

The Chairman  
Auditing and Assurance Standards Board  
PO Box 204  
Collins Street West  
MELBOURNE VIC 8007

8 March 2017

Dear Ms Kelsall

**Exposure Draft ED 05-16 Proposed Auditing Standard ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* ("ED 05/16")**

Ernst & Young Australia welcomes the opportunity to offer its views on the exposure draft Proposed Auditing Standard ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report*, issued by the Auditing and Assurance Standards Board (AUASB).

We fully support the proposed amendments outlined in ED 05/16 which arise from changes made by the International Auditing and Assurance Board to ISA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report*. These changes are aimed at addressing auditor responsibilities in considering the impact of non-compliance of relevant laws and regulations by an entity. We believe that the auditing and assurance standards in Australia should be closely aligned to and consistent as possible with its international equivalents.

**Our views on the AUASB's Specific Questions in relation to ED 05/16**

- 1. *Have applicable laws and regulations been appropriately addressed in the proposed standard?***
- 2. *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?***

The proposed standard requires the auditor to discuss any identified or suspected non-compliance with laws and regulations with management (paragraph 20) and communicate such matters to those charged with governance (paragraph 23) unless prohibited by law or regulation. We note that, under Section 1317 of the Corporations Act, there are prohibitions on auditor's discussing matters that have been brought to their attention by a whistle blower. These provisions are designed to avoid disclosure of the identity of a whistle blower.

We recommend an Australian specific requirement or guidance be added to the proposed standard to draw direct attention to these provisions to ensure that an auditor gives due consideration to it prior to discussing or communicating any identified or suspected non-compliance with laws and regulations which came to the auditor's attention by a whistle blower.

- 3. *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 there are significant costs, do these outweigh the benefits to the users of audit services?***
- 4. *Are there any other significant public interest matters that constituents wish to raise?***

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.

We welcome the opportunity to contribute to the improvement of Auditing and Assurance Standards that will continue to drive the quality and consistency of such services in Australia. We would be pleased to discuss our comments with members of the Auditing and Assurance Standards Board and its staff. Should you wish to do so, please contact myself on 02 8295 6882.

Yours sincerely



Kathy Parsons  
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Ernst & Young