

ASA 2022-1
(April 2022)

Auditing Standard ASA 2022-1
Amendments to Australian Auditing Standards

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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PREFACE

Reasons for Issuing ASA 2022-1

The AUASB issues Auditing Standard ASA 2022-1 *Amendments to Australian Auditing Standards* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a non-corporate Commonwealth entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

Main Features

This Auditing Standard makes amendments to the requirements and application & other explanatory material and appendices of the following Auditing Standards:

- | | |
|---------|---|
| ASQM 1 | <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (Issued March 2021) |
| ASQM 2 | <i>Engagement Quality Reviews</i> (Issued March 2021) |
| ASA 220 | <i>Quality Management for an Audit of a Financial Report and Other Historical Financial Information</i> (Issued March 2021) |
| ASA 230 | <i>Audit Documentation</i> (Issued October 2009 and amended to March 2021) |
| ASA 240 | <i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</i> (Issued October 2009 and amended to November 2021) |
| ASA 250 | <i>Consideration of Laws and Regulations in an Audit of a Financial Report</i> (Issued May 2017 and amended to March 2021) |
| ASA 260 | <i>Communication With Those Charged With Governance</i> (Issued December 2015 and amended to March 2021) |
| ASA 300 | <i>Planning an Audit of a Financial Report</i> (Issued October 2009 and amended to March 2021) |
| ASA 315 | <i>Identifying and Assessing the Risks of Material Misstatement</i> (Issued February 2020 and amended to March 2021) |
| ASA 320 | <i>Materiality in Planning and Performing an Audit</i> (Issued October 2009 and amended to March 2020) |
| ASA 402 | <i>Auditing Considerations Relating to an Entity Using a Service Organisation</i> (Issued October 2009 and amended to March 2020) |
| ASA 501 | <i>Audit Evidence—Specific Considerations for Inventory and Segment Information</i> (Issued October 2009 and amended to March 2020) |
| ASA 550 | <i>Related Parties</i> (Issued October 2009 and amended to November 2021) |

Auditing Standard ASA 2022-1
Amendments to Australian Auditing Standards

- ASA 610 *Using the Work of Internal Auditors* (Issued November 2013 and amended to November 2021)
- ASA 700 *Forming an Opinion and Reporting on a Financial Report* (Issued December 2015 and amended to September 2021)
- ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* (Issued December 2015 and amended to March 2021)
- ASA 705 *Modifications to the Opinion in the Independent Auditor's Report* (Issued December 2015 and amended to June 2020)
- ASA 720 *The Auditor's Responsibilities Relating to Other Information* (Issued December 2015 and amended to March 2021)

The amendments arise from changes made by the International Auditing and Assurance Standards Board (IAASB) to ISA 600 (Revised) *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*. Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the International Standards on Auditing (ISAs) and to make appropriate consequential amendments to the Australian Auditing Standards.

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 2022-1 *Amendments to Australian Auditing Standards* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

Dated: 27 April 2022

W R Edge
Chair - AUASB

Conformity with International Standards on Auditing

This Auditing Standard has been made for Australian legislative purposes and accordingly there is no equivalent International Standard on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

AUDITING STANDARD ASA 2022-1

Amendments to Australian Auditing Standards

Application

1. This Auditing Standard applies to:
 - an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
 - an audit of a financial report, or a complete set of financial statements, for any other purpose.
2. This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

3. This Auditing Standard is operative for financial reporting periods commencing on or after 15 December 2023.

Introduction

Scope of this Auditing Standard

4. This Auditing Standard makes amendments to Australian Auditing Standards. The amendments arise from consequential and conforming changes arising from the issuance of *ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*.

Objective

5. The objective of this Auditing Standard is to make amendments to the following Auditing Standards:
 - (a) *ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* (Issued March 2021)
 - (b) *ASQM 2 Engagement Quality Reviews* (Issued March 2021)
 - (c) *ASA 220 Quality Management for an Audit of a Financial Report and Other Historical Financial Information* (Issued March 2021)
 - (d) *ASA 230 Audit Documentation* (Issued October 2009 and amended to March 2021)
 - (e) *ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* (Issued October 2009 and amended to November 2021)
 - (f) *ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report* (Issued May 2017 and amended to March 2021)
 - (g) *ASA 260 Communication With Those Charged With Governance* (Issued December 2015 and amended to March 2021)
 - (h) *ASA 300 Planning an Audit of a Financial Report* (Issued October 2009 and amended to March 2021)

- (i) *ASA 315 Identifying and Assessing the Risks of Material Misstatement* (Issued February 2020 and amended to March 2021)
- (j) *ASA 320 Materiality in Planning and Performing an Audit* (Issued October 2009 and amended to March 2020)
- (k) *ASA 402 Auditing Considerations Relating to an Entity Using a Service Organisation* (Issued October 2009 and amended to March 2020)
- (l) *ASA 501 Audit Evidence—Specific Considerations for Inventory and Segment Information* (Issued October 2009 and amended to March 2020)
- (m) *ASA 550 Related Parties* (Issued October 2009 and amended to November 2021)
- (n) *ASA 610 Using the Work of Internal Auditors* (Issued November 2013 and amended to November 2021)
- (o) *ASA 700 Forming an Opinion and Reporting on a Financial Report* (Issued December 2015 and amended to September 2021)
- (p) *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report* (Issued December 2015 and amended to March 2021)
- (q) *ASA 705 Modifications to the Opinion in the Independent Auditor's Report* (Issued December 2015 and amended to June 2020)
- (r) *ASA 720 The Auditor's Responsibilities Relating to Other Information* (Issued December 2015 and amended to March 2021)

Definition

6. For the purposes of this Auditing Standard, the meanings of terms are set out in each Auditing Standard and in the *AUASB Glossary*. This Auditing Standard does not introduce new definitions.

Amendments to Auditing Standards

7. Where relevant, this Standard uses underlining, striking out and other typographical material to identify the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.
8. Where this amending standard inserts or deletes a paragraph or footnote, as a result of that insertion or deletion relevant paragraph numbers, cross-references and footnotes are updated.

Amendments to ASQM 1

9. Existing footnote 17 in paragraph Aus A96.1 is amended to read as follows:
- See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*, paragraph ~~2649~~.
10. Existing sixth bullet point of paragraph A112 is amended to read as follows:
- The Group engagement teams auditor communicates matters to component auditors in accordance with the firm's policies or procedures, including matters related to quality management at the engagement level.

Amendments to ASQM 2

11. Existing paragraph A32 is amended to read as follows:

The performance of an engagement quality review for an audit of a group financial report may involve additional considerations for the individual appointed as the engagement quality reviewer for the group audit, depending on the size and complexity of the group. Paragraph 21(a) requires the firm's policies or procedures to require the engagement quality reviewer to take overall responsibility for the performance of the engagement quality review. In doing so, for larger and more complex group audits, the group engagement quality reviewer may need to discuss significant matters and significant judgements with key members of the engagement team other than the group engagement team auditor (e.g., ~~those responsible for performing audit procedures on the financial information of a component auditor~~). In these circumstances, the engagement quality reviewer may be assisted by individuals in accordance with paragraph 20. The guidance in paragraph A22 may be helpful when the engagement quality reviewer for the group audit is using assistants.

Amendments to ASA 220

12. The following paragraph A22 is inserted following existing paragraph Aus A21.1 of this Auditing Standard:

[Deleted by the AUASB].

13. Existing paragraph A24 is amended to read as follows:

In particular, the firm's policies or procedures may require the firm or the engagement partner to take different actions from those applicable to personnel when obtaining an understanding of whether an individual from another firm:

- Has the appropriate competence and capabilities to perform the audit engagement. For example, the individual would not be subject to the firm's recruitment and training processes and therefore the firm's policies or procedures may state that this determination can be made through other actions such as obtaining information from the other firm or a licensing or registration body. Paragraphs ~~2619~~ and ~~A59–A64~~A38 of ASA 600 contain guidance on obtaining an understanding of the competence and capabilities of component auditors.

14. Existing paragraph A25 is amended to read as follows:

When firm policies or procedures require specific activities to be undertaken in certain circumstances (e.g., consultation on a particular matter), it may be necessary for the firm's related policies or procedures to be communicated to individuals who are not personnel. Such individuals are then able to alert the engagement partner if the circumstance arises, and this enables the engagement partner to comply with the firm's policies or procedures. For example, in a group audit engagement, if a component auditor is performing audit procedures on the financial information of a component and identifies a difficult or contentious matter that is relevant to the group financial report and subject to consultation²⁵ under the group auditor's policies or procedures, the component auditor is able to alert the group auditor~~engagement team~~ about the matter.

15. Existing paragraph A53 is amended to read as follows:

Information obtained during the acceptance and continuance process may assist the engagement partner in complying with the requirements of this ASA and making informed decisions about appropriate courses of action. Such information may include:

- In relation to group audits, the nature of the control relationships between the parent and its entities and business units~~components~~; and

- ...

16. Existing paragraph A54 is amended to read as follows:

Information obtained during acceptance and continuance may also be relevant in complying with the requirements of other ASAs, as well as this ASA, for example with respect to:

- ...

- Understanding the group, ~~its components~~ and ~~its~~their environments, in the case of an audit of a group financial report in accordance with ASA 600, and directing, supervising and reviewing the work of component auditors;

- ...

17. Existing paragraph A60 is amended to read as follows:

Resources for an audit engagement are primarily assigned or made available by the firm, although there may be circumstances when the engagement team directly obtains resources for the audit engagement. For example, this may be the case when a component auditor is required by statute, regulation or for another reason to express an audit opinion on the financial report of a component, and the component auditor is also appointed by component management to perform audit procedures on behalf of the group ~~auditor~~engagement team.³⁵ In such circumstances, the firm's policies or procedures may require the engagement partner to take different actions, such as requesting information from the component auditor, to determine whether sufficient and appropriate resources are assigned or made available.

18. Existing paragraph A76 is deleted.

19. Existing paragraph A92 is amended to read as follows:

The engagement partner exercises professional judgement in identifying the areas of significant judgement made by the engagement team. The firm's policies or procedures may specify certain matters that are commonly expected to be significant judgements. Significant judgements in relation to the audit engagement may include matters related to the overall audit strategy and audit plan for undertaking the engagement, the execution of the engagement and the overall conclusions reached by the engagement team, for example:

- ...

- In group audit situations:

- ...

- Decisions about the involvement of component auditors, including how to direct and supervise them and review their work, ~~including, for example, when there are areas of higher assessed risk of material misstatement of the financial information of a component~~; and

- ...

Amendments to ASA 230

20. Existing Appendix 1 is amended to read as follows:

Specific Audit Documentation Requirements in Other Australian Auditing Standards

This appendix identifies paragraphs in other Australian Auditing Standards that contain specific documentation requirements. The list is not a substitute for considering the requirements and related application and other explanatory material in Australian Auditing Standards.

- ...
- *ASA 600 Special Considerations—Audits of Group Financial Reports (Including the Work of Component Auditors)* – paragraph ~~5950~~
- ...

Amendments to ASA 240

21. Existing paragraph A6 is amended to read as follows:

Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting and Professional and Ethical Standards Board requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations ~~between to other auditors within the engagement team~~ a group, including a group engagement partner, component auditors, or other auditors performing work at entities or business units ~~components~~ of a group for purposes other than the audit of the group financial report.¹⁵

Amendments to ASA 250

22. Existing paragraph A8 is amended to read as follows:

Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further action. For example, the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations ~~between to other auditors within the engagement team~~ a group, including a group engagement partner, component auditors, or other auditors performing work at entities or business units ~~components~~ of a group for purposes other than the audit of the group financial report.¹¹

Amendments to ASA 260

23. Existing paragraph A4 is amended to read as follows:

ASA 600 includes specific matters to be communicated by the group auditors with those charged with governance of the group.⁵ The matters communicated may include those brought to the attention of the group auditor by component auditors that the group auditor judges to be significant to the responsibilities of those charged with governance of the group. Component auditors also may communicate matters to those charged with governance of the component.⁶ In those circumstances ~~When the entity is a component of a group,~~ the appropriate person(s) with whom the component auditor communicates depends on the engagement circumstances

⁵ See ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors), paragraph 5749.

⁶ See ASA 600, paragraph 45(i).

and the matter to be communicated. In some cases, a number of entities or business unit~~components~~ may be conducting the same businesses within the same system of internal control and using the same accounting practices. Where those charged with governance of those entities or business unit~~components~~ are the same (e.g., common board of directors), duplication may be avoided by dealing with these entities or business unit~~components~~ concurrently for the purpose of communication.

24. Existing Appendix 1 is amended to read as follows:

Specific Requirements in ASQM 1 and Other Australian Auditing Standards that Refer to Communications with Those Charged With Governance

This appendix identifies paragraphs in ASQM 1²⁸ and other Australian Auditing Standards that require communication of specific matters with those charged with governance. The list is not a substitute for considering the requirements and related application and other explanatory material in Australian Auditing Standards.

- ...
- *ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)* – paragraph 5749
- ...

Amendments to ASA 300

25. The following paragraph 11 is inserted following existing paragraph 10 of this Auditing Standard:

The engagement partner shall review the overall audit strategy and audit plan.

26. Existing paragraph A9 is amended to read as follows:

The process of establishing the overall audit strategy, subject to the completion of the auditor's risk assessment procedures, may include such matters as:

- ...
- The amount of resources to be allocated to specific audit areas. For example, the number of team members assigned to attend the physical inventory count at multiple locations, the nature and extent of direction and supervision of component auditors and the review of their~~other auditors'~~ work in the case of group audits, or the audit budget in hours to allocate to high risk areas;
- ...

27. Existing Appendix 1 is amended to read as follows:

CONSIDERATIONS IN ESTABLISHING THE OVERALL AUDIT STRATEGY

...

Characteristics of the Engagement

- ...
- The expected audit scope coverage, including the ~~number and locations of components at which audit work is expected to be performed for purposes of a group audit, and the extent to which component auditors will be involved~~to be included.

- The nature of the control relationships between a parent and its entities or business unit~~components~~ that determine how the group is to be consolidated.
- ~~The extent to which components are audited by other auditors.~~
- ...
- The ~~requirement~~need for an audit of a financial report for statutory, regulatory or other reasons, ~~audit of a stand-alone financial report~~ in addition to an audit work performed for ~~consolidation~~purposes of a group audit.
- ...

Reporting Objectives, Timing of the Audit, and Nature of Communications

- ...
- Communication with component auditors~~of components~~ regarding the expected types and timing of ~~reports to be issued and other communications~~ in connection with the audit work performed for purposes of the group audit~~of components~~.
- The expected nature and timing of communications among engagement team members, including the nature and timing of team meetings and timing of the review of audit work performed.
- ...

Significant Factors, Preliminary Engagement Activities, and Knowledge Gained on Other Engagements

- The determination of materiality in accordance with ASA 320¹⁶ and, where applicable:
 - The determination of component performance materiality~~for components~~ and communication thereof to component auditors in accordance with ASA 600.¹⁷
 - The initial expectations about the preliminary identification of significant components and material classes of transactions, account balances and disclosures that may be significant.
- ...

Amendments to ASA 315

28. Existing paragraph A45 is amended to read as follows:

When an engagement is carried out by a large engagement team, such as for an audit of a group financial report, it is not always necessary or practical for the discussion to include all members in a single discussion (for example, in a multi-location audit), nor is it necessary for all the members of the engagement team to be informed of all the decisions reached in the discussion. The engagement partner may discuss matters with key members of the engagement team including, if considered appropriate, those with specific skills or knowledge, and those responsible for the work to be performed at audits of components, while delegating discussion with others, taking into account the extent of communication considered necessary throughout the engagement team. A communications plan, agreed by the engagement partner, may be useful.

¹⁷ See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*, paragraphs 35–3621–23 and 40(e).

29. Existing paragraph A218 is amended to read as follows:

The determination of significant risks allows for the auditor to focus more attention on those risks that are on the upper end of the spectrum of inherent risk, through the performance of certain required responses, including:

- ...
- ASA 600 requires the group auditor to evaluate the appropriateness of the design and performance of further audit procedures for areas of higher assessed risks of material misstatement of the group financial report, or significant risks, on which a component auditor is determining the further audit procedures to be performed more involvement by the group engagement partner if the significant risk relates to a component in a group audit and for the group engagement team to direct the work required at the component by the component auditor.⁵⁷

Amendments to ASA 320

30. Existing paragraph 9 is amended to read as follows:

For the purposes of this Auditing Standard, the following terms ~~have~~ has the meanings attributed below:

- (a) ~~Performance~~ materiality means the amount or amounts set by the auditor at less than materiality for the financial report as a whole to reduce aggregation risk to an appropriately low level ~~the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial report as a whole~~. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.
- (b) Aggregation risk means the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial report as a whole.

31. Existing paragraph A13 is amended to read as follows:

Planning the audit solely to detect individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the financial report to be materially misstated, and leaves no margin for possible undetected misstatements. Performance materiality (which, as defined, is one or more amounts) is set at less than materiality for the financial report as a whole to reduce aggregation risk to an appropriately low level ~~the probability that the aggregate of uncorrected and undetected misstatements in the financial report exceeds materiality for the financial report as a whole~~. Similarly, performance materiality relating to a materiality level determined for a particular class of transactions, account balance or disclosure is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in that particular class of transactions, account balance or disclosure exceeds the materiality level for that particular class of transactions, account balance or disclosure. The determination of performance materiality is not a simple mechanical calculation and involves the exercise of professional judgement. It is affected by the auditor's understanding of the entity, updated during the performance of the risk assessment procedures; and the nature and extent of misstatements identified in previous audits and thereby the auditor's expectations in relation to misstatements in the current period.

⁵⁷ See ASA 600, paragraphs 30 and 342.

Amendments to ASA 402

32. Existing paragraph A19 is amended to read as follows:

Another auditor may be used to perform procedures that will provide the necessary information about the relevant controls at the service organisation related to services provided to the user entity. If a type 1 or type 2 report has been issued, the user auditor may use the service auditor to perform these procedures as the service auditor has an existing relationship with the service organisation. The user auditor, using the work of another auditor, may find the guidance in ASA 220~~600~~¹⁰ useful as it relates to determining the competence and capabilities of the other understanding another auditor (including that auditor's independence and professional competence), the direction and supervision involvement in the work of the other another auditor, in planning the nature, timing and extent of the such work assigned to the other auditor, and in evaluating the sufficiency and appropriateness of the audit evidence obtained.

Amendments to ASA 501

33. Existing paragraph A3 is amended to read as follows:

Matters relevant in planning attendance at physical inventory counting (or in designing and performing audit procedures pursuant to paragraphs 4-8 of this Auditing Standard) include, for example:

- ...
- The locations at which inventory is held, including the materiality of the inventory and the risks of material misstatement at different locations, in deciding at which locations attendance is appropriate. ~~ASA 600⁴ deals with the involvement of other auditors and accordingly may be relevant if such involvement is with regards to attendance of physical inventory counting at a remote location.~~
- ...

Amendments to ASA 550

34. Existing paragraph A13 is amended to read as follows:

In the context of a group audit, ASA 600 requires the group ~~auditor engagement team to request component auditors to communicate on a timely basis related party relationships not previously identified by group management or the group auditor provide each component auditor with a list of related parties prepared by group management and any other related parties of which the group engagement team is aware.~~¹⁹ ~~Where the entity is a component within a group, this~~ Such information provides a useful basis for the group auditor's enquiries of management regarding the identity of ~~the entity's~~ related parties.

35. Existing paragraph A38 is amended to read as follows:

In evaluating the business rationale of a significant related party transaction outside the entity's normal course of business, the auditor may consider the following:

- Whether the transaction:

¹⁰ See ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* ~~600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)~~, paragraphs 2 and 19.

⁴ See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*.

¹⁹ See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*, paragraph 32(b)40(e).

- Is overly complex (for example, it may involve multiple related parties within a ~~consolidated~~ group).
- ...

Amendments to ASA 610

36. Existing paragraph A16 is amended to read as follows:

Examples of work of the internal audit function that can be used by the external auditor include the following:

- ...
- ~~In some circumstances, audits or reviews of the financial information of subsidiaries that are not significant components to the group (where this does not conflict with the requirements of ASA 600).~~²⁰

Amendments to ASA 700

37. Existing paragraph 39 is amended to read as follows:

The Auditor's Responsibilities for the Audit of the Financial Report section of the auditor's report shall further: (Ref: Para. A50)

- (a) ...
- (c) When ASA 600¹⁷ applies, further describe the auditor's responsibilities in a group audit engagement by stating that:
 - (i) The auditor's responsibilities are to plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units/activities within the group as a basis for forming to express an opinion on the group financial report;
 - (ii) The auditor is responsible for the direction, supervision and review performance of the audit work performed for purposes of the group audit; and
 - (iii) The auditor remains solely responsible for the auditor's opinion.¹⁸

38. Existing paragraph A38 is amended to read as follows:

In group audits ~~for which when~~ there are multiple sources of relevant ethical requirements, including those pertaining to independence, the reference in the auditor's report to the jurisdiction ordinarily relates to the relevant ethical requirements that are applicable to the group auditor engagement team. This is because, in a group audit, component auditors are also subject to ethical requirements that are relevant to the group audit.²⁸

39. Existing paragraph A39 is amended to read as follows:

The Australian Auditing Standards do not establish specific independence or ethical requirements for auditors, including component auditors, and thus do not extend, or otherwise override, the independence requirements of the relevant ethical requirements or other ethical requirements to which the group auditor engagement team is subject, nor do the Australian

²⁰ See ASA 600 (as amended).

¹⁸ See ASA 600, paragraph 53.

²⁸ See ASA 600, paragraphs A56–A57, A66–A68/A37.

Auditing Standards require that the component auditor in all cases to be subject to the same specific independence requirements that are applicable to the group ~~auditor engagement team~~. As a result, relevant ethical requirements, including those pertaining to independence, in a group audit situation may be complex. ASA 600²⁹ provides guidance for auditors in performing work on the financial information of a component for a group audit, including those situations where the component auditor does not meet the independence requirements that are relevant to the group audit.

40. [Aus] Illustration 2A: Example Auditor’s Report for Group Entity – *Corporations Act 2001* (Fair Presentation Framework), is amended as follows:

INDEPENDENT AUDITOR’S REPORT

...

Auditor’s Responsibilities for the Audit of the Financial Report

...

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ...
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review performance of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

...

Amendments to ASA 701

41. Existing paragraph A15 is amended to read as follows:

Various Australian Auditing Standards require specific communications with those charged with governance and others that may relate to areas of significant auditor attention. For example:

- ...
 - Limitations on the group audit, for example, where the group engagement team’s access to information or people may have been restricted.²⁰
- ...

Amendments to ASA 705

42. Existing paragraph A10 is amended to read as follows:

Examples of circumstances beyond the control of the entity include when:

²⁹ See ASA 600, paragraphs 25, 27-19-20.

²⁰ See ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*, paragraph 57(c)49(d).

- ...
- The accounting records of a ~~significant~~ component for which further audit procedures are determined to be necessary for the purposes of the group audit have been seized indefinitely by governmental authorities.

Amendments to ASA 720

43. Existing paragraph A35 is amended to read as follows:

The auditor may determine that referring to relevant audit documentation or making enquiries of relevant members of the engagement team, ~~including~~ ~~or~~ relevant component auditors, is appropriate as a basis for the auditor's consideration of whether a material inconsistency exists. For example:

- ...

44. Existing paragraph A36 is amended to read as follows:

Whether, and if so the extent to which, the auditor refers to relevant audit documentation, or makes enquiries of relevant members of the engagement team, ~~including~~ ~~or~~ relevant component auditors, is a matter of professional judgement. However, it may not be necessary for the auditor to refer to relevant audit documentation, or to make enquiries of relevant members of the engagement team, ~~including~~ ~~or~~ relevant component auditors, about any matter included in the other information.

Commencement of the legislative instrument

For legal purposes, each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
The whole of this instrument	14 December 2023.	14 December 2023.

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.