation where a modified conclusion may occur – this could be leveraged by the AUASB when considering our response to question 4 above.</p>	Refer to BMSP	N
		<p><u>CA ANZ</u></p> <p>We do not agree with how the auditor’s responsibility in relation to going concern has been described in the ED. Our reasons for this are as follows:</p>	To be considered with AUASB.	Y/N

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		<ul style="list-style-type: none"> • We question if procedures are analogous to responsibilities. We believe responsibilities are at a higher level and broader than procedures. • If taking a ‘procedural requirement’ approach, in our view just replicating paragraph 19 does not provide a complete list of requirements in relation to going concern. • Listing specific procedures may be inferred as long-form reporting which may cause confusion. • The absence of what the auditor is required to do if the outcome of said procedures indicates going concern issues leaves users to draw their own conclusions. <p>Given the importance of the underlying going concern assumption, we would expect there to be a separate section in the body of the standard that explicitly addresses the auditor’s responsibility in relation to going concern. In contrast there is a separate section for the “Auditor’s Responsibility for Other Information” (paragraphs 25-26), but the review report is silent about this. In our view it is this gap in ASRE 2410 that has resulted in the two boards arriving at different interpretations, and ideally this gap should be addressed in the first instance. The lack of clarity in this regard may pose a risk in terms of legal implications.</p> <p>Paragraph 16 of the ED requires the auditor to conduct various procedures “to enable the auditor to conclude whether, on the basis of the procedures performed, anything has come to the auditor’s attention that causes the auditor to believe that the financial report is not prepared, in all material respects, in accordance with the applicable financial reporting framework”. Most entities undergoing an interim review would have the going concern assumption as an integral part of their accounting framework (eg paragraph 25, AASB 101).</p> <p>We agree that an explicit conclusion on the appropriateness of the use of the going concern basis of accounting is not required in the review report itself. However, the appropriateness of the use of the going concern basis of accounting, the existence of a material uncertainty and whether or not this is adequately disclosed in the financial report, impacts on the type of conclusion the auditor expresses (paragraphs 50-52 of the ED).</p>		

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		<p>This therefore implies the auditor must be required to evaluate these aspects and form a view in order to issue the review report.</p> <p>In a review engagement by an assurance practitioner who is not the auditor of the entity, when the assurance practitioner becomes aware of events or conditions that may cast significant doubt about the entity’s ability to continue as a going concern, the assurance practitioner is required to “conclude whether the financial statements are materially misstated, or are otherwise misleading regarding the entity’s ability to continue as a going concern” (paragraph 54, ASRE 2400). We believe it would be reasonable for users to expect the same work effort around going concern for an interim review conducted by the auditor</p> <p>We encourage the board to consider if there is value in clarifying in the review report:</p> <ul style="list-style-type: none"> • What the auditor does not conclude on regarding going concern (eg confirming the future viability of the entity); • That going concern remains an assumption by management about the foreseeable future and that assurance cannot be placed on future events; and • That the going concern assumption is an area of significant judgement by both management and auditor. <p>On this basis we believe the NZAuASB’s proposed option for the description more closely reflects the auditor’s responsibility in relation to going concern.</p>	<p>ASRE 2400 is different as the assurance practitioner has not completed a recent audit.</p>	<p>N</p>
		<p><u>KPMG</u></p> <p>We agree with how the auditor’s responsibility has been described in ED 01/19, which aligns to the relevant requirements of the auditor with respect to going concern under the proposed ASRE 2410 standard.</p> <p>In contrast, the auditor’s responsibility described in the NZAuASB suggested wording expands the auditor’s obligations with respect to going concern for review engagements.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p>Specifically, concluding on the appropriateness of management’s use of the going concern basis of accounting, is greater than the requirement in Proposed ASRE 2410.19.</p> <p>We consider it important for the AUASB to work with the NZAuASB to achieve convergence between Proposed ASRE 2410 and NZ SRE 2410.</p> <p>We would like to highlight the undue prominence to the auditor’s responsibilities with respect to going concern under Proposed ASRE 2410 review report in comparison to the overall length of the report. As outlined in section 4 above, we suggest the AuASB consider allowing auditors to refer to a description of the relevant auditors responsibilities on a website of an appropriate authority, such as the AUASB website, consistent with the requirements of ASA 700.</p>		
		<p><u>GT</u></p> <p>We acknowledge that there is currently an expectation gap in relation to the auditor’s responsibilities in relation to going concern.</p> <p>On review of both the AUASB and NZAuASB auditors’ responsibility paragraphs, we note there is a difference in inference – the procedures explicit in the NZAuASB auditor’s responsibility paragraph address these further than the proposed AUASB paragraphs.</p> <p>In addition an explicit statement referring to Management and Those Charged with Governance’s Conclusion assessment of going concern would also benefit the reader, however this would fall under an amendment to AASB 101, which is outside the scope of this ED.</p> <p>We agree that an explicit statement concluding on the appropriateness of the going concern basis of accounting within the review report is not required, as this is an implicit understanding of the framework.</p>	<p>Agree with ED 01/19, no conclusion but further detail on implications on review report of a Material Uncertainty Relating to Going Concern.</p>	<p>N</p>
		<p><u>PwC</u></p> <p>We agree with the way the auditor’s responsibility in relation to going concern has been described in ED 01/19 for the following reasons:</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p>i. It is important to differentiate between the requirements of a limited assurance engagement versus that of a reasonable assurance engagement;</p> <p>ii. We do not believe there is a compelling reason to revise the current requirement included in ASRE 2410 in relation to the auditor’s responsibilities in respect of going concern, which is consistent with ISRE 2410, or to amend the specific review procedures required to expand the requirements beyond what is required by the International standard.</p> <p>iii. The wording in the review report needs to be consistent with the requirement in the standard.</p> <p>However, it would not be desirable for the Australian standard to be inconsistent with the New Zealand standard in this instance and we would encourage the AUASB and NZAuASB to work towards resolving the difference. For the above mentioned reasons, our strong preference is to remain consistent with the requirements of ISRE 2410.</p>		
		<p><u>CPA</u></p> <p>We consider that the auditor’s responsibilities need to include the other key responsibilities of the auditor in conducting a review engagement, not solely those relating to going concern, as explained in answer to question 4 above. In addition, we consider that the NZAuAB’s suggested wording in ED NZ SRE 2410 on the responsibilities in relation to the going concern stands alone better than that in ED 01/19, as it does not include the detailed procedures conducted but is more complete in explaining the outcome of the procedures and relevant limitations.</p>	<p>To be considered with AUASB.</p>	
		<p><u>BDO</u></p> <p>Yes, on balance, we agree with the wording in ED 01/19 but consider the last sentence of NZAuASB suggested wording as also appropriate to consider for inclusion.</p> <p>The suggested wording put forward by the AUASB taken directly from paragraph 19 of extant ASRE 2410 achieves consistency with the requirements of ASRE 2410 and we support the AUASBs desire not to move ahead of the IAASB on this matter. We do see some limitations of this wording, however. Simply listing the procedures may not be the</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

Item No.	Question	Respondent Comment	ATG Commentary	Change to be made to Doc? Y/N
		<p>most effective way of communicating the auditor’s responsibility for going concern. In addition, this list of procedures may be considered incomplete.</p> <p>The alternative wording suggested by NZAuASB seems to go further to include elements of ISA (NZ) 700 and explains why the auditor is undertaking these procedures in order to meet investor expectations of the auditor’s responsibilities. Whilst we recognise the objective of what is trying to be achieved, we do not think this suggested wording is appropriate for a review report and may actually cloud users’ expectations as to what auditors are required to do for a review engagement as opposed to an audit.</p> <p>As noted above, however, we agree with the final sentence of the suggested wording, which reemphasises the fact that, outside of auditor’s responsibilities, future events or conditions, may still cause the entity to cease to continue as a going concern.</p> <p>For the purposes of this ED, we agree with the wording suggested by AUASB and inclusion of the final sentence suggested by NZAuASB being ‘<i>However, future events or conditions may cause the entity to cease to continue as a going concern.</i>’ We also support any future projects to revisit the wording of the underlying procedures and responsibilities with respect to going concern in a review engagement.</p>		
		<p>Please refer to Question 4 for responses from EY.</p>	<p>Agree with ED 01/19 and no issues raised</p>	<p>N</p>

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EXHIBIT 2: Other comments yet to be addressed

The comments received in the appendices of the submissions to AUASB are tabled below. These comments are not related to any questions raised in ED 01/19.

Deloitte Touche Tohmatsu

ED 01/19 Paragraph	Comment
Points noted with respect to inconsistencies:	
11(a) and A8(c)(i) Reference to presentation or fair presentation	Paragraph 11(a) refers to “...for the preparation and presentation of the financial report” whereas the supporting guidance paragraph A8 (c)(i) refers to the term “...where relevant their fair presentation”.
19, 19(a), 37(d) and 37(d)(i) Responsibilities for going concern	Paragraphs 19 and 19(a) refer to “those charged with governance” when making enquiries, however paragraphs 37(d) and 37(d)(i) refer to “management” when referring to the enquiries within the Auditor’s Responsibilities section of the auditor’s review report.
30(c), 33 and A53 Conformity with International Standards on Review Engagements – Paragraph 1 (last bullet point) Reference to “auditor’s review report”	To be consistent with updates to the rest of the standard: <ul style="list-style-type: none"> • within paragraph 33 the words “auditor’s review” should be included before “report”; and • For the other paragraphs the word “auditor’s” should be included before “review report”.
33(e)(i) Reference to “half-year financial report”	The word “half-year” should be included before “financial report” within the middle of this sub paragraph (as it is referring to a financial report prepared in accordance with the <i>Corporations Act 2001</i>).
41 Reference to “a basis for modification paragraph”	Reference to “a basis for modification paragraph” has been updated in the second sentence to refer to “in the Basis for Qualified Conclusion or Basis for Adverse Conclusion section of the report.” We recommend that this change is also carried through into the last sentence which still currently refers to “basis for the modification paragraph.”
53 and 55 Emphasis of matter and other matter paragraphs	Within paragraph 53, we recommend that the wording of “The auditor shall consider adding an Emphasis of Matter paragraph...” be replaced with “The auditor shall consider including an Emphasis of Matter paragraph in the auditor’s review report...”. Within paragraph 55, we recommend that the wording of “The auditor shall consider adding an Other Matter paragraph...” be replaced with “The auditor shall consider including an Other Matter paragraph...”.
A48	This paragraph currently references to the “Basis for Qualified Conclusion paragraph to the auditor’s review report” and we suggest that “paragraph to” be replaced with it “section of”.
Grammatical points noted:	
30	Based on the proposed changes to this paragraph, it currently reads as follows: “When, as a result of performing the review of a financial report, a matter comes to the auditor’s attention that indicates the existence of

	<p><i>fraud or non-compliance with laws and regulations or suspected fraud or non-compliance with laws and regulations, has occurred at the entity, the auditor shall:</i>"</p> <p>We recommend that a comma is placed after the first reference to "laws and regulations" and that the reference to "has occurred at the entity" is removed, thus it would read as follows: <i>"...the existence of fraud or non-compliance with laws and regulations, or suspected fraud or non-compliance with laws and regulations, the auditor shall:"</i>.</p>
30(a)	We suggest that the word " <i>shall</i> " is extraneous in this context as the lead in sentence ends with the word " <i>shall</i> " and propose that it be removed, so that it reads: " <i>...and consider the implications...</i> ".
33(e)(i), 33(e)(ii) and 33(e)(iii)	Given that the lead in sentence in paragraph 33 refers to: " <i>The Conclusion section of the report shall:</i> " and the lead in sentence in paragraph 33(e) refers to: " <i>Include a conclusion:</i> ", then we recommend removing the phrase " <i>the auditor's review report shall include a conclusion</i> " for each of these sub-paragraphs.
33(e)(i)	The word " <i>has</i> " needs to be included prior to " <i>...become aware of any matter...</i> ", so that it reads: " <i>...whether the auditor has become aware of any matter...</i> ".
35	The sentence in this paragraph currently reads as follows: <i>"In some jurisdictions, and the appropriate reference may be to those charged with governance."</i> The comma and the word " <i>and</i> " should be removed so it reads: " <i>In some jurisdictions the appropriate reference...</i> ".
39(c)	Reference to ASA 705 should not be a separate bullet point, as this would then be read as a follow on from the lead in sentence. We suggest that this sub paragraph come directly under paragraph (b) with no separate bullet point and thus "(c)" should be removed.
41	Reference to " <i>states</i> " in the second sentence, should be changed to " <i>state</i> ".
50	We suggest the sub-heading be reworded to be as follows: " <i>Material Uncertainty Exists Related to Going Concern</i> ".
54(b)	The last sentence currently refers to " <i>disclosed on the financial report</i> ". We believe that " <i>on</i> " should be replaced with " <i>in</i> ".
Other points noted:	
29(c)	We note that due to the removal of the reference to paragraph Aus A36.1 from the extant ASRE 2410, the remaining reference is only to paragraph A57 which provides guidance specifically for public sector auditors.
32(a)	We suggest that there is duplication of reference to the "auditor" in the requirement to have " <i>An appropriate title clearly identifying it as an auditor's review report of the independent auditor of the entity</i> ". We note that the title used in the illustrative reports in Appendix 3 is " <i>Independent Auditor's Review Report</i> ".
37(d)	This should refer to " <i>enquiry and other review procedures</i> ", instead of " <i>enquiry or other review procedures</i> ", in order to use the correct wording and to align with the wording used in the illustrative reports in Appendix 3.
38(c) - footnote	Reference to " <i>auditors</i> " within footnote 5 should be replaced with " <i>auditor's</i> ".

39(c)	We suggest that the wording be updated to include “guidance as to appropriate”, so it would then read as follows: “Refer to ASA 705...for guidance as to appropriate wording to use...”.
40(b)	We suggest a change from “matter” to “matter(s)”.
47	This paragraph states: “When the auditor disclaims a conclusion on the financial report, the auditor shall not include the elements required by paragraph 34(b)”. Paragraph 34 (b) states: [The report shall include a section directly following the Conclusion section, with the heading “Basis for Conclusion”, that:] “Refers to the section of the auditor’s review report that describes the auditor’s responsibilities; and”. Is the reference to paragraph 34(b) correct? Should this instead refer to paragraph 34(a) where it refers to the statement that a review was conducted?
48	The “s” on the word “descriptions” should be removed so that it reads: “description of the auditor’s responsibilities”.
48(a) and A48	Based on the current wording within these paragraphs, in circumstances when the report will be modified, reference is to be made that the review was conducted “in accordance with this Auditing Standard”. We read this as meaning that this exact wording would be stated in the review report. We recommend that reference to “this Auditing Standard” be replaced with the name of the standard, and thus refer to “ASRE 2410 Review of a Financial Report Performed by the Auditor of the Entity” explicitly.
50 and A41A	We recommend that the order of sections within the review report be stipulated so this is clear and is applied consistently (and is also consistent with ASA 700). This is particularly relevant for situations where a material uncertainty exists related to going concern and an additional paragraph will be included within the auditor’s review report. This could be achieved by either adding specific wording into this paragraph, or by expanding one of the illustrative reports in Appendix 3 to include the material uncertainty related to going concern paragraph.
A12	We highlight that the reference to “financial report components” is unclear and could be misconstrued, and we also note that this wording is not used in ASA 600. We recommend that this wording be updated to “financial information of the component” and then reference to “reports” later in the sentence be updated to “financial information”.
A36	We suggest the following changes (in bold) to this paragraph as follows: <ul style="list-style-type: none"> - First sentence: “An auditor conducting a review engagement under this auditing standard is not required to...”. - Second sentence: “ASA 720 requires the auditor to read...”. - Fifth sentence: “If an amendment to...and describe the material misstatement.”
A38	We believe that the reference to “under paragraph 44” should be paragraph 56 instead. In addition, we suggest that the linking reference at the end “(Ref: Para. 28)” should also refer to paragraph 30.
A41A	We suggest that the linking reference in the sub-title “(Ref: Para. 32)” should also refer to paragraph 33.

<p>Appendix 2 Illustrative Detailed Procedures</p>	<p>We note that conforming amendments relating to NOCLAR were incorporated into paragraph 30 of ED 01/19, however there are no proposed changes to Appendix 2. We note that the only reference relating to NOCLAR in Appendix 2 is paragraph 6(h) which states “[Enquire of persons responsible for financial reporting about the following:] Knowledge of any actual or possible significant non-compliance with laws and regulations.”</p> <p>We recommend that the AUASB reconsiders whether the detailed procedures relating to NOCLAR within Appendix 2 should be updated and/or expanded to align with the proposed amendments to the standard.</p>
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Reference	Observation	Comments
General observation - Proposed ASRE 2410	Removal of “Independent” from the title of proposed ASRE 2410 and at various places throughout the proposed standard.	<ul style="list-style-type: none"> An auditor is required to be independent and therefore there is no perceived additional value from removing the word “Independent” from the proposed standard. The change is inconsistent with ISRE 2410 and naming of other Australian Auditing Standards e.g. ASA 200 <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards</i>.
ASRE 2400, including ASRE 2400.88	Requirements/guidance for auditors on special purpose frameworks and use of the special purpose EOM paragraph.	<ul style="list-style-type: none"> There is an opportunity to create clarity for auditors in ASRE 2410 related to review engagements on financial reports prepared in accordance with special purpose frameworks in particular with compliance frameworks now being considered within the scope of the standard.
Proposed ASRE 2410.23(f)	Uses inconsistent language with related ASA 250.17.	<ul style="list-style-type: none"> “identified” (ASRE 2410) vs. “known” (ASA 250).
Proposed ASRE 2410.33(d)	Inconsistent with related paragraph in ASA 700.24(d).	<ul style="list-style-type: none"> Inclusion of “and other explanatory information” in ASRE 2410.33(d) is inconsistent with ASA 700.24(d). We note, however, this is consistent with the definition of AASB 101.10(e).
Proposed ASRE 2410.33(e)(i)	Grammatical error	<ul style="list-style-type: none"> “become” should say “became”
Proposed ASRE 2410.A50	Reference to EOM paragraph in proposed ASRE 2410.A50 however could reasonably be an EOM or MURGC.	<ul style="list-style-type: none"> We consider the required edits as follows, <i>The auditor may have alerted users to the to the existence of a material uncertainty relating to an event or condition that casts significant doubt on the entity’s ability to continue as a going concern by adding an emphasis of matter paragraph or [Material Uncertainty Related to Going Concern] to a prior audit or auditor’s review report”</i>
Proposed ASRE Example reports, “Report on the Financial Report” heading.	Missing footnote for “Report on the Financial Report”.	<ul style="list-style-type: none"> Other auditing standards include a footnote for the appropriate use of this heading e.g. <i>The sub-title Report on the [Half-Year] Financial Report is unnecessary in circumstances when the second sub-title —Report</i>

		<i>on Other Legal and Regulatory Requirements is not applicable.</i>
Proposed ASRE Example reports, under “Conclusion” heading.	Inconsistencies with ASA 700 and the requirements of Proposed ASRE 2410.	<p><u><i>Inconsistencies with ASA 700:</i></u></p> <ul style="list-style-type: none"> • <i>Reference to the “Accompanying Financial Report” in ASA 700 is in the opinion rather than in the introductory sentence “We have audited the financial report. Proposed ASRE 2410 still references “We have reviewed the “accompanying” financial report.</i> <p><u><i>Inconsistencies with proposed ASRE 2410</i></u></p> <ul style="list-style-type: none"> • <i>“Based on our review, which is not an audit” appears in the example reports but not included in the required elements of the auditor’s review report.</i>
Proposed ASRE Example reports, under “Basis for conclusion” heading.	Inconsistencies with ASA 700 and the requirements of Proposed ASRE 2410.	<p><u><i>Inconsistencies with ASA 700:</i></u></p> <ul style="list-style-type: none"> • <i>Proposed ASRE 2410 refers to “the [auditor independence] requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia” whereas ASA 700 refers to “the [ethical] requirements”.</i> • <i>No equivalent reference to “We believe that the [audit] evidence we have obtained is sufficient and appropriate to provide a basis for our opinion/[conclusion].</i> <p><u><i>Inconsistencies with proposed ASRE 2410</i></u></p> <p><i>Example reports B and E in Proposed ASRE 2410 incorrectly refer to “the auditor independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our review of the financial report in Australia.”</i></p> <p><i>Proposed ASRE 2410.34(c) requires reference to “the relevant ethical</i></p>
	Reference to the Accounting Professional and Ethical Standards Board’s “APES 110 Code of Ethics for	

	<i>Professional Accountants (the Code).</i>	<i>requirements relating to the <u>audit</u> of the annual financial report”.</i> Title of “the Code” will change effective 1 January 2020 to “APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> supersedes the Code effective 1 January 2020”. This should be reflected in the Example reports.
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EXHIBIT 3: Other comments raised in the cover letters

Respondent Comment	ATG Commentary
<p>CPA Australia</p> <p>CPA Australia supports the revision of ASRE 2410 in the absence of any project at the International Auditing and Assurance Standards Board to revise ISRS 2410. In particular, we support the scope of the revisions to reflect the current auditor’s report format and content, and the outcomes of the IAASB’s project regarding non-compliance with laws and regulation (NOCLAR). We consider that it will be helpful to both auditors and users of financial reports for the language, scope and format of the interim review report prepared by the auditor of the entity to be consistent with the auditor’s report issued at year end.</p> <p>However, to this end, we suggest that the alignment of the review report wording in revised ASRE 2410 could be much closer to the audit report wording in ASA 700, particularly with respect to the nature and breadth of the procedures covered in the auditor’s responsibilities. The responsibilities, included in the auditor’s report in revised ASRE 2410, focus on procedures related to going concern but omit references to other core procedures. Consequently, the report is arguably unbalanced in reflecting the key responsibilities of the auditor when conducting a review engagement. In addition, we consider that the applicable requirements in APES 110 Code of Ethics for Professional Accountants with respect to NOCLAR, for reviews conducted by the auditor, need to be identified and better reflected in ASRE 2410.</p>	<p>Noted.</p>

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