Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Financed emissions data sourced from an external data provider	**Date:** 11 November 2026
Office of the AUASB:	Arti Naidu	**Agenda Item:** 3 .0

Objective of Agenda Item

1. This Agenda Item seeks any final fatal flaw comments from AUASB Board members on the revised draft Information Sheet *Financed Emissions Data Sourced from an External Data Provider* (Financed Emissions Guidance) (see Agenda Paper 3.1).

Question for AUASB members

No.	Question
1	Do AUASB members have any final fatal flaw comments on the draft Financed Emissions Guidance (see Agenda Paper 3.1 for a version marked up against the draft presented to the 28 October 2026 Board Meeting)?

Background

2. At the 7 October 2026 AUASB Board meeting, AUASB members agreed not to delay the publication of the non-authoritative Financed Emissions Guidance while expanded guidance was developed and consulted upon.
3. The draft Financed Emissions Guidance was developed to meet industry demand for guidance for user auditors and data provider auditors, particularly from the Investor Group on Climate Change (IGCC) and its members. IGCC members are RSE, MISs and data providers. Consultation with industry and large audit firms has been undertaken.
4. At the 28 October 2026 AUASB Board meeting, members raised further comments and we have attempted to address those comments in the latest draft (Agenda Paper 3.1).
5. Members were asked to provide any fatal flaw comments on the draft at Agenda Paper 3.1 by close of business on Friday, 6 November 2026 or confirm that you have no such comments.

Next steps

6. Subject to any final fatal flaw comments from members, the Information Sheet will be published as a webpage on the AUASB website.

Materials presented

Agenda Paper	Description
3.1	Draft Information Sheet – Financed emissions data sourced from a data provider – Marked up against 28 October 2026 version

Australian Government
Auditing and Assurance Standards Board

While Treasury has issued a consultation paper at *Improving the efficiency of climate-related financial disclosures* which includes consideration of whether to defer reasonable assurance or not require reasonable assurance, this guidance will remain relevant until any decisions are made and for voluntary reasonable assurance.

Information Sheet

Sustainability assurance – Financed emissions and data sourced from an external data provider

Issued: XX 2026

See Sustainability Assurance Homepage for background and copyright information.

This guidance will develop over time as we receive feedback from further experience in assurance covering financed emission data sourced from external data providers.

The AUASB plans to develop broader guidance on the audit work on scope 3 emissions and on other types of sustainability information sourced from external information providers for release in 2027.

Objective

The objective of this Information Sheet is to provide guidance on the audit/review work by auditors (user auditors) on data from an external data provider that supports financed emissions disclosed in the sustainability report of an entity under ASSA 5000.

This guidance outlines how user auditors may avoid duplicating assurance procedures by evaluating whether a data provider's assurance report (where available) provides sufficient appropriate audit evidence about the reliability and suitability of financed emissions data supporting user entity disclosures under AASB S2 (one-to-many reporting).

While undue cost and pressures should be avoided, obtaining sufficient appropriate assurance over financed emissions data may involve additional work effort and associated cost. Alternative or additional work would be required if a data provider's report doesn't provide sufficient appropriate audit evidence.

Assurance level, risk and materiality

The nature and extent of the user auditor's procedures will vary depending upon matters including whether the engagement involves limited or reasonable assurance, the assessment of risk and materiality considerations.

See the AUASB's Sustainability Assurance homepage and ASSA 5010 for the phasing in of assurance over information in the sustainability reports of entities with mandatory climate reporting obligations under the *Corporations Act 2001* (the Act).

Limited assurance may involve ~~non-substantive~~ analytical procedures (such as comparisons with prior year information or industry benchmarks, not 'substantive analytical procedures' of the type performed in a reasonable assurance engagement), inquiry, a controls report from the data provider auditor and possibly substantive testing.

Background

Investment portfolios of investor entities such as managed investment schemes and registrable superannuation entities (user entities) often include investments in a large number of investee companies and assets. User entities typically rely on Scope 1, 2 and 3 emissions data for the

entities in which they invest that is purchased from external data providers to calculate the emissions associated with their investments ('financed emissions').

Data providers may make information available on the Scope 1, 2 and 3 emissions of entities through subscription services. This information may be obtained or estimated as follows:

(a) From audited or unaudited information disclosed in the entity's most recent annual report;

(b) Estimates developed using other data points relevant to an entity;

(c) Estimates developed from other sources such as industry or peer emissions, sales data or other proxies.

A data provider may provide information on the relative reliability of the estimates for an entity in (c).

Scope

Guidance is provided for user auditors where an entity uses information from a data provider for financed emissions.

This Information Sheet also refers to circumstances where:

(a) the entity does not use a data provider;

(b) some or all of the information obtained from a data provider is not relevant, timely or reliable; or

(c) the user auditor cannot use the work of the data provider's auditor (for example, the data provider auditor's report is unavailable or the work performed is not adequate for the user auditor's purposes) and needs to perform alternative or additional procedures.

However, the actual work that the user auditor needs to perform in these circumstances is outside the scope of this guidance.

Not in scope

Matters that are not within the scope of this guidance include:

(a) Assurance on emission information that a user entity:

  (i) estimates without using information from external data provider;

  (ii) obtains directly from investee annual reports; and

  (iii) obtains directly from investees;

~~(b)~~ Information other than financed emissions that user entities are required to disclose in their sustainability report in relation to entities in their value chain, whether material individually or in aggregate (e.g. emissions by industry for entities in different sectors; risks and opportunities; strategies; forward looking information for the short, medium and long term; scenario analysis; prospects; impact on future performance; and information supporting voluntary disclosures);

~~(c)~~(b) ~~Cross-border considerations (e.g. different measurement methods due to jurisdictional requirements);~~ and

~~(d)~~(c) Scope 3 emissions other than financed emissions.

Background - Materiality and precision

Climate-related risks and opportunities and an entity's strategy to address those risks and opportunities may be more important to the primary users of the annual report of a user entity than having very precise emission information.

Financed emissions are often derived using a mix of reported data, models, proxies and assumptions, hence a high degree of precision may not be achievable.

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Management and the user auditor may consider whether the level of imprecision could affect users' understanding of the entity's climate-related risks and opportunities and an entity's strategy.

Background - Evaluating information

Management remains responsible for the financed emissions information disclosed and for applying appropriate judgement including selecting any data provider and using externally sourced emissions data. Management should consider whether the information from a data provider is sufficiently relevant, reliable and timely. Management may need to consider alternatives for some or all of the data such as making its own estimates or obtaining information directly from investees/borrowers.

User auditors will need to appropriately evaluate the reliability of the emissions data in forming their conclusions or opinions on the disclosures. The user auditor may consider:

(a) The adequacy of the design, implementation and effective operation of the relevant data provider systems, processes and controls. However, given the number of user entities and the nature of the relationship between the data provider and the user, rather than carry out procedures directly the user auditor may seek an assurance report from the data provider's auditor; and

(b) Where substantive testing cannot be performed at the user entity, such testing may be required at the data provider.

A data provider auditor's report on relevant controls and substantive testing may support the user auditor's work but doesn't replace the user auditor's responsibility to obtain sufficient appropriate evidence.

Background - Use of AI

Some considerations for auditors in relation to information generated using AI can be found at Impact of AI on Auditors. Subject to materiality, the user auditor will need to understand the inputs, process and outputs used by AI. There should be appropriate testing and consideration of reliability.

Background - Standards applying to users and their auditors

Provisions of the Sustainability Reporting Standards and ASSA 5000 of particular relevance appear in Table 1 below.

Table 1: Relevant provisions of reporting and assurance standards

Standards	Some relevant provisions
AASB S2 *Climate-related Disclosures*	**Financed emissions –** paragraphs B58 to B61
ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	**Using the Work of Another Practitioner -** paragraphs 50 to 55

Guidance for user auditors

User auditors need to evaluate the relevance and reliability of emissions data used by management for financed emissions that is sourced from an external data provider.

In accordance with ASSA 5000, the nature and extent of the user auditor's procedures will depend on the circumstances of the engagement, including the level of assurance, materiality and the assessed risks of material misstatement. The user auditor uses professional judgement to determine the procedures necessary to obtain sufficient appropriate evidence in response to those assessed risks.

Table 2 ~~below~~ provides examples of matters and procedures that a ~~guidance for the~~ user auditor may consider when designing and performing its assurance procedures. The matters

and procedures in Table 2 are illustrative and are ~~. It provides a high-level overview of an approach. It is~~ not intended to ~~be detailed or comprehensive nor to~~ establish minimum procedures, prescribe a particular assurance approach, or be used as a work programme or checklist ~~for specific assurance engagements~~. Not all matters or procedures will be relevant or necessary in every engagement.

Where a report from a data provider's auditor is available, it may provide evidence relevant to the user auditor's engagement. Whether, and the extent to which, the user auditor uses that report will depend on the circumstances of the engagement and the user auditor's evaluation of whether it provides sufficient appropriate evidence for the user auditor's purposes. Such a report is one possible source of evidence and does not replace the user auditor's responsibility to obtain sufficient appropriate evidence.

As noted earlier, the nature and extent of the user auditor's procedures will vary depending upon matters including whether the engagement involves limited or reasonable assurance, the assessment of risk and materiality considerations. Limited assurance may involve ~~non-substantive~~ analytical procedures (such as comparisons with prior year information or industry benchmarks, not 'substantive analytical procedures' of the type performed in a reasonable assurance engagement), inquiry, a controls report from the data provider auditor and possibly substantive testing.

Table 2: Guidance for user auditors

Area	User auditor
Systems, processes and approach to identify data from data providers to be used	1. ~~Pre-acceptance~~For planning purposes consider obtaining an understanding ~~review~~ of: (a) User process and approach, including which emissions information: (i) Can be obtained from a data provider and whether it is consistent with the calculation basis required by AASB S2; (ii) would be appropriate to estimate; and (iii) Will need to be obtained directly from an investee's audited or unaudited annual report or directly from the investee/borrower; (b) Data provider processes and approach, key systems and controls (including data ownership, accountability, independent testing, supervision and review) relevant in capturing or estimating data from various sources or processes, and whether sufficient information is provided by the data provider, including on sources of data and timeliness: (i) From audited or unaudited information in the most recent annual report; (ii) Estimates from other data points relevant to an entity; and (iii) Estimates from other sources such as peer emissions and sales data; (c) Relevance, timeliness, reliability and completeness of information; (d) With regard to information already available to the user entity, whether the emissions database clearly identifies: (i) The sources of the data and can be tested against those sources; (ii) The nature and extent of independent assurance, and the competence and capability of the assurance provider; (iii) The date of the information (e.g. balance date for an annual report and information in that report on timing), including when the information was published or amended; (iv) How frequently the information is updated; and (v) Internal review and verification processes. 2. Examples of circumstances indicating limitations in available emissions information from data providers are: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, the entity's annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable (for example, where it is derived from unaudited sources);

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Area	User auditor
	(d) Estimation is not appropriate, including where: (i) there is insufficient information to make an estimate; or (ii) the available information for an estimate is not sufficiently relevant, reliable or timely; or (e) The information available for an entity from the data provider or the entity's annual report is determined on a basis that can give significantly different results than the basis applied by the user under AASB S2.
Data from data provider	1. Consider evaluating management's process over the suitability and reliability of data sourced from a data provider. ~~1.~~2. Identify data from data provider used by the user entity, and consider its relevance, timeliness, reliability, completeness, etc. ~~2.~~3. Evaluate the competency, experience, objectivity and expertise of the data provider auditor and any ethical considerations. ~~3.~~4. Consider o~~O~~btaining a report from the data provider auditor that addresses matters such as~~includes~~: (a) Whether the data provider auditor complies with the equivalent of: (i) 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*; and (ii) relevant ethical requirements under ASSA 5000, or requirements in the auditor's jurisdiction that are considered equivalent; (b) The information covered, period and boundary; (c) The calculation methods, and compliance with standards (e.g. AASB S2) and any deviations from the standards, organisational and operational boundaries and emission factors applied; (d) The procedures performed; (e) A sufficiently detailed description of the relevant systems, processes and key controls of the data provider, including how the data provider ensures data integrity; (f) The relevant entity controls; (g) The adequacy of controls and processes; (h) Assurance on the design, implementation and effective operation of the data provider's internal controls; (i) Any control deficiencies; (j) Any limitations in the information, models, assumptions or evidence available; (k) Details of the nature and extent of substantive testing of information made available at a point in time, including data sources and calculation basis, assumptions and outputs; and (l) The means of identifying the data available at the point in time when the reliability and completeness of data was assessed. ~~The user auditor might be able to use a report similar to a SOC 1 Type 2 report[1] but adapted to cover data provided by the data provider to support the user entity's financed emission disclosure. The report should cover at least the matters detailed above.~~ 4. Consider e~~E~~valuating~~e~~: (a) User processes, approach, and design and effective operation of internal controls; (b) Information from data provider, its sources, timeliness, relevance, reliability and reasonableness;

~~[1] A SOC 1 type 2 report covers controls at a data provider that are likely to be relevant to user entities' internal control over financial reporting. It covers the design, implementation and effective operation of controls and is specifically intended to meet the needs of user entities and user auditors in evaluating the effect of the controls at the service organization on the user entities' financial statements (see US AICPA SOC 1 - SOC for Service Organizations: ICFR).). The report would need to be adapted to cover a data provider's internal controls over the data provided to support a user entity's financed emissions disclosure.~~

Area	User auditor
	(c) Assumptions and calculations by user entity; (d) Reports by data provider auditor covering design and effective operation of controls; (e) The adequacy of substantive testing by the data provider auditor, including changes to the nature and extent of testing to address risks; and (f) The adequacy of the work of the information provider auditor for any gap period (e.g. between the end of the period covered by the last control report from the data provider auditor and the date to which data is used by the user entity), or appropriate work is undertaken directly by the user auditor. 5. Consider the need to disclose any duplication in Scope 3 emissions. 6. Seek additional information, explanations on controls related work from data provider auditor, as necessary. 7. Consider o~~O~~btaining information directly from data provider, where possible. 8. Where significant information is estimated by the data provider using a model, there is insufficient assurance from the data provider auditor, and the user auditor is unable to access and evaluate the model, consider asking the user entity to undertake their own estimate. 9~~8~~. Consider obtaining information from another data provider or another source to test selected information to address the risk of potential bias in emissions data/factor calculations. 10~~9~~. Consider requesting data provider auditor to perform additional substantive testing on selected information used by the user entity. 11~~0~~. Where necessary, consider obtaining a report from the data provider auditor covering any 'gap' period and any additional procedures and substantive testing.
Alternative procedures and use of entity developed estimates	1. Where entity uses its own estimates: (a) Determine whether to rely on relevant controls and assess whether the controls are operating effectively; (b) Evaluate the appropriateness of the estimation model including whether it produces estimates on a basis consistent with the reporting requirements; (c) Test the relevance, reliability and reasonableness of the data and assumptions used in the model; (d) Consider whether the estimates are sufficiently precise, having regard to materiality and the information needs of intended users; 2. Under specific circumstances consider requesting the user entity to obtain information directly from an investee where: (a) There is a large exposure to a high emitter; (b) Information is not available from a data provider, annual report or other public sources; (c) Available information is not sufficiently timely, relevant or reliable; (d) Estimation is not appropriate, including where: (i) There is insufficient information to make an estimate; (ii) The available information for an estimate is not sufficiently relevant or reliable or timely such as industry averages; or (iii) The information available for an entity from the data provider or an annual report is determined on a basis that can give significantly different results than the basis required by AASB S2; and (e) Where the user auditor is not able to use the work of the data provider auditor, consideration should be given to whether the user auditor can perform the necessary work itself. 3. Where no data provider auditor's report is available, the user auditor will need to perform alternative procedures, such as: (a) obtaining an enhanced understanding the provider's data sources, estimation methods, update cycle and limitations; (b) testing the user entity's extraction and use of the data; and (c) considering available corroborating information. Alternative sources should be used with caution, as differences in methodology, coverage and timing may indicate inconsistency but do not

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Area	User auditor
	necessarily provide more reliable evidence. The user auditor should also assess whether the data is sufficiently timely. If sufficient appropriate evidence cannot be obtained, the user auditor should consider the engagement implications, including whether a scope limitation exists and impact on their conclusion or opinion on the sustainability information.
Documentation	The auditor should adequately document their work so that another professional can understand the work performed and the basis for the conclusions reached.

Other sustainability information

The underlying principles in this Information Sheet might apply by way of analogy for other circumstances where climate and sustainability information are sourced using an information provider.

Important note

The material on this webpage is intended to assist practitioners in preparing for assurance engagements under ASSA 5000. This webpage is not an authoritative publication of the AUASB and practitioners should use their own professional judgement when conducting an assurance engagement. This webpage does not establish new principles or amend existing AUASB standards. It is not intended to be a substitute for compliance with relevant AUASB standards.

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Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Possible amendments to ASSA 5010	**Date:**	11 November 2026
Office of the AUASB:	Tim Austin	**Agenda Item:**	4.0

Objective of Agenda Item

1. The objective of this agenda item is to obtain feedback from AUASB Members on the draft exposure draft (ED) proposing amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* and seek approval to issue that exposure draft.

Questions for AUASB Members

No.	Questions
1	Do AUASB members agree that the proposed approach to entities moving between reporting Groups due to changes in size should be consistent, irrespective of whether the size change relates to consolidated revenue, consolidated assets, number of employees, emissions and/or assets under management (see paragraph 3 of this paper)?
2	**Error! Reference source not found.**
3	Do AUASB members approve issuing the exposure draft for comment by 10 February 2027, subject to minor typographical corrections?

Background and Previous Discussions on Topic

2. At the 7 October AUASB Meeting (M178), the AUASB approved the preparation of draft ED proposing to amend ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* by:

   (a) Clarifying that the directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028 (after the entity's 'reasonable steps' transitional period);

   (b) For entities that move between reporting Groups 1, 2, and 3 due to a change in size:

      (i) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size; and

      (ii) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group.

3. The background and AUASB deliberations on the matters addressed by the draft ED are outlined within the ED's explanatory memorandum.

Matters for Discussion

Reasons for change in size

3. At the 7 October 2026, Board members were not explicitly asked whether the proposed approach in paragraph 2(b) above should apply irrespective of which size test is affected (i.e. consolidated revenue, consolidated assets, number of employees, emissions or assets under management). It is proposed that the approach should be consistent irrespective of

the size test affected given the reasoning in paragraph 9 of the Explanatory Memorandum in the ED. This would be simpler for stakeholders to understand than prescribing different approaches for different size criteria.

Complex drafting

4. The proposed amendments in the ED to allow entities that decrease in size to adopt the assurance phasing of a lower group but not require an entity that increases in size to adopt the assurance phasing of a higher will increase the complexity of the relevant definitions in ASSA 5010 and may not be easily understood by stakeholders. In some cases, this might result in inconsistent application or entities not utilising the intended relief, limiting the effectiveness of the proposed amendments. Members may wish to reconsider the balance between the benefits outlined in paragraph 9 of the Explanatory Memorandum in the ED and the possible added complexity of drafting,

Operative date

5. The ED proposes that the amendments are operative for financial years ending on or after 30 June 2027. Whilst generally, a commencing date is used when drafting the operative date of AUASB Standards, an ending date will limit any possible retrospectivity of the amendments. This is demonstrated in the timeline below which shows reporting periods included or excluded depending on whether the operative date is commencing or ending.

Table 1 – Impact of operative date choice

Reporting period ending					**Operative date**	
30-Jun-26	**30-Sep-26**	**31-Dec-26**	**31-Mar-27**	**30-Jun-27**	**Commencing 1-Jul-26**	**Ending 30-Jun-27**
	1-Jul-26 to 31-Dec-26				Included	**Excluded**
1-Jan-26 to 31-Dec-26					Excluded	Excluded
		1-Oct-26 to 31-Mar-27			Included	**Excluded**
1-Apr-26 to 31-Mar-27					Excluded	**Excluded**
			1-Jan-27 to 30-Jun-27		Included	Included
	1-Jul-26 to 30-Jun-27				Included	Included

Drafting error in ASSA 5010

6. It is proposed that the exposure draft covers the correction of a drafting error in the definitions of Group 1, 2 and 3 entities in ASSA 5010.

7. Section 1707B of the *Corporations Act 2001* phases in the application of s292A *Who has to prepare annual sustainability reports* for financial years commencing before 1 July 2027 through two specified transitional periods.

8. ASSA 5010 subparagraphs 9(c)–(e) define what is a Group 1, 2 and 3 entity for the purposes of ASSA 5010 using the criteria for the transitional periods specified in paragraphs 1707B(1)(a)–(c) of the Corporations Act. For the purposes of ASSA 5010, each group is defined as:

   (a) Group 1 – an entity to which 1707B(1)(a) applies;

   (b) Group 2 – an entity to which 1707B(1)(b) applies; and

   (c) Group 3 - an entity to which 1707B(1)(c) applies.

9. An extract of section 1707B of the Corporations Act has been included below to assist AUASB Members.

10. The definitions also contain two additional subparagraphs which were inserted by the AUASB in December 2026 to address the new voluntary sustainability reporting provisions

within 1707DA of the *Corporations Act 2001.* These appear as subparagraphs (ii)-(iii) within each definition.

Extract of s1707B from the *Corporations Act 2001*
(footnotes added by Office of AUASB Staff to assist with reading)

(1) Section 292A, as inserted by Part 1 of the amending Schedule, applies to an entity for a financial year if:

(a) both of the following subparagraphs apply:

(i) the financial year commences during the first transitional period[1];

(ii) subsections (2)[2] or (4)[3] of this section applies to the entity for the financial year; or

(b) both of the following subparagraphs apply:

(i) the financial year commences during the section transitional period[4];

(ii) subsection 296B(2)[5], (4)**Error! Bookmark not defined.** or (5)[6] applies to the entity for the financial year; or

(c) the financial year commences on or after 1 July 2027.

(2)-(5) …

11. Whilst the Group 1 definition works as intended during the first transitional period (1 January 2025 to 30 June 2026), once the first transitional period ends all Group 1 entities meet the definition of 'Group 2 entities'. This is because 1707B(1)(a) only applies for the transitional period specified in paragraph 1707B(1)(a)(ii) and no longer applies to any entity once the second transitional period commences (1 July 2026 to 30 June 2027).

12. Similarly, the Group 2 definition means that once Group 3 commences, all Group 1 and 2 entities meet the definition of Group 3 for the purposes of ASSA 5010 as 1707B(1)(b) no longer applies once the second transitional period ends and s1707B(1)(c) applies to all entities from 1 July 2027.

Next steps/Way Forward

13. Subject to the approval of the AUASB, the exposure draft will be issued with comments due by 10 February 2027.

1 The '*first transitional period*' is defined as 1 January 2025 to 30 June 2026.
2 This subsection contains size thresholds for the first transitional period (revenue ≥$500m, assets ≥$1b and employees ≥500FTEs)
3 This subsection contains the NGERs reporter requirement.
4 The '*second transitional period*' is defined as 1 July 2026 to 30 June 2027.
5 This subsection contains size thresholds for an entity that is able to utilise s296B to replace their climate statements for the year with a statement about there being no financial risks or opportunities relating to climate (revenue ≥$200m, assets ≥$500m and employees ≥250FTEs).
6 This subsection contains a size threshold for registered schemes, reportable superannuation entities and CCIVs (assets ≥$5b).

AUASB Meeting 180
Agenda Paper 4.1

EXPOSURE DRAFT

ED 01/26
(November 2026)

Proposed Australian Standard on Sustainability Assurance ASSA 2027-1 Amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

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

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Australian Government
Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be received by no later than 10 February 2027. Comments should be addressed to:

The Chair
Australian Auditing and Assurance Standards Board
PO Box 204, Collins Street West
Victoria 8007 AUSTRALIA

Formal Submissions

Submissions should be lodged online via the "Projects-Open for Comment" page of the Auditing and Assurance Standards Board (AUASB) website (auasb.gov.au/projects/Open-for-comment) as a PDF document and Word document.

A copy of all non-confidential submissions will be placed on public record on the AUASB website: www.auasb.gov.au

Obtaining a Copy of this Exposure Draft

This Exposure Draft is available on the AUASB website: www.auasb.gov.au

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PREFACE

Reasons for Issuing ED 01/26

The AUASB issues exposure draft ED 01/26 of ASSA 2027-1 Proposed Amendments to *ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB was established under section 227A of the *Australian Securities and Investments Commission Act 2001*. Under section 336 of the *Corporations Act 2001*, the AUASB may make Standards for the purposes of the corporations legislation. These Standards are legislative instruments under the *Legislation Act 2003*.

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

Proposals

It is proposed to amend ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* by:

(a) Clarifying that the directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028;

(b) For entities that move between reporting Groups 1, 2 and 3 due to a change in size:

  (i) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size; and

  (ii) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group; and

(c) Correcting a drafting error which results in entities moving between Groups 1, 2 and 3 for the purposes of the phasing in of assurance despite no change in their actual reporting Group.

Proposed Operative Date

It is intended that this proposed Standard will be operative for financial reporting periods ending on or after 30 June 2027.

Commented [DN1]: This means we'll need to address retrospectivity in the ES.

Request for Comments

Comments are invited on this Exposure Draft of the proposed issuance of ASSA 2027-1 by no later than 10 February 2027.

Important Note and Disclaimer

This Exposure Draft, in itself, does not establish or extend the requirements under existing AUASB Standards and is not intended to be a substitute for compliance with the relevant AUASB Standards with which auditors are required to comply when conducting an audit. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

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EXPLANATORY MEMORANDUM

Overview

1. The purpose of this exposure draft is to obtain stakeholder feedback on possible amendments to ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* for three matters:

   (a) Clarifying that the directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028;

   (b) For entities that move between reporting Groups 1, 2 and 3 due to a change in size:

      (a) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size; and

      (b) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group; and

   (c) Correcting a drafting error which results in entities moving between Groups 1, 2 and 3 for the purposes of the phasing in of assurance despite no change in their actual reporting Group.

Directors' declaration

2. The sustainability report for an entity includes a directors' declaration (see s296A of the *Corporations Act 2001* (the Act).

3. For years commencing 1 January 2025 to 31 December 2027, section 1707C allows directors to declare simply that the entity has taken reasonable steps to ensure the substantive provisions of the sustainability report are in accordance with the Act.

4. Section 1707E requires the AUASB to make standards specifying the extent to which a sustainability report must be audited or reviewed for financial years commencing on or before 30 June 2030.

5. In October 2025, the AUASB issued for public comment Exposure Draft ED 02/25 Proposed Australian Standard on Sustainability Assurance ASSA 2025-10 *Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* to obtain feedback from stakeholders on, among other matters, proposed amendments to ASSA 5010 to require assurance covering the directors' declaration for years commencing 1 July 2026 to 31 December 2027 (other than Year 1). ASSA 5010 does not require assurance on the directors' declaration for Year 1.

6. The majority of stakeholders who responded to ED 02/25 supported this proposal but were of the view that guidance was needed from organisations other than the AUASB to assist preparers in understanding what is meant by the entity's 'reasonable steps' and then AUASB guidance for auditors.

7. On 17 December 2025, the AUASB deferred consideration of amendments related to the directors' declaration to allow the Office of the AUASB to discuss with other parties whether they would develop guidance for preparers on the entity's 'reasonable steps' criterion. On 7 October 2026, the AUASB decided to issue an exposure draft proposing not to require assurance covering the directors' declaration before years commencing 1 January 2028 in the absence of such guidance. This would not prevent voluntary assurance covering the directors' declaration.

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Entities that move between Groups

8. Some stakeholders have sought clarification as to the phasing in of assurance for an entity moving reporting Groups due to a change in size.

9. The AUASB proposes for entities that move between reporting Groups 1, 2 and 3 due to a change in size (i.e. consolidated revenue, consolidated assets, number of employees, emissions and/or assets under management, as applicable):

   (i) Not requiring entities to be subject to a faster phasing in of assurance due to an increase in size. This would allow entities and their auditors reasonable time to build capacity and prepare for assurance; and

   (ii) Allowing entities that decrease in size to apply the same phasing in of assurance as other entities in their new reporting Group. This would not require entities to be subject to higher levels of assurance than entities of similar size and resources.

Drafting error in ASSA 5010

10. The AUASB proposes to correct a drafting error in ASSA 5010. As a result of this error, from years commencing on or after 1 July 2026, entities would move between Groups 1, 2 and 3 for the purposes of the phasing in of assurance when there is no change in the actual reporting Group.

Request for comments

11. The AUASB requests comments on the matters covered in ED 01/26, but specifically on the questions in the 'Exposure draft questions' section below. In this regard:

   (a) Comments should be sufficiently detailed and include whether or not stakeholders agree with the proposed amendments.

   (b) Stakeholders may address only specific questions relevant to them or raise matters not specifically addressed by a question.

   (c) The AUASB regards both supportive and critical comments as essential to a balanced review of the proposed amending standards.

   (d) Comments will be most helpful when they refer to specific paragraphs, include the reasons for the comments and, when appropriate, make specific suggestions for any proposed changes to wording.

Exposure draft questions

12. The AUASB is seeking comments from stakeholders on the following questions:

Directors' declaration

1. Do you agree with the proposal that the directors' declaration on a sustainability report should only required to be subject to assurance from 1 January 2028 (except for Year 1)?

Entities moving between reporting Groups

2. Do you agree with the proposal to allow an entity that moves to a lower Group should be able to adopt the assurance phasing for that Group?

3. Do you agree with the proposal to allow an entity that moves to a higher Group not to changes its phasing in of assurance by adopting the phasing for its new Group?

PROPOSED AUSTRALIAN STANDARD ON SUSTAINABILITY ASSURANCE ASSA 2027-1 *AMENDMENTS TO ASSA* 5010 *TIMELINE FOR AUDITS AND REVIEWS OF INFORMATION IN SUSTAINABILITY REPORTS UNDER THE CORPORATIONS ACT 2001*

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Standard on Sustainability Assurance ASSA 2026-2 *Proposed amendments to ASSA 5010* pursuant to section 227B(1)(a) of the *Australian Securities and Investments Commission Act 2001* and subsection 1707E(2) of the *Corporations Act 2001* for the purposes of section 336 of the *Corporations Act 2001*.

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Conformity with International Standards on Sustainability Assurance

This Australian Standard on Sustainability Assurance has been made for Australian legislative purposes and accordingly there is no equivalent International Standard on Sustainability Assurance issued by the International Auditing and Assurance Standards Board, an independent standard-setting board of the International Foundation for Ethics and Auditing .

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AUSTRALIAN STANDARD ON SUSTAINABILITY ASSURANCE ASSA 2027-1

AMENDMENTS TO ASSA 5010 *TIMELINE FOR AUDITS AND REVIEWS OF INFORMATION IN SUSTAINABILITY REPORTS UNDER THE CORPORATIONS ACT 2001*

Application

1. This Australian Standard on Sustainability Assurance applies to assurance engagements on sustainability information in a sustainability reporting for a financial year under Chapter 2M of the Corporations Act 2001.

Operative Date

2. This Standard is operative for financial years ending on or after 30 June 2027.

Introduction

3. This Standard amends ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* to clarify that assurance of the directors' declaration is not required during the reasonable steps transitional period, clarify the assurance requirements applicable to entities moving between Groups and other necessary amendments to correct drafting errors.

Objective

4. The objective of this Auditing Standard is to amend ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (Issued 28 January 2025 and amended to 17 December 2025).

Definition

5. For the purposes of this Standard on Sustainability Assurance, the meanings of terms are set out in each Standard on Sustainability Assurance. This Standard on Sustainability Assurance does not introduce new definitions.

Amendments to ASSA 5010

6. 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.

7. Where this amending standard inserts or deletes a paragraph, sub-paragraph or footnote, as a result of that insertion or deletion relevant paragraph numbers, sub-paragraph numbers, cross-references and footnotes are updated.

8. Existing subparagraphs 9(c) to (e) are amended to read as follows:

   (c) Group 1 entities – in this standard:

(i) entities first required to prepare a sustainability report by ~~to which~~ paragraph 1707B(1)(a) of the Act ~~applies~~, other than entities to which neither s1707B(2) or s1707B(4) applies; and

(ii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 January 2025 but on or before 30 June 2026.

(d) Group 2 entities – in this standard:

(i) entities first required to prepare a sustainability report by ~~to which~~ paragraph 1707B(1)(b) of the Act ~~applies (other than an entity to which the definition of 'Group 1 entities' in this standard applies)~~, other than entities to which none of s296B(2), (4) or (5) applies;

(ii) entities that met paragraph (i) of the definition of 'Group 1 entities' for a previous financial year and no longer do so, but to which s296B(2), (4) or (5) applies;

(iii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 July 2026 but on or before 30 June 2027; and

(~~iii~~iv) entities that applied 1707DA(1) for a financial year and did not report under the Act for the following financial year that commenced before 1 July 2027.

(e) Group 3 entities – in this standard:

(i) entities to which s292A applies but to which none of s296B(2), (4) or (5) applies;

(ii) entities that apply paragraph 1707DA(1) of the Act for the first time for a year commencing on or after 1 July 2027 but on or before 31 December 2027; and

(iii) entities that applied s1707DA(1) for a financial year but not for a following financial year and recommenced reporting under the Act for a year that commenced before 1 January 2028, other than an entity that meets the definition of a Group 2 entity in paragraph (d).

9. Existing subparagraphs 10(b) and (c) are amended to read as follows:

(b) For the Second and Third Years of Reporting, the auditor shall conduct a review of all information ~~disclosures~~ in the sustainability report, other than the directors' declaration for financial years commencing before 1 January 2028~~related general disclosures in Appendix D to AASB S2)~~.

(c) From the Fourth Year of Reporting onwards the auditor shall conduct an audit over all information ~~disclosures~~ in the sustainability report, including the directors' declaration.

10. In the table in the Appendix to ASSA 5010, replace the text 'Risks and opportunities (AASB S2 subparas 9(a), 10(a) and 10(b))' with 'Strategy - Risks and opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))'.

11. Note 4 in the Appendix to ASSA 5010 is amended to read as follows:

4. The phasing for assurance on statements that there are no material climate-related risks and opportunities is the same as for 'Strategy – Risks and Opportunities (AASB S2 subparagraphs 9(a), 10(a) and 10(b))'.

12. The following notes are added to the notes in Appendix to ASSA 5010:

6. The directors' declaration on a sustainability report is not required to be subject to assurance until years commencing on or after 1 January 2028 (except for Year 1).
7. Entities that move between reporting Groups 1, 2 and 3:
   (a) Are not required to be subject to a faster phasing in of assurance due to an increase in size; and
   (b) Are allowed to apply the same phasing in of assurance as other entities in their new reporting Group where they decrease in size.

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Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Sustainability Assurance Guidance	**Date:** 11 November 2026
Office of the AUASB:	Doug Niven	**Agenda Item:** 5 .0

Objective of Agenda Item

1. This Agenda Item seeks:
   (a) Input from AUASB members on possible areas for AUASB guidance/standards on sustainability assurance; and
   (b) Whether AUASB members have concerns with soft consultation on a draft FAQ on comparative information.

Questions for AUASB members

No.	Questions
1	Do AUASB members have any areas for AUASB guidance/standards on sustainability assurance matters in addition to the matters listed in Table 1 below? Should any matters be removed?
2	Do AUASB members have any comments on the draft FAQ on comparative information (see paragraphs 3 below)?
3	Do AUASB members have any concerns with soft consultation on the draft FAQ in paragraph 3 below?

Possible matters for guidance/standards

2. Table 1 below details some possible matters for AUASB guidance/standards on sustainability assurance.

Table 1: Possible matters for guidance/standards on sustainability assurance

No.	Standards/ Guidance	Area	Matter	Comments (if any)
1	Guidance	Illustrative Corporations Act sustainability assurance reports	Including ASSA 5000 words in conclusions/opinions	See Agenda Paper 2.0.
2	Guidance	Illustrative Corporations Act sustainability assurance reports	Year 2 report with reasonable assurance over Scope 1 and 2 emissions	-
3	Guidance	Scope 3 emissions / Sustainability data and information	Financed Emissions using a data provider	See Agenda Paper 3.0.

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No.	Standards/ Guidance	Area	Matter	Comments (if any)
4	Guidance	Scope 3 emissions / Sustainability data and information	Other Scope 3 emissions	-
5	Guidance	Scope 3 emissions / Sustainability data and information	Sustainability information sourced from an external information provider.	See Agenda Papers 4.0 and 4.1 for 7 October 2026 Board meeting, including initial draft and consultation matters.
6	Guidance	Comparative information	Assurance requirements for changes in comparative information	See paragraph 3 below on possible FAQ.
7	Guidance	Unchanged disclosures	Effort where disclosures haven't changed since last year (e.g. governance disclosures.	-
8	Guidance	Materiality	Setting materiality for Scope 1 and 2 emissions (e.g. 5%)	-
9	Guidance	Proportionality, etc	No material climate related risk and opportunities – work effort	Reporting guidance from another party would assist. Mentioned in Treasury Consultation Paper.
10	Guidance	Other exemptions	Auditor's approach where the exemption from disclosing commercially sensitive information is used (AASB S2 paras 73, B34-B37).	-
11	Guidance	Engagement & management representation letters	Illustrative engagement & management representation letters	-
12	Standards	Assurance phasing in	Amending ASSA 5010 for: (a) phasing for entities that change size; and (b) application for transitional directors' declaration and entity's 'reasonable steps".	See Agenda Paper 4.0.
13	Standards	Other information	ISA 720 - Possible changes to address communication and sharing for 'two-auditor' scenario.	Raised with IAASB Oct 2025

fsPossible FAQ on comparative information

3. Board members are asked whether they have any concerns with soft consultation with audit firms on the following draft FAQ:

> **'What assurance applies to changes to comparative information and restatements to that information under AASB S2 *Climate-related Disclosures?***
>
> AASB S2 *Climate-related Disclosures* can require comparative amounts to be revised or restated:
>
> (a) *Paragraphs B50 and B51* say that an entity shall revise comparative information where a metric disclosed in the prior period is affected by new information identified that provides evidence of circumstances that existed in the prior period, unless it is impracticable to do so or the information is forward looking (although forward looking information can be revised if that doesn't involve using hindsight); and
>
> (b) *Paragraph 83* requires an entity to correct material prior period errors by restating the comparative amounts for the prior period unless it is impracticable to do so.
>
> Paragraph 10(b) of ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (ASSA 5010) requires the auditor's review to cover AASB S2 general disclosures (including comparative information) in Years 2 and 3. From Year 4 onwards, ASSA 5010.10(c) requires all disclosures under AASB S2 are subject to reasonable assurance. These requirements are subject to ASSA 5010.11.
>
> ASSA 5010.11 doesn't provide relief from assurance over comparatives where the information was subject to assurance in the prior year. However, paragraph ASSA 5000.11 does provide relief from a step up from limited assurance to reasonable assurance for comparative information. That is, there is no step up from no assurance to limited assurance and no step up from limited assurance to reasonable assurance.
>
> ASSA 5010.11 is subject to the provisions of other ASSAs on comparative information. ASSA 5000.207 to 211 cover comparative information but only ASSA 5010.209 to 210 specifically refer to the level of assurance. In particular:
>
> (a) ASSA 5000.209 and 210 require an 'other matter' paragraph where the level of assurance for the prior year was different from the current year;
>
> (b) ASSA 5000.207 requires the auditor to determine whether comparative information is appropriately presented (effectively with the prior year assurance); and
>
> (c) In applying ASSA 5000.207, ASSA 5000.208(a) requires the auditor to evaluate whether any inconsistencies are addressed in accordance with the applicable criteria (with the level of assurance under ASSA 5010).
>
> Additional assurance work may be required where there are changes to comparative information in accordance with AASB S2, and on the completeness of such changes. The level of assurance would be that which applied in the prior year. The only caveat is where the information is also relevant for the current year information any higher level of assurance for the current year would apply.'

Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Revised GS 023 *Special Considerations – Public Sector Engagements*	**Date:**	11 November 2026
Office of AUASB:	Rene Herman	**Agenda Item:**	6.0

Objectives of Agenda Item

1. The objective of this agenda item is to seek AUASB approval for amendments to Guidance Statement 023 *Special Considerations – Public Sector Engagements* for the revised Auditing Standard ASA 570 *Going Concern*.

Questions for AUASB Members

No.	Questions
1	Do AUASB members have any comments on the draft GS 023 (see Agenda Paper 6.1)?
2	Do AUASB members approve GS 023?

Background

2. Paragraphs 70-129 of extant GS 023 provide guidance on selected issues identified as presenting challenges in applying ASA 570 to public sector engagements. GS 023 is to be read and applied together with ASA 570.

3. ASA 570 was recently revised and reissued by the AUASB. The Office of the AUASB reviewed GS 023 to identify and make the necessary amendments arising from revised standard ASA 570. The proposed amendments are intended to maintain consistency between GS 023 and ASA 570 and ensure that GS 023 remains current and relevant in this regard.

4. Extant GS 023 was developed with input from a Project Advisory Group comprising representatives from Australian Auditor-General Offices. At its meeting on 12 August 2026 the AUASB agreed for the Office of the AUASB to share draft revised GS 23 with ACAG.

5. The draft in Agenda Paper 6.1 was provided to ACAG but no comments were received. Given the minor nature of the changes to GS 023, it is proposed to proceed with issuing the revised GS 023.

Next steps

6. Subject to any member comments and approval, the revised GS 023 will be issued.

Materials presented

Agenda Paper	Description
6.1	Draft Revised GS 023 *Special Considerations – Public Sector Engagements*

AUASB Meeting 180
Agenda Paper 6.1

GS 023
(Revised November 2026)

Guidance Statement GS 023
Special Considerations – Public Sector Engagements

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

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Australian Government
Auditing and Assurance Standards Board

Obtaining a Copy of this Guidance Statement

This Guidance Statement is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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Important Note

Guidance Statements are developed and issued by the AUASB to provide guidance to auditors and assurance practitioners on the application of AUASB Standards and, where relevant, legislation, regulation or other authoritative publication, to assist auditors and assurance providers to comply with Standards. Guidance Statements are intended to assist auditors and assurance practitioners in applying an existing standard or standards of general application to particular circumstances or specialised industries/sectors.

Guidance Statements are designed to provide guidance to auditors and assurance practitioners to achieve the objective(s) of the audit or other assurance engagement. Accordingly, Guidance Statements refer to, and are written in the context of, a specific AUASB Standard(s); and, where relevant, legislation, regulation or other authoritative publication. Guidance Statements are not aimed at providing guidance covering all aspects of the audit or other assurance engagement.

Guidance Statements, whilst formally approved and issued by the AUASB, do not establish new principles or amend existing standards. Guidance Statements therefore do not include any additional requirements or extend or vary the existing requirements of any AUASB Standards and are not legally enforceable.

Guidance Statement GS 023 *Special Considerations – Public Sector Engagements* provides supplementary application and other explanatory material in relation to selected issues identified as presenting challenges in applying AUASB Standards in the public sector. It is not, and is not intended to be, a substitute for compliance with relevant AUASB Standard(s) and auditors and assurance practitioners are required to comply with the relevant AUASB Standard(s) when conducting an audit or other assurance engagement.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates Guidance Statement GS 023 *Special Considerations – Public Sector Engagements* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*, for the purposes of providing guidance on auditing and assurance matters.

This Guidance Statement provides guidance to assist auditors and assurance practitioners to achieve the objective(s) of the audit or other assurance engagement. It includes explanatory material on specific matters for the purposes of understanding and complying with AUASB Standards. Auditors and assurance practitioners exercise professional judgement when using this Guidance Statement.

This Guidance Statement does not prescribe or create new requirements.

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Dated: XX November 2026

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Chair - AUASB

Conformity with International Pronouncements

This Guidance Statement has been formulated for Australian public interest purposes and accordingly there is no equivalent International Auditing Practice Note (IAPN) issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

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GUIDANCE STATEMENT GS 023

Special Considerations – Public Sector Engagements

Application

1. This Guidance Statement (**GS**) has been formulated by the Auditing and Assurance Standards Board (**AUASB**) to provide supplementary guidance to public sector auditors and assurance practitioners in implementing and applying AUASB Standards[1] to audits, reviews, other assurance and related services engagements in the public sector (**public sector engagements**).

2. The aim of the AUASB in issuing this GS is to promote consistent application of AUASB Standards in the public sector to enhance the quality of public sector audit and assurance engagements and their resulting reports.

3. This GS is to be read and applied in conjunction with applicable AUASB Standards, which set out the minimum requirements and related application and other explanatory material that are to be applied in conducting public sector engagements. This GS does not establish or extend the requirements (or basic principles or essential procedures) under existing AUASB Standards for public sector engagements.

4. Auditors and assurance practitioners should exercise professional judgement when using this GS.

Issuance Date

5. This GS is issued on XXX 2026 by the AUASB and replaces GS 023 *Special Considerations – Public Sector Engagements*, issued in March 2023.

Introduction

Structure and Scope of this GS

6. This GS comprises two parts:

   (a) Introductory guidance material

   The purpose of the introductory guidance material is to explain the purpose, status and authority of this GS and how the topic specific guidance material included in this GS is to be understood and applied to public sector engagements.

   The introductory guidance material also provides the necessary context for the topic specific guidance material and outlines the unique challenges faced by public sector auditors and assurance practitioners in complying with AUASB Standards.

[1] AUASB Standards comprise Australian Auditing Standards (ASAs), Australian Standards on Quality Management (ASQMs), Standards on Assurance Engagements (ASAEs), Standards on Review Engagements (ASREs) and Standards on Related Services (ASRSs). See Auditing Standard ASA 101 *Preamble to AUASB Standards*, paragraphs 7 and 10.

(b) Topic specific guidance material

Topic specific guidance material is developed and issued when a need for specific supplementary guidance relating to public sector engagements is identified in practice, and will be incrementally added to the GS in response to emerging issues.

7. Whilst the AUASB generally does not set industry or sector specific standards, the AUASB may from time to time produce industry or sector specific guidance materials in the form of authoritative AUASB GSs and/or other non-authoritative materials. The AUASB's *Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications* (AUASB Due Process Framework) outlines the circumstances that may lead to the AUASB issuing guidance materials and identifies factors the AUASB will consider in determining the form of guidance that will be appropriate in the circumstances.[2]

8. AUASB GSs are authoritative AUASB pronouncements[3] that are formally approved and issued by the AUASB. GSs are developed, issued and maintained in accordance with the AUASB's Due Process Framework.[4] Refer to the *Foreword to AUASB Pronouncements* for further information on the purpose, authority and legal status of GSs.[5]

9. The topic specific guidance included in this GS aims to support public sector auditors and assurance practitioners in implementing and applying the AUASB Standards in practice by providing supplementary guidance in relation to the definitions, objectives, requirements and application and explanatory material contained in the standards.

10. The main objective is to provide additional guidance to support public sector auditors and assurance practitioners to either comply with the requirements in AUASB Standards or identify appropriate alternative procedures which will enable the auditor/assurance practitioner to achieve the objective of a standard.

11. This GS covers only selected issues identified as presenting challenges in applying AUASB Standards to public sector engagements. It includes application and explanatory material on specific matters for the purposes of understanding and complying with the relevant requirements in AUASB Standards. In particular, guidance may:

- explain more precisely what a requirement means or is intended to cover;
- provide background information on matters addressed in an AUASB Standard, for example, to explain circumstances that may need further consideration in the public sector;
- include examples that illustrate how the requirements might be applied and/or provide examples of procedures that may be appropriate in the circumstances; and
- include illustrative examples of auditor reports or other documents.

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2 See AUASB Due Process Framework, Sections IV, IX and X.
3 See *Foreword to AUASB Pronouncements*, paragraphs 10-23.
4 See AUASB Due Process Framework, Section IX.
5 See *Foreword to AUASB Pronouncements*, paragraphs 20-23.

Public Sector Engagements

12. Law or regulation governing public sector engagements generally mandate the appointment of a public sector auditor/assurance practitioner and commonly set out the public sector auditor's/assurance practitioner's responsibilities, functions and powers. Law or regulation may also prescribe other aspects of the terms of the engagement, including the objective and scope of the engagement and the responsibilities of management. There may be instances where the mandate or authority to perform an engagement and the public sector auditor's/assurance practitioner's powers reside in different pieces of legislation. AUASB Standards do not override law or regulation in such matters.

13. Where a public sector engagement is mandated by legislation, the public sector auditor/assurance practitioner cannot avoid such an obligation and, consequently, may not be in a position to not accept (that is, to decline) or not continue (that is, to withdraw from) the engagement. A public sector auditor/assurance practitioner may be required to perform these types of engagements whether or not the preconditions for the engagement exist and whether or not management's agreement on the terms of the engagement has been obtained. Consequently, the acceptance and continuance requirements of AUASB Standards may not be applicable to the public sector for legislatively mandated engagements.

14. In addition to legislatively mandated audits and assurance engagements in the public sector, the appointment of a public sector auditor/assurance practitioner may also be included as a requirement of an agreement, such as a Commonwealth agreement for the provision and acquittal of funding by the States and Territories or grant agreements from governments to Non-Government Organisations (NGO) service providers.

15. In Australia, Commonwealth, State or Territory Auditors-General are responsible for undertaking the majority of public sector engagements. Engagements at local government level are the responsibility of State or Territory Auditors-General in some jurisdictions, while in others, local government engagements are conducted by private sector auditors or audit firms, with or without the Auditor-General having an oversight role. Statutory bodies may be audited by private sector auditors or audit firms but this will depend on the specific legislation under which these entities operate.

16. Auditors-General exercise their public sector audit function within their specific jurisdictional legislative mandate, which governs the independence of their role and power of discretion in performing certain duties.

17. The responsibility to form an opinion or conclusion and to report outcomes is usually the domain of the respective Auditor-General. Depending on the legislative mandate in each jurisdiction, an Auditor-General may in some cases:

    (a) engage a private sector auditor or audit firm under contract to assist and/or undertake certain functions of the Auditor-General; and/or

    (b) delegate to a person employed in the Auditor-General's Office, or to a private sector auditor or audit firm, the power to express an opinion or conclusion, or to make a report.

18. In addition to legislatively mandated engagements, legislation may enable an Auditor-General to undertake audits or audit-related services by arrangement - that is, a public sector entity, a minister or the Legislature may request audits or audit-related services under an agreement with the Auditor-General. These engagements may be requested as a once-off arrangement or

as an annually recurring service. These types of engagements are often referred to as "by-arrangement" or "by-request" audits or reviews. An Auditor-General may only undertake these types of engagement where it falls within the Auditor-General's legislative powers.

19. Auditors-General in Australia may be mandated to perform different types of assurance engagements on any subject of relevance to the responsibilities of management and those charged with governance of a public sector entity and the application of public resources. The extent or form of these engagements and the reporting thereon will vary according to the legislated mandate of the Auditor-General concerned and any legislation applicable to the entity which is the subject of the audit.

20. Depending on the legislative mandate in each jurisdiction, Auditors-General may be required to:

    (a) conduct public sector engagements in accordance with applicable AUASB Standards;

    (b) have regard to recognised professional standards; or

    (c) set their own standards. Standards established by an Auditor-General may incorporate AUASB Standards.

Financial Audits

21. In the Australian public sector, the scope and nature of financial audits conducted by public sector auditors are governed by relevant enabling legislation in each different jurisdiction.

22. For the purpose of this GS, the term "financial audit" means an audit that focuses on determining whether an entity's financial information is presented in accordance with the applicable financial reporting and regulatory framework. This is accomplished by obtaining sufficient and appropriate audit evidence to enable the auditor to express an opinion as to whether the financial information is free from material misstatement due to fraud or error.[6]

23. For financial audits conducted under AUASB Standards, the public sector auditor applies the Australian Auditing Standards (ASAs) relevant to the engagement. As described in the Preamble to AUASB Standards[7], AUASB Standards are:

    (a) neutral with respect to the audited or reviewed entity's sector and size; and

    (b) intended to be applied, as appropriate, to all audit, review, assurance and related service engagements conducted by an auditor or audit firm in both the public and private sectors.[8]

    The application and explanatory material in ASAs may contain considerations specific to public sector entities.

24. The public sector auditor's responsibilities may be affected by the audit mandate, or by obligations on public sector entities arising from law, regulation or other authority (such as ministerial directives, government policy requirements, or resolutions of the Legislature), which may encompass a broader scope than an audit of a financial report in accordance with

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6 INTOSAI Standard ISSAI 100 *Fundamental Principles of Public-Sector Auditing*, paragraph 22.

7 See Auditing Standard ASA 101 *Preamble to AUASB Standards*, paragraphs A11-A15.

8 In the public sector, "audit firm" is to be read as referring to a public sector equivalent, for example, an Auditor-General's Audit Office.

the ASAs. Given the ASAs are sector neutral, these additional responsibilities are not dealt with in the standards. They may be dealt with in standards or guidance issued by government audit agencies.[9]

25. The scope of an annual audit in the public sector may include, in addition to the audit of the financial report of a public sector entity, an audit of service performance (for example, an audit of annual performance information or performance statements) and/or elements of a compliance engagement (for example, reporting on compliance with key legislation). A public sector auditor may also perform other discretionary assurance engagements such as performance audits, reviews or assurance engagements on controls (refer to paragraph 29 below).

26. Specific requirements may exist within the legislation governing the audit mandate, for example, the public sector auditor may be required to report directly to a minister, the Legislature or the public if the entity attempts to limit the scope of the audit. Furthermore, law or regulation may establish additional reporting requirements for the auditors of public sector entities, for example, to prepare a separate report on instances of non-compliance with law or regulation to the Legislature or other governing body, or communicating such instances in the auditor's report on the financial report.

27. In the public sector, there are many users of financial information including, but not limited to, the audited entity, ratings agencies, analysts, lending institutions, service providers and recipients, parliament, ministers and the public. In order to meet the information requirements of a broad range of users, a public sector auditor's mandate may require, or allow for, reporting on non-compliance with laws or regulations and unacceptable conduct (such as lack of probity) in the public sector. Auditors-General may elect or may be required to address probity and public interest considerations in their annual financial audits. This may necessitate a further broadening of the scope of an audit beyond the scope envisaged by the ASAs under which the audit is performed. The broadening of scope may present a challenge for the auditor in determining how to effectively report on the outcome of any additional work the auditor may decide to undertake within the structure of the opinion normally required by the relevant ASAs.

28. The objectives of a financial audit in the public sector therefore may be broader than expressing an opinion on whether the financial report has been prepared, in all material respects, in accordance with an applicable financial reporting framework. The ASAs and ASAEs provide minimum requirements and application material; however, as they are written to be sector neutral, additional guidance may be required to support the broader scope of engagements undertaken in the public sector to promote consistency.

Other Assurance and Assurance Related Engagements

29. For other public sector assurance and assurance related engagements required to be conducted under AUASB Standards, the public sector assurance practitioner applies the relevant requirements of the applicable AUASB Standard relevant to the engagement. For example:

- Reviews of financial reports or historical financial information (limited assurance engagements) — refer to the applicable Standards on Review Engagements.

[9] See ASA 200, paragraph A59. In Australia, the term "government audit agencies" refers to Commonwealth, State or Territory Auditors-General.

- Assurance engagements on subject matters other than historical financial information — refer to Standard on Assurance Engagement ASAE 3000.[10]
- Compliance engagements — refer to Standard on Assurance Engagement ASAE 3100.[11]
- Assurance Engagements on Controls — refer to Standard on Assurance Engagement ASAE 3150.[12]
- Performance engagements — refer to Standard on Assurance Engagement ASAE 3500.[13]

Addressing Challenges associated with applying AUASB Standards in the Public Sector

30. As noted in paragraph 23, AUASB Standards are designed to be neutral with respect to the sector and the size of the entity subject to the engagement, and are intended to be applied, as appropriate, to engagements in both the public and private sectors.

31. Where appropriate, additional considerations specific to the public sector are included within the application and other explanatory material of AUASB Standards. These additional considerations assist in the application of the requirements of the standards in such engagements. However, these considerations and associated guidance are not extensive and, as a result, the standards focus largely on engagements undertaken in the private sector where the objective is to form a conclusion in respect of compliance with a reporting framework.

32. Due to the differences between engagements undertaken in the public and private sectors, public sector auditors and assurance practitioners may face challenges in applying the AUASB Standards in the public sector. For example, practitioners may need to apply professional judgement in:

- interpreting terminology used in AUASB Standards that is not usually found in the public sector, for example, terms such as “client”, “listed entity”, “firm”, “partner”, “engagement partner” and “lead assurance practitioner”.
- applying AUASB Standards in delivering audit mandates established within legislation.
- distinguishing a compliance engagement from a financial audit with elements of compliance with law or regulation.
- determining materiality levels for public sector engagements where, for example, application of private sector benchmarks may not be appropriate and where the impact of qualitative considerations may be more prevalent.
- identifying and communicating matters required to be reported by law or regulation within the structure of the opinion promulgated by the relevant AUASB Standards.
- complying with AUASB Standards in circumstances where it may be against the public interest to disclose certain sensitive information in publicly released reports.

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10 See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*
11 See ASAE 3100 *Compliance Engagements.*
12 See ASAE 3150 *Assurance Engagements on Controls.*
13 See ASAE 3500 *Performance Engagements.*

Structure of Topic Specific Guidance

33. Topic specific guidance included in this GS is structured as follows:

(a) Application

This section clarifies how the topic specific guidance is to be used and for what purpose it has been developed, and identifies:

- the relevant AUASB Standard the guidance applies to; and
- the type of engagement (or combination thereof) and, where relevant, the subject matter it addresses.

It includes a clear statement that the GS:

- provides supplementary guidance in relation to the AUASB Standard it applies to and that it does not contain any further requirements for the conduct of the public sector engagement; and
- is to be read and applied together with the relevant AUASB Standard.

(b) Introduction (where applicable)

Topic specific guidance may include further introductory material to provide context relevant to a proper understanding of the topic specific supplementary guidance. Introductory material may include, as necessary, such matters as explanation of the:

- purpose and scope of the supplementary guidance, including how the guidance relates to other segments of the GS; and
- topic specific subject matter.

(c) Scope

This section identifies the specific paragraphs or sections of the AUASB Standard the supplementary guidance relates to.

(d) Definitions

Definitions necessary to understand guidance provided in this GS are included with the topic specific guidance it relates to.

(e) Guidance

This section sets out supplementary application and other explanatory material to assist the auditor/assurance practitioner to achieve the objectives of the relevant AUASB Standards.

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Drafting Conventions

34. The following drafting conventions apply to guidance material included in this GS:

    (a) Words such as "should", "shall" or "must", or any other term that denotes something as a mandatory requirement, are not to be used, except when repeating or referring to the requirements from relevant AUASB Standards.

    (b) Guidance supports the general requirements and application and explanatory material contained in AUASB Standards, and:

        (i) does not extend the requirements of the public sector auditor/assurance practitioner as stated in the AUASB Standards;

        (ii) refers to the requirements in the AUASB Standards to which the guidance is supplementary; and

        (iii) is consistent with the relevant AUASB Standards the guidance relates to.

    (c) The present tense of verbs is used when it is the best form of expression. Use of the present tense does not create or imply mandatory requirements.

    (d) The word "including" means a list of items or examples is provided but the list does not purport to contain all relevant items or examples and intentionally is not exhaustive.

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Auditing Standard ASA 210 *Agreeing the Terms of Audit Engagements*

Application

35. This section of the GS provides supplementary application and other explanatory material in relation to selected issues identified as presenting challenges in applying Auditing Standard ASA 210 *Agreeing the Terms of Audit Engagements* in the public sector. It does not contain any further requirements for the conduct of the audit. It is to be read and applied together with ASA 210.

Introduction

36. ASA 210 deals with the auditor's responsibilities in agreeing the terms of the audit engagement with management and, where appropriate, those charged with governance. This includes:

    (a) establishing that certain preconditions for an audit are present before accepting the engagement; and

    (b) confirming that there is a common understanding between the auditor and the entity of the terms of the audit engagement.

37. The preconditions for an audit are defined in ASA 210, paragraph 4, to mean the use by management[14] of an acceptable financial reporting framework in the preparation of the financial report and the agreement of management to the premise[15] on which an audit is conducted.

38. In the public sector, law or regulation governing the operations of public sector audits generally mandate the appointment of a public sector auditor and commonly set out the public sector auditor's responsibilities, functions and powers, including the power to access an entity's records and other information. Law or regulation may also prescribe other aspects of the terms of the audit engagement, including the objective and scope of the audit and the responsibilities of management. ASAs do not override law or regulation in such matters.

39. Where the public sector financial audit is mandated by legislation, the public sector auditor cannot avoid such an obligation and, consequently, may not be in a position to not accept (that is, to decline) or not continue (that is, to withdraw from) the engagement. The public sector auditor may be required to perform these types of audits whether or not the ASA 210 preconditions for the audit exist and whether or not management's agreement on the terms of the engagement has been obtained.

40. Consequently, the use of engagement letters may not be a widespread practice in the public sector for audits mandated by legislation. Nevertheless, there may be benefit in communicating a common understanding of the terms of the audit engagement between the auditor who is carrying out the audit and those charged with governance of the public sector entity, to avoid misunderstandings with respect to the engagement and to provide for an efficient and quality audit to be carried out.

41. Use of ASA 210 terminology such as to "accept" or "continue" an audit engagement, or to "agree" the terms of an engagement with management may be problematic in the public sector context for audits mandated by law or regulation.

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[14] Consistent with ASA 210, references to "management" should be read hereafter as "management and, where appropriate, those charged with governance".

[15] See ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, paragraph 13(j).

42. This section of the GS provides additional guidance to reflect the public sector perspective on 'agreeing' the terms of financial audit engagements undertaken in the public sector.

Scope of ASA 210 Supplementary Guidance

43. This section of the GS provides supplementary guidance for public sector auditors related to the following requirements of ASA 210:

    (a) Preconditions for an Audit – Obtain agreement of management that it acknowledges and understands its responsibility (ASA 210, paragraph 6(b)).

    (b) Agreement on Audit Engagement Terms (ASA 210, paragraphs 9-13).

Guidance

Preconditions for an Audit

Obtain Agreement of Management that it Acknowledges and Understands its Responsibility (ASA 210, paragraphs 6(b) and 12)

44. An audit in accordance with ASAs is conducted on the premise that management has acknowledged and understands that it has the responsibilities set out in paragraph 6(b) of ASA 210. To avoid misunderstanding about the respective responsibilities of management and the auditor, ASA 210, paragraph 6(b), requires the auditor to obtain the agreement of management that it acknowledges and understands these responsibilities. In the private sector, this acknowledgement from management is usually obtained as part of agreeing and recording the agreed terms of the audit engagement in an engagement letter or other suitable form of written agreement, in accordance with the requirements of ASA 210, paragraphs 9-12.

45. However, the terms of an audit engagement in the public sector are normally mandated by legislation and therefore not subject to traditional contractual agreement with management. The legislated right in itself is an implicit agreement between the parties of the terms of the engagement. ASA 210 addresses this situation and outlines that if, in the circumstances described in paragraphs 10 and 11 of the Standard, the public sector auditor concludes that it is not necessary to issue an engagement letter or other suitable form of written agreement, the auditor is required only to obtain the acknowledgement of management that it understands that it has the responsibilities set out in paragraph 6(b) of the Standard.

46. In accordance with paragraph 12 of the Standard, the written acknowledgement from management may use the wording of the law or regulation if such law or regulation establishes responsibilities for management that are equivalent in effect to those described in paragraph 6(b) of the Standard. For those responsibilities that are not prescribed by law or regulation such that their effect is equivalent, the written acknowledgement uses the description in paragraph 6(b) of the Standard.

47. When obtaining the agreement of management that it acknowledges and understands its responsibility as required in ASA 210, paragraph 6(b), the public sector auditor also takes into account the fact that the responsibilities of management in the public sector may be broader, and there may be increased value in formalising the acknowledgement and understanding of such responsibilities.

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Agreement on Audit Engagement Terms

Legislatively Mandated Financial Audits

Agreeing the Terms of the Audit Engagement (ASA 210, paragraph 9)

48. The terms of an audit engagement in the public sector are normally mandated by legislation and thus not subject to requests from, and agreement with, management. Therefore, ASA 210, paragraph 9, is not relevant in these circumstances.

Engagement Letter or Other Form of Written Agreement (ASA 210, paragraphs 10-11, 13)

49. Whether or not to formally record the terms of the engagement in an engagement letter or other suitable form of written agreement depends on whether law or regulation prescribes in sufficient detail the matters described in ASA 210, paragraph 10.

50. If law or regulation prescribes in sufficient detail the matters described in paragraph 10 of the Standard, paragraph 11 of the Standard permits the auditor to include in the engagement letter only reference to the fact that such law or regulation applies and that management acknowledges and understands its responsibilities as set out in paragraph 6(b).

51. In circumstances where paragraph 11 of the Standard applies, the public sector auditor is therefore not required to issue a full engagement letter[16] or to obtain management's formal agreement to the terms of the engagement.[17] However, the public sector auditor is still required to obtain the written acknowledgement from management that it understands that it has the responsibilities set out in paragraph 6(b) of the Standard (see paragraphs 44-47 above).

52. For paragraph 11 to apply, ASA 210 requires the relevant law or regulation includes all the elements outlined in paragraph 10 of the Standard and prescribe in sufficient detail the terms of the audit engagement. The law or regulation describing the elements in paragraph 10 may be from different sources.

53. Where law or regulation does not include all the elements outlined in paragraph 10 of the Standard or is not sufficiently detailed, paragraph 11 of the Standard does not apply and the public sector auditor will be required to include the relevant detail in an engagement letter (or equivalent form of communication) in order to comply with ASA 210, paragraph 10.

54. In circumstances where paragraph 11 of the Standard applies (see paragraphs 50-52 above), the public sector auditor may nonetheless consider that there may be benefit in communicating the matters described in paragraph 10 of the Standard in an engagement letter (or equivalent form of communication) for the information of management. The objective of the public sector auditor in documenting and communicating the terms of the engagement in these circumstances, is to confirm that there is a common understanding of the terms between the auditor who is carrying out the audit and management of the public sector entity, to clarify any matters that may be misunderstood[18] and to provide for an efficient and quality audit to be carried out.

55. Use of an engagement letter (or equivalent form of communication) that draws together the detail of the terms of the engagement may be particularly beneficial where there are matters

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16 That is, an engagement letter that includes all the elements outlined in paragraph 10 of the Standard.

17 If the circumstances described in ASA 210, paragraph 11, applies to the engagement, there is no requirement for the auditor to document the reasons why an engagement letter that includes all the elements outlined in paragraph 10 of the Standard has not been issued in accordance with the requirements of paragraphs 9-10, as the requirement is not relevant in the circumstances of the engagement. See ASA 101, paragraphs A41-A43.

18 For example, such communication may assist to avoid misunderstanding about the respective responsibilities of management and the public sector auditor.

that are unique to the engagement, or where the matters described in paragraph 10 of the Standard are located in more than one piece of legislation.

56. In these circumstances, the engagement letter (or equivalent form of communication) is not an agreement (contract) nor is it an audit proposal, and neither the public sector entity nor the public sector auditor can use the engagement letter as a vehicle to negotiate or vary the terms of the engagement in the letter. The engagement letter (or equivalent form of communication) communicates the terms of the engagement, as determined under law or regulation, to the public sector entity. The auditor is required to obtain acknowledgement that management understands its responsibilities - not agreement of the terms of the engagement outlined in the letter.

57. Documentation of the terms of the engagement cannot reduce obligations imposed by law or regulation and the public sector auditor is required to refer to the applicable provisions of the law in undertaking the engagement.

Form and Content of Engagement Letter or Equivalent Communication

58. As noted in ASA 210, paragraph A23, it is in the interests of both the public sector entity and the public sector auditor that an engagement letter or equivalent communication is issued before the engagement commences to help avoid misunderstandings with respect to the engagement.

59. On recurring engagements, the public sector auditor applies professional judgement to determine whether there is a need to periodically re-issue the engagement letter and/or obtain re-acknowledgement from management that it understands its responsibilities, for example, taking into account the factors outlined in ASA 210, paragraph A30.

60. Typically, engagement letters issued for new recurring engagements may represent a standing arrangement until such time as the public sector auditor issues a new letter due to changes in the conditions or the scope of the engagement, or significant changes in the senior management of the public sector entity or in management's responsibilities.

61. The public sector auditor may also consider drafting an engagement letter that extends beyond one year. For example, an Auditor-General may decide to publish an engagement letter to Parliament for the life of the Parliament, although no specific response is required or received back.

62. The form and content of the engagement letter may vary according to the nature of the engagement, the terms of appointment of the public sector auditor, and the extent to which the terms of the engagement are prescribed in law or regulation, and may be in a form different to a traditional engagement letter. For example, as detailed in the previous section, in circumstances where law or regulation mandate the appointment of a public sector auditor and prescribe in sufficient detail the terms of the engagement, the auditor is not required to issue an engagement letter that includes all the elements outlined in paragraph 10 of the Standard.

63. In circumstances where the public sector auditor concludes that it is not appropriate or necessary to issue a traditional engagement letter or other form of written agreement, the terms of the engagement and other arrangements may be communicated to management at preliminary (entrance) meetings with the entity. Different jurisdictions may use different approaches and different documents[19] for this purpose.

[19] For example, overall planning or strategy type documents are often used to communicate the objective and scope of the engagement.

64. The public sector auditor requests management to acknowledge receipt of the engagement letter (or equivalent communication) and that it acknowledges and understands its responsibilities. The auditor may also consider seeking written acknowledgement from management of other aspects of the terms of the engagement[20] or arrangements concerning the engagement. Typically, the auditor obtains such acknowledgement for new engagements, once-off engagements or where there has been changes to the scope of the engagement or changes in senior management of the entity.

65. In the public sector, there may be additional matters besides the examples listed in ASA 210, paragraphs A24-A26, that public sector auditors have to report if they become aware of them during the course of the audit and that may be relevant to the engagement letter. When relevant, other audit objectives stipulated by the mandate may also be included in the engagement letter (or equivalent communication).

66. ASA 210, paragraph A25, recommends that it may be helpful for the auditor to make reference in the terms of the audit engagement to the possibility of communicating key audit matters in the auditor's report. Public sector auditors may be required to, or may decide to, communicate key audit matters to other parties, such as the Legislature, in addition to management or those charged with governance when relevant legal provisions do exist.

Audits Conducted By Arrangement

67. In addition to legislatively mandated audits, legislation may enable a public sector auditor to undertake audits and audit-related services by arrangement – that is, a public sector entity, a minister or the Legislature may request an audit or review under an agreement with the public sector auditor. These engagements may be requested as a once-off arrangement, or as an annually recurring service. These types of engagements are often referred to as "by-arrangement" or "by-request" audits or reviews. A public sector auditor may only undertake these types of engagements where it falls within the auditor's legislative powers.

68. As these types of engagements are not legislatively mandated, the public sector auditor, in limited circumstances, may have discretion on whether to accept, or continue with, the engagement (for example, when requested by a public sector entity). However, legislation may provide for the public sector auditor to undertake these types of engagements at the request or direction of a Minister or the Legislature. Where this is the case, the public sector auditor will not generally have discretion to decline the request and may not be required to obtain agreement from the auditee of the terms of the engagement.

69. For these types of engagements, the public sector auditor complies with the relevant requirements of ASA 210 as applicable to the engagement. This may include agreeing the terms of the engagement, which includes the matters set out in paragraph 10 of ASA 210, with management and recording the agreed terms in an engagement letter (or equivalent communication) before any assurance work is undertaken.

[20] For example, the objective and scope of the engagement, the responsibilities of the auditor and identification of the applicable financial reporting framework for the preparation of the financial report.

Auditing Standard ASA 570 *Going Concern*[21]

Application

70. This section of the GS provides supplementary application and other explanatory material in relation to selected issues identified as presenting challenges in applying Auditing Standard ASA 570 *Going Concern* in the public sector. It does not contain any further requirements for the conduct of the audit. It is to be read and applied together with ASA 570.

Introduction

71. Financial reporting frameworks applicable in Australia generally require the adoption of the going concern basis of accounting in financial reports, except in circumstances where management of an entity intends to liquidate the entity or to cease trading or has no realistic alternative in doing so. This concept applies even when there are uncertainties about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in the future. However, these reporting frameworks require such uncertainties to be disclosed in the financial report when they are material.[22]

72. Under the going concern basis of accounting, the financial report is prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.[23]

73. ASA 570 clarifies that management's use of the going concern basis of accounting is also relevant to public sector entities.[24] However, as the concept of going concern as described in AASB 101/ASA 570 is generally more relevant to for-profit commercial entities (whether operating in the private sector or public sector), it may need to be interpreted and applied differently for public sector entities responsible for providing significant government functions on a non-commercial basis.

74. Cash flow projections and other financial metrics-based criteria traditionally used in making going concern assessments are often less relevant in the public sector for those entities that are funded by government through annual appropriations and grants, where the focus is more on whether an entity is sufficiently supported by the government and to what extent the continuation of its functions is protected. Cessation of a public sector entity is most likely to result from a government policy (political) decision to discontinue an entity in its entirety, merge or amalgamate one or more public sector entities, privatise the entity, or privatise all or part of the functions delivered by the entity. Therefore, the events or conditions which may cast significant doubt on a public sector entity's ability to continue as a going concern may be different to the factors faced in the private sector.

75. To effectively plan and implement audit procedures that appropriately respond to going concern related risks, public sector auditors require a clear understanding of how the concept of going concern is applied to the public sector entity they are auditing. A lack of understanding of how the going concern concept applies in the context of public sector

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21 In developing this section of the GS, the AUASB considered relevant guidance to public sector auditors on the topic of going concern included in the UK Financial Reporting Council's Statement of Recommended Practice – Practice Note 10 *Audit of financial statements and regularity of public sector bodies in the United Kingdom* (2020).

22 For example, see Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, paragraphs 25-26.

23 ASA 570, paragraph 2.

24 ASA 570, paragraph A3, provides limited application guidance relevant to the public sector in the form of examples of situations where going concern risks may arise in the public sector and of events and conditions that may cast significant doubt on an entity's ability to continue as a going concern.

reporting may lead to public sector auditors applying unnecessary or inappropriate audit procedures.

76. Public sector auditors may need to obtain a detailed understanding of what, if any, going concern risks apply to the public sector entity and on what basis the going-concern assumption is appropriate. For example, whilst some public sector entities may face funding shortfalls or liquidity concerns, management's use of the going concern assumption may still be appropriate based on the assumption that the functions provided by the public sector entity will continue within government, even if not within that entity if it is abolished. As a consequence, the nature and source of evidence public sector auditors obtain may be different when compared to the private sector.

77. Whilst the public sector auditor must determine that the use of the going concern basis of accounting is appropriate for each public sector entity in accordance with the requirements of ASA 570, there also may be other forms of public reporting (such as periodic reports to parliament covering the whole of government or specific public sector segments) where the public sector auditor may highlight significant financial issues relating to an individual or group of public sector agencies. Though reporting on these financial issues may be deemed in the public interest, it is not a substitute for any reporting requirements in ASA 570 and falls outside the scope of this GS.

Scope of ASA 570 Supplementary Guidance

78. This section of the GS provides supplementary guidance to reflect the public sector perspective on going concern related to:

    (a) The concept of going concern in the public sector (ASA 570, paragraphs 2 and A3).

    (b) Risk assessment procedures and related activities (ASA 570, paragraphs 11-15 and A7-A32).

    (c) Evaluating management's assessment (ASA 570, paragraphs 16-25 and A33-A58).

    (d) Evaluating management's plans for future actions (ASA 570, paragraphs 26-28 and A59-A65).

    (e) Concluding, adequacy of disclosures and reporting (ASA 570, paragraphs 30-38 and A67-A96)

Definitions

79. For the purpose of this GS, the following terms have the meanings attributed below:

    (a) General Government Sector (GGS) – Defined in AASB 1049[25] (Appendix A) and the ABS GFS Manual[26].

    (b) 'Machinery of Government' (MOG) change – A MOG change refers to a restructure of existing government arrangements in the public sector that may involve the reallocation or reorganisation of government functions, responsibilities and resources between government-controlled entities. MOG changes may be made for a range of reasons, including to support the policy and/or political objectives of government. MOG changes can vary in scope and complexity and can involve a combination of:

[25] Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

[26] The Australian Bureau of Statistics publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods*.

- abolishing government departments and/or government-controlled statutory bodies;
- creating new government departments and/or government-controlled statutory bodies;
- merging/amalgamating one or more government departments or government-controlled statutory bodies; and/or
- moving functions between government departments and/or government-controlled statutory bodies.

MOG changes may occur at any time, often with little or no notice; however, significant MOG changes usually occur immediately following an election when a new government announces its new ministry and any new administrative arrangements. Changes may also transpire as a result of a legislative change or a government policy decision, such as to privatise a government-controlled entity, transfer a function or outsource a function.

(c) Public Corporations[27] (and quasi-corporations) – The terms 'Public Corporation' and 'quasi-corporation' are defined in AASB 1049 (Appendix 1) and the ABS GFS Manual. Public Corporations are typically categorised into Public Financial Corporations (PFC) and Public Non-Financial Corporations (PNFC).

(d) Public sector – The combination of the GGS and Public Corporations.

Guidance

Concept of Going Concern in the Public Sector *(ASA 570, paragraphs 2, A3)*

80. In the public sector it may be necessary to consider more than the financial health of an entity based on cash flow projections or other financial metrics-based criteria traditionally used in making going concern assessments in the private sector. There are many examples where public sector entities continually fail tests of liquidity, have accumulated deficits and negative equity, yet continue to operate and deliver their functions as they continue to receive appropriation or grant funding from government.

81. In assessing the appropriateness of the going concern basis of accounting in the public sector, consideration of whether the functions provided by the public sector entity will continue within government, even if not within that entity if it is abolished, is often more relevant in assessing going concern risk than whether the particular public body will continue to exist in its current structure or whether the particular entity is financially sustainable.

82. Cessation of a public sector entity is most likely to result from a government policy (political) decision. As most public sector entities undertake their functions in accordance with statutory requirements imposed by legislation, an act/regulation of Parliament would generally be required to amend or discontinue such functions. However, this may vary across jurisdictions where MOG changes may be permitted using other mechanisms.

83. As the majority of public sector entities exist to deliver essential public functions, it may be reasonable to assume that those functions will continue to be delivered by the public sector, unless there is evidence to the contrary. Therefore, in the absence of any clearly expressed government or parliamentary intention to scale back or discontinue an entity's functions, it may be reasonable to assume that a parliament will continue to provide funding annually through the parliamentary appropriation (budget) process. A government can also intervene to

[27] Some jurisdictions may use alternative terminology to refer to Public Corporations, such as Government Owned/Controlled Corporations, Government Trading Enterprises or Government Business Enterprises.

increase funding to an entity or adopt a different delivery model to ensure continuity in provision of functions.

84. Functions are frequently transferred or amalgamated in MOG changes. This may result in the discontinuation of a public sector entity. In these circumstances it may still be appropriate for the discontinued entity to adopt the going concern basis of accounting where it is anticipated that the underlying functions it provides will continue to be delivered by another public sector entity and its assets and liabilities realised in the normal course of business. Whether or not the going concern basis of accounting is appropriate in preparing the financial report of the discontinued entity will depend on the specific circumstances affecting the entity.[28]

85. Certain public sector entities may be expected to operate in a competitive market on a commercial basis and to be primarily self-funded (that is, not reliant on government appropriations and/or grants to fund their operations). For these types of entities, consideration of going concern can be similar to that applied to for-profit commercial entities in the private sector and ASA 570 is generally fit-for-purpose.

Risk Assessment Procedures and Related Activities *(ASA 570, paragraphs 11-15, A7-A32)*

86. In performing the applicable ASA 315[29] risk assessment procedures as required under ASA 570, paragraphs 11-15, the public sector auditor determines a proportionate approach to going concern risk, based on the auditor's understanding of the public sector entity and its environment, the requirements of the applicable financial reporting framework related to going concern, and the entity's system of internal control (for example, in relation to oversight and governance over management's assessment of going concern and the controls in place to identify events or conditions relevant to going concern).

87. In forming a view on a public sector entity's ability to continue its operations, the public sector auditor's consideration of going concern embraces two separate, but sometimes overlapping, factors:

- the more likely risk associated with changes in policy direction (for example, where there is a change in government); and
- the less common operational or business risk (for example, where an entity has insufficient working capital to continue its operations at its existing level and is unable to raise additional capital).[30]

88. ASA 570, paragraph 11, includes a requirement for the public sector auditor, as part of performing ASA 315 risk assessment procedures, to obtain audit evidence that provides an appropriate basis for determining whether events or conditions have been identified that may cast significant doubt on the public sector entity's ability to continue as a going concern. The auditor exercises professional judgement to consider whether the examples of indicators identified in paragraph A7 of the Standard are relevant in the circumstances and, if relevant, whether management has included these factors in their going concern assessment. Also, the auditor determines whether there are public sector specific mitigating factors that may need to be taken into consideration.

89. In the public sector, the risk associated with changes in policy direction may be greater than any operational or business-related risks. ASA 570 risk indicators may be more relevant to self-funded corporate and non-corporate entities in the public sector that operate on a

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28 Further guidance is provided in paragraphs 116-121 of this GS.
29 See ASA 315 *Identifying and Assessing the Risks of Material Misstatement*.
30 INTOSAI GUID 2900, paragraph 25.5.

commercial basis. These indicators may be less relevant to those government agencies receiving annual appropriations/grants (budget funded).

90. To minimize the risk of changes in government policies not coming to the public sector auditor's attention which could impact on the going concern assumption, the auditor may ascertain through inquiry and review whether:

- the government has announced its intention to review an area of policy affecting the public sector entity;
- a review has been announced and is in progress;
- a review has indicated that the public sector entity could be restructured or that an entity's future may be re-examined; or
- the government has communicated its policy to privatise the activities of the public sector entity.[31]

91. Considerations specific to the public sector that may impact the public sector auditor's assessment of the going concern assumption may include, for example:

- How the entity is funded and the extent to which the entity is reliant on government funding (economically dependent on government versus self-funded and operating on a commercial basis).
- Nature of goods and services provided by the entity (for example, the government is unlikely to not continue to provide health care, provide utilities or continue to register vehicles).
- Uncertainties regarding on-going government funding, for example, an expiring funding agreement or omission from the budget.
- Budget announcements of plans to restructure/abolish/privatise public sector entities.
- Policy decisions that affect the functions provided by the entity.
- Legislative reform changing the legal structure of how functions are to be provided.
- Whether the entity can be wound up without legislative change.
- Timing of Royal Assent of legislation impacting an entity's operations or existence.
- Estimates of revenue or the likelihood of continued revenue streams, including government funding and the donation base.
- Changes to markets/reduction of customers for self-funded agencies.
- Poor financial indicators for a fee for service entity.

92. The following are examples of mitigating factors to consider when assessing the validity of the going concern assumption:

- Entities at local government level are often required to maintain delivery of functions essential to local communities and may themselves be revenue-raising bodies (that is, have the power to levy rates or taxes) and may have the possibility, on application, of recovering losses over a period.
- The existence of multi-year funding agreements or other arrangements that will ensure the continued operation of the entity.

[31] INTOSAI GUID 2900, paragraph 25.6.

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- A letter of financial support (or other similar direct confirmation) from a government agency or other parent entity able to provide such support.[32]

The public sector auditor includes their consideration of these factors in the conclusions they draw on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial report.

93. In addition to the audit procedures set out in ASA 570, the public sector auditor applies professional scepticism in reviewing the applicable legislative and reporting frameworks, Budget Papers, Budget announcements, media releases, statements of corporate intent, and government funding commitments. The auditor may also read official records of changes in policy and relevant proceedings of the legislature, parliamentary transcripts, gazettal notices, and inquire about matters addressed in proceedings for which official records are not yet available.

Budget-funded government-controlled entities in the GGS

94. The term GGS is defined in paragraph 79 of this GS and typically includes public sector entities established by or through the Australian Constitution or an act/regulation of Parliament. Examples include government departments, local government authorities and other government-controlled statutory bodies that have a primary role to provide government functions, which are mainly non-commercial (non-market) in nature, for the collective consumption of the community. These entities are mainly funded by government through the transfer or redistribution of revenue (budget funded through annual appropriations and/or grants) which is financed by government through taxes and other compulsory levies, and through loans/bond issues[33].

95. Given the statutory nature of these entities and the presumption that the functions provided by these entities will continue to be delivered by the public sector, going concern risk may be assessed as low on the basis that that it can be assumed, in the absence of any clearly stated parliamentary or government intention to amend or discontinue such functions, that the government is likely to continue to provide the minimum amount of financial support necessary to continue these public functions. For these types of entities, the risk associated with changes in policy direction is likely to be greater than any operational or business-related risks.

96. Where continuation of the provision of a function in the future is anticipated, the use of the going concern basis of accounting is likely to be appropriate for these entities other than in exceptional cases (as examples, where an entity's functions are to be discontinued altogether and the entity abolished, or where an entity is to be privatised, or a public/private joint venture entered into). It is also unlikely that a material uncertainty related to going concern will exist in these circumstances – unless there is evidence to the contrary.

97. As the risk in relation to going concern may be lower in these circumstances, the public sector auditor's risk assessment procedures and evaluation of management's going concern assessment focus primarily on whether there is a parliamentary or government legislative intention to amend or discontinue service delivery, rather than around the financial sustainability of the public sector entity.

98. The public sector auditor's risk assessment procedures as required by ASA 570 may include consideration of:

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[32] See paragraphs 123-128 of this GS.

[33] Referred to in the public sector as 'the borrowing program'.

(a) the statutory nature of the entity and whether there is an expectation that the underlying functions delivered by the entity will continue to be delivered and funded by the public sector notwithstanding any decision to restructure existing government arrangements which may result in the discontinuance of the particular entity;

(b) the requirements of the applicable financial reporting framework related to going concern (including the requirements to account for and report on MOG changes);

(c) the entity's risk assessment process to identify events or conditions which may indicate that the functions provided by the entity may no longer continue (which is expected to be proportionate to the low risk that a material uncertainty related to going concern exists);

(d) factors the auditor may be aware of that could indicate that either the functions delivered by the entity will no longer be provided or that funding for these functions will be discontinued or significantly reduced.

99. The public sector auditor documents the auditor's consideration and assessment of the basis for, and validity of, any assumption that functions are likely to continue.

100. Where the public sector auditor's risk assessment concludes that it may be inappropriate to assume that the functions delivered by the entity will continue to be delivered by the public sector in the foreseeable future, for example, where there is an intention by the government to discontinue the entity's operations altogether (that is, to abolish the entity and cease its functions) or to transfer the delivery of such functions to outside the public sector by privatising the entity, the auditor may need to re-evaluate the planned audit procedures based on the revised consideration of assessed risks in relation to the going concern assumption, and perform alternative procedures to comply with the requirements of ASA 570.

Public sector entities not funded (or not fully funded) by appropriations or grants

101. Certain public sector entities are expected to operate in a competitive market on a commercial basis and to be primarily self-funded (that is, not rely on government appropriations and/or grants to fund their operations). Many government business divisions may also be expected to recover their costs through commercial arrangements.

102. These entities operate in various legal forms such as statutory authorities formed by legislative instruments that define their role and purpose, Public Corporations and quasi-corporations[34], trusts and joint ventures. These entities may be granted varying degrees of autonomy but are ultimately responsible to a relevant government minister. While some of the services provided by these entities would be considered essential services (for example, water delivery services) this is not the case for all.

103. These government-controlled entities and their subsidiaries are typically separate legal entities from the 'government' and going concern risks can arise from, for example, situations where these entities experience financial difficulties, when policy decisions are made that affect the functions provided by the entity, where government support is reduced or withdrawn, or a subsidiary entity is wound up as a result of a decision of the parent entity.

104. For these types of entities, consideration of going concern can be similar to that applied to for-profit commercial entities in the private sector (for example, the public sector auditor may

[34] These terms are defined in paragraph 79 of this GS.

consider knowledge of the business, financial ratios, future forecasts)[35] and ASA 570 is generally fit-for-purpose.

105. Some of these entities may not be financially sustainable on their own and be reliant or semi-reliant on government funding to continue operating in a competitive market. For example, certain Public Corporations that provide essential public services may receive 'Community Service Obligations' from a government (similar to a government subsidy) to compensate these entities for delivering uneconomical but essential services in remote areas or where these entities are impacted by government policy decisions that disadvantage the entity in competing with private sector entities providing similar services.

106. A public sector auditor cannot assume that because an entity is operating in the public sector, a government will automatically support the entity should it experience financial difficulties. The determination of whether the going concern assumption is appropriate in the circumstances, will depend on the facts in each case. Whilst not all are applicable to public sector entities, the public sector auditor still considers the examples of events or conditions that, individually or collectively, may cast significant doubt on the public sector entity's ability to continue as a going concern included in ASA 570, paragraph A7, when determining the level of going concern risk. In particular, the public sector auditor considers whether, without government or other external assistance, the entity will be able to continue operating for at least one year from the date of the auditor's report.

107. In considering going concern for entities that are economically dependent on government funding to continue operating, in addition to the ASA 570 factors related to operational and business risk, the public sector auditor takes into consideration the statutory nature of the entity and the functions it delivers, and whether the underlying functions delivered by the entity are essential or key public functions that are expected to be delivered and funded by a government on a continuing basis. The auditor considers any factors that could signal that either the functions delivered by the entity will no longer be provided or significantly curtailed, or that funding for these functions may be discontinued or significantly reduced.

Evaluating Management's Assessment *(ASA 570, paragraphs 16-25, A33-A58)*

108. ASA 570, paragraphs 4 and 6, clarifies that whenever the going concern basis of accounting is a fundamental principle in the preparation of a financial report as discussed in paragraph 2 of the Standard, the preparation of the financial report requires management to assess the entity's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.

109. ASA 570 paragraph 16 requires that the public sector auditor request management to make an assessment of the public sector entity's ability to continue as a going concern where management has not yet done so. In the public sector, management may not always prepare a detailed or explicit going concern assessment, based on the assumption that a government will continue to support the entity regardless of its financial circumstances. Management may also provide only limited assessments, for example, by referring to a passed budget or appropriation bill as evidence that service delivery will continue in the foreseeable future.

110. ASA 570 paragraph 17, includes a requirement for the public sector auditor to design and perform audit procedures to evaluate management's assessment of the public sector entity's ability to continue as a going concern. As explained in paragraphs A34-A35 of the Standard:

    (a) this assessment by management forms a key part of the auditor's evaluation of management's use of the going concern basis of accounting and whether a material

[35] See ASA 570, paragraph A7 for example indicators to consider.

uncertainty exists related to events or conditions that may cast significant doubt on the public sector entity's ability to continue as a going concern; and

(b) it is not the auditor's responsibility to rectify the lack of analysis by management.

111. ASA 570 paragraph 19 requires the public sector auditor to evaluate the method, significant assumptions and data used by management in assessing the public sector entity's ability to continue as a going concern.

112. The degree of analysis by management in support of its assessment depends on the facts and circumstances of each entity. Given the legislative status of, and financial reporting frameworks applicable to, most entities in the public sector, it is likely that, unless there are indications that a government intends to amend or discontinue the delivery of public functions, management's assessment and the auditor's evaluation of management's assessment may be relatively straightforward. ASA 570 paragraph A36 provides the example that the absence of a change in government policy in the assessment period may be more relevant when determining whether continued funding is likely to be secured to enable the public sector entity to realise its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future. Nevertheless, management is still required to make this assessment and to explain the rationale in support of their assessment.

113. ASA 570 paragraph A35, provides for circumstances where management may reach a conclusion that the going concern basis of accounting is appropriate without performing a detailed analysis. For example, the method, assumptions and data used by management may be less extensive when there is a history of profitable operations and there are no liquidity concerns, and the public sector entity's risk assessment process has not identified events or conditions that may cast significant doubt on the public sector entity's ability to continue as a going concern. In these circumstances, the auditor's evaluation of management's assessment of going concern may be made without performing detailed evaluation procedures if the auditor's other audit procedures (which will include the risk assessment procedures referred to in the previous section) are sufficient to enable the auditor to conclude on whether management's use of the going concern basis is appropriate in the circumstances.

Evaluating Management's Plans for Future Actions *(ASA 570, paragraphs 26-28,A59-A65)*

114. In circumstances where there has been an announcement or decision made regarding a MOG change, or a change in legislation or funding arrangements, the public sector auditor performs additional audit procedures in accordance with ASA 570, paragraphs 26-28, to determine whether or not a material uncertainty related to going concern exists.

115. In these circumstances, sufficient appropriate audit evidence in support of management's judgements about going concern can usually be obtained by the public sector auditor and may include gazettal notices, parliamentary transcripts, correspondence with government bodies regarding funding, government budget announcements and Budget Papers.

116. When the public sector auditor becomes aware of information that indicates that a government or parliament has made, or intends to make, a decision which will likely impact the continued operational existence of a public sector entity, the auditor determines whether the functions being provided by the entity to be discontinued will continue to be provided by another public sector entity.

117. Functions are frequently transferred or amalgamated in MOG changes. This may result in the discontinuation of a public sector entity. Whether or not the going concern basis of accounting is appropriate in preparing the financial report of the discontinued entity will depend on the specific circumstances affecting the public sector entity.

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118. Where functions are transferred between government-controlled entities within the GGS, it may still be appropriate for the discontinued entity to adopt the going concern basis of accounting in preparing its final accounts. While legislative reform of this nature may change who manages/provides the function, there is considered to be no impact on the going concern assumption as functions are merely moved around within the government as a single legal entity and functions will continue to be delivered using the net assets transferred to the new or continuing entity. Unless there is evidence to the contrary, it can reasonably be assumed that the assets and liabilities will be realised in the normal course of business in the new or continuing entity – that is, at a fair or agreed value.

119. However, where there is evidence that a public sector entity's functions may be fully discontinued or where functions are transferred from a government-controlled entity in the GGS to a Public Corporation or to a government-controlled private sector entity, which are separate legal entities from the GGS, continued application of the going concern assumption in the discontinued entity may no longer be appropriate.

120. In circumstances where there has been an announcement or decision made to abolish a public sector entity, and legislation is required to be passed to cease the entity, the entity is usually treated as a going concern until the legislation has been enacted (that is, received Royal Assent). Where passage of legislation through Parliament is not required, the responsible Minister may be able to make changes via publication in the Government Gazette.

121. In circumstances where a government has only announced its intention to abolish a public sector entity, this will usually not be sufficient evidence that a government is demonstrably committed to the policy/decision.[36] However, such announcements of a government's intentions, or where a Bill has been introduced to Parliament, are likely to give rise to a material uncertainty for which the public sector auditor considers whether it is necessary to include an Emphasis of Matter paragraph.[37]

Public sector entities not funded (or not fully funded) by appropriations or grants

122. For public sector entities referred to in paragraphs 101-107 of this GS, traditional indicators and financial metrics used to assess going concern may be relevant and may signify that a material uncertainty exists, for example, in circumstances where an entity reports accumulated deficits, negative equity or a net liability position. In these circumstances, the public sector auditor performs additional audit procedures in accordance with ASA 570, paragraphs 26-27, to obtain sufficient appropriate audit evidence to determine whether or not a material uncertainty exists.

External Written Confirmations[38]

123. Public sector auditors are aware that changes in government policy can have a significant impact on the status and functions of public sector entities. However, management and the auditor in most instances may not be aware of the strategic or legislative decisions which may impact an entity. Changes in government policy can occur at short notice and without consultation.

124. When considering appropriate audit procedures relevant to the requirement in ASA 570, paragraph 28, the auditor may consider whether to obtain direct written confirmation from a

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[36] The government has to demonstrate its commitment, and be sufficiently detailed, for example, via Cabinet approval or where no Cabinet approval, through other binding documentation such as contractual arrangements, evidence of engagement of experts, passing of legislation etc.

[37] Refer to Auditor Conclusions and Reporting in paragraphs 129-130 for further details.

[38] See ASA 570, paragraph A63. Includes a letter of financial support, comfort letter, letter of guarantee, letter of intent.

central government agency or parent entity regarding any plans that may impact the entity's continued operational existence and/or to confirm the existence, authority and enforceability of arrangements to provide or maintain financial support.[39]

125. When considering requesting such confirmation, the auditor is advised to take account of any constraints imposed by legislation or the political process.[40] Also, in many circumstances, confirmation that financial backing will continue, or future funding will be received, may not be sufficient as meaningful assurance on the future of an entity.[41]

126. When considering requesting direct confirmations, the public sector auditor considers that there may be circumstances where such confirmations may not be forthcoming. For example:

- MOG changes may occur at any time, often with little or no notice. As a result, the government of the day will not generally provide direct confirmation that nothing is likely to change in relation to financial backing or future funding.
- A State or Australian Territory Government may also not be in a position to provide such confirmations as it may itself be highly dependent on, for example, GST funding with no control over changes to the distribution of the GST pool.
- Legislation may contain specific provisions that a government will not guarantee the debts or operations of, for example, a Public Corporation. In these circumstances, a central government department or other government agency will not be in a position to provide confirmation of continued financial support to these entities.

127. In circumstances where the public sector entity's continued use of the going concern basis of accounting is dependent on, for example, a letter of financial support, which the entity and/or public sector auditor was able to secure, the auditor exercises professional scepticism in evaluating the appropriateness and sufficiency of such confirmations as audit evidence. The auditor may consider the following matters:

(a) whether the entity providing the letter of support has the authority to provide the support;

(b) whether the letter of support has been signed by a person with appropriate delegated authority to provide such support;

(c) whether the entity or entities that will be providing the support have the ability to cover the obligations of the entity receiving the support;

(d) whether the amount of support will be sufficient; and

(e) whether one or both parties can terminate the arrangement.[42]

128. If an adequate confirmation can be obtained, it may be reasonable to conclude that the going concern basis is appropriate. If such confirmation is not forthcoming or where the auditor questions its sufficiency as audit evidence, the auditor considers whether there is a material uncertainty that requires to be reported in the auditor's report.

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39 See ASA 570, paragraph A63. In obtaining these confirmations, the public sector auditor complies with the requirements of ASA 505 *External Confirmations.*

40 For example, a parent entity or government may have a policy of not providing letters of support.

41 Paragraph 127 includes examples of matters to consider in evaluating the form and level of commitment provided by such confirmations. A promise to provide funding is not legally binding.

42 See OAG NZ AG ISA (NZ) 570, paragraph A1 (amended).

Concluding, Adequacy of Disclosures and Reporting *(ASA 570, paragraphs 30-38, A67-A96,)*

129. ASA 570[43] requires the public sector auditor to:

(a) Evaluate, based on the audit procedures performed, whether sufficient appropriate evidence has been obtained to conclude on:

(i) The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial report; and

(ii) Whether a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern exists.

(b) Evaluate (when no material uncertainty exists) or determine (when there is a material uncertainty) whether going concern matters are adequately disclosed in the financial report; and

then to report in accordance with ASA 570 requirements.

ASA 570, [Aus] Appendix 2 includes a useful diagrammatic illustration of the links between going concern considerations and the types of audit opinions that may be appropriate in the circumstances.

130. In circumstances where the public sector auditor concludes that no material uncertainty exists but the use of the going concern basis of accounting is dependent on a letter of support or other confirmation obtained from a related or other third party, or based on the assumption that a parliament may continue to provide funding to ensure continued delivery of essential public functions, the auditor states in a separate section in the auditor's report with the heading "Going Concern" that:[44]

(a) In the context of the audit of the financial report as a whole, and in forming the auditor's opinion thereon, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate;

(b) Based on the audit evidence obtained, the auditor has not identified a material uncertainty related to events or conditions that may cast significant doubt on the public sector entity's ability to continue as a going concern; and

(c) The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.

Additionally, the auditor may consider whether to:

(a) include a reference to the related disclosures in the financial report, if any; and

(b) describe how the auditor evaluated management's assessment of the public sector entity's ability to continue as a going concern.

[43] See ASA 570, paragraphs 30-38.
[44] See ASA 570, paragraph 34.

Auditing Standard ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*

Application

131. This section of the GS provides supplementary application and other explanatory material in relation to selected issues identified as presenting challenges in applying the ASA 220[45] definition of 'Engagement Partner' in the public sector. It does not contain any further requirements for the conduct of the audit. It is to be read and applied together with ASA 220.

Introduction

132. The term Engagement Partner is defined in ASA 220 and ASQM 1[46] as "the partner or other individual, appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor's report **[emphasis added]** that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body." In accordance with these Standards[47], 'engagement partner', 'partner' and 'firm' is to be read as referring to their public sector equivalents where relevant.

133. In the public sector, an Auditor-General, or other suitably qualified individual appointed on behalf of the Auditor-General,[48] may act in a role equivalent to that of the Engagement Partner with overall responsibility for a public sector audit.[49]

134. Challenges may arise in relation to some aspects of ASA 220 in the public sector when the individual assigned responsibility for the audit engagement and its performance in practice, is not also the individual responsible for signing and issuing the auditor's report. ASA 220 does not specify that the Engagement Partner has to sign the auditor's report; nor does ASA 700[50] require this. Furthermore, ASA 700 does not include specific requirements as to the role and responsibilities of the individual responsible for signing and issuing the auditor's report.

Scope of ASA 220 Supplementary Guidance

135. This section of the GS provides supplementary guidance on:

    (a) the concept of Engagement Partner in the public sector (ASA 220, paragraph 12(a)); and

    (b) the allocation of responsibilities under ASA 220 when the individual who is assigned responsibility for the audit engagement and its performance in practice, is not also the individual responsible for signing and issuing the auditor's report.

136. Different scenarios may apply in the different jurisdictions in Australia depending on the applicable legislative mandate and chosen audit delivery model (for example, whether external Audit Service Providers form part of the engagement team or not). Each Audit Office will

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45 ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* (March 2021).

46 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* (March 2021).

47 ASA 220 and ASQM 1, footnote 3.

48 An Auditor-General may or may not be a qualified accountant. Under section 1281 of the *Corporations Act 2001*, a person who holds office as the Auditor-General, or a person to whom the Auditor-General delegates the function or the power to conduct an audit, is taken to be registered as an auditor under the Act.

49 ASQM 2 *Engagement Quality Reviews* (March 2021), paragraph A11 (amended).

50 ASA 700 *Forming an Opinion and Reporting on a Financial Report.*

work within any delegation or authorisation clauses provided within their legislation to establish policies or procedures to ensure the objectives of ASA 220 are achieved.

137. Depending on the legislative mandate in each jurisdiction, an Auditor-General may not be required to perform the audit of a public sector entity. Instead, the public sector entity may engage a private sector auditor or firm to perform the audit. In these circumstances, the engaged auditor or firm has overall responsibility for the audit engagement and its performance, and will sign and issue the auditor's report. These types of engagements fall outside the scope of this section, as ASA 220 is fit for purpose in these circumstances.

Definitions

138. For the purpose of this GS, the following terms have the meanings attributed below:

(a) Audit Office of the Auditor-General (**Audit Office**) – Public sector equivalent of 'firm' (as defined in 137(h) below). Auditor-General and staff employed by the Auditor-General to perform audit engagements or audit procedures for or on behalf of the Auditor-General. The Audit Office may be assisted by an Audit Service Provider (as defined in 137(c) below) engaged to perform audit engagements or audit procedures for or on behalf of the Auditor-General.[51]

(b) **Auditor-General** – The individual appointed as the Auditor-General (the appointed statutory auditor) or acting as such.

(c) **Audit Service Provider**[52] – Private sector auditor or firm who has been contracted to perform an audit engagement or audit procedures for or on behalf of the Auditor-General.

(d) **Engagement Leader** – In the context of this GS, the term 'Engagement Leader' is used to refer to the individual assigned responsibility for the audit engagement and its performance in practice, and who is either the Signing Officer (as defined in 137(i) below) or who makes recommendations to the Signing Officer in respect of the audit opinion. The role of Engagement Leader may be undertaken by an individual within the Audit Office or an individual engaged either directly, or indirectly through their firm, as Audit Service Provider. Individual Audit Offices may use different titles to refer to the 'Engagement Leader' role.

(e) **Engagement Partner** – Defined in ASQM 1/ASA 220[53] as "the partner or other individual, appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body." ASA 220 requires the Engagement Partner shall take overall responsibility for managing and achieving quality on the audit engagement.[54]

In accordance with ASQM 1/ASA 220[55], 'Engagement Partner', 'partner', and 'firm' are to be read as referring to their public sector equivalents where relevant.

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51 In applying ASA 220, paragraph A17, individuals from Audit Service Providers who perform audit procedures on the audit engagement will form part of the Audit Office engagement team.

52 For the purpose of this GS, the ASQM 1 (paragraph 16(v)) definition of 'service provider' has been modified for application to the public sector.

53 ASQM 1, paragraph 16(c) and ASA 220, paragraph 12(a).

54 See ASA 220, paragraphs 13 and 40.

55 ASA 220 and ASQM 1, footnote 3.

In the context of this GS, the term 'Engagement Partner', as defined in ASQM 1/ASA 220, could be:

i. the Auditor-General; or

ii. an employee of the Audit Office; or

iii. an Audit Service Provider (contracted private sector auditor or individual assigned responsibility for the engagement by a contracted firm).

The concept of 'Engagement Partner' in the Public Sector, is further explained in paragraphs 138-147 of this GS.

(f) **Engagement Quality Review** (EQR) – Defined in ASQM 1/ASQM 2/ASA 220[56] as "an objective evaluation of the significant judgements made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the engagement report."

(g) **Engagement team** – Defined in ASQM 1/ASA 220[57] as "all partners and staff [or, in the context of the public sector, the Engagement Leader and/or Signing Officer and Audit Office staff] performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor's external expert." In applying ASA 220[58], individuals from Audit Service Providers who perform audit procedures on the audit engagement will form part of the Audit Office engagement team.

(h) **Firm** – Defined in ASQM 1/ASA 220[59] as "a sole practitioner, partnership or corporation or other entity of assurance practitioners, or public sector equivalent." For the public sector equivalent of 'firm', see 'Audit Office' as defined in 137(a) above).

(i) **Signing Officer**[60] – In the context of this GS, the term 'Signing Officer' is used to refer to the Auditor-General (the appointed statutory auditor) or individual authorised to sign and issue the auditor's report on behalf of the Auditor-General. The Signing Officer may or may not be the Engagement Leader assigned responsibility for the audit engagement and its performance in practice.

Guidance

Concept of 'Engagement Partner' in the Public Sector *(ASA 220, paragraph 12(a))*

139. In Australia, Commonwealth, State or Territory Auditors-General are responsible for undertaking the majority of public sector audit engagements. Under audit legislation applicable in each jurisdiction, power is vested in the Auditor-General as the person appointed or authorised by a legislature for the purpose of exercising the functions and powers to conduct public sector audits. Under the Corporations Act[61], only the person who holds office as the Auditor-General, or a person to whom the Auditor-General delegates the function or the

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56 ASQM 1, paragraph 16(d); ASQM 2, paragraph 13(a); and ASA 220, paragraph 12(b).

57 ASQM 1, paragraph Aus 16.4 and ASA 220, paragraph Aus 12.1. This definition has been modified for application to the public sector. For further guidance on individuals included/excluded from the definition of engagement team, see ASA 220, paragraphs A15-A25. ASA 220 guidance, for example, clarifies that the engagement quality reviewer, and any other individuals performing the EQR, are not members of the engagement team.

58 ASA 220, paragraph A17.

59 ASQM 1, paragraph 16(i) and ASA 220, paragraph 12(e).

60 Individual Audit Offices may use different titles to refer to the individual authorised to sign the auditor's report.

61 See section 1281 of the *Corporations Act 2001*. Section 1281(2) of the Act deems a person to whom the Auditor-General delegates the function of conducting an audit or the power to conduct an audit, to be taken to be a registered company auditor, but only for the purposes of applying Chapter 2M to the audit. For any audits performed outside of Chapter 2M, only the Auditor-General is taken to be registered as an auditor.

power to conduct an audit, is taken to be registered as an auditor under the Act. As statutory auditor, the Auditor-General is ultimately responsible (accountable) to the legislature.

140. For practical reasons, due to the nature and magnitude of statutory responsibilities, individual Auditors-General are unlikely to have the capacity to personally discharge all the duties and functions required to be performed in their name and for which they are held accountable.

141. Depending on the legislative mandate applicable in the jurisdiction, an Auditor-General may be able to:

(a) delegate responsibilities to an individual where that individual may be an Audit Office employee or an Audit Service Provider; and/or

(b) authorise an individual (Audit Office employee or an Audit Service Provider) or firm (Audit Service Provider) to undertake audit functions under the direction of the Auditor-General.

142. In managing quality at the engagement level, ASA 220[62] permits the Engagement Partner to assign the design or performance of some procedures, tasks or actions to appropriately skilled or suitably experienced members of the engagement team to assist the Engagement Partner. In such circumstances, ASA 220[63] requires that the Engagement Partner shall continue to take overall responsibility for managing and achieving quality on the audit engagement.

143. Where the individual fulfilling the role of Engagement Leader in practice is also signing the audit opinion, practical application of ASA 220 should not be problematic and supplementary guidance provided in this section of the GS may not be relevant.

144. However, there may be circumstances where the Engagement Leader does not have delegation or authorisation to sign the audit opinion. This may be the case where the Auditor-General:

(a) personally signs the auditor's report;

(b) legally delegates their authority to sign the auditor's report to another individual (delegate signs in their own right); or

(c) authorises another individual to sign the auditor's report for and on behalf of the Auditor-General.

145. In practice, this may result in different scenarios such as:

(a) the Auditor-General fulfilling the role of the Engagement Leader including signing the audit opinion.

(b) an Audit Office employee fulfilling the role of the Engagement Leader including signing the audit opinion.

(c) an Audit Office employee fulfilling the role of Engagement Leader in practice with the Auditor-General signing the audit opinion.

(d) an Audit Office employee fulfilling the role of Engagement Leader in practice with another Audit Office employee signing the audit opinion.

(e) an Audit Service Provider fulfilling the role of the Engagement Leader in practice with the Auditor-General or Audit Office employee signing the audit opinion.

146. Where the Engagement Leader assigned responsibility for the audit engagement and its performance in practice is not also signing the audit opinion, the Engagement Leader performs the assigned Engagement Partner responsibilities for and on behalf of the Signing Officer. For the individual signing the audit opinion to be able to sign and issue the auditor's report, and

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62 See ASA 220, paragraphs 9 and 15.

63 ASA 220, paragraphs 13 and 40.

take overall responsibility for the audit engagement and its performance (including taking overall responsibility for managing and achieving quality on the engagement as required in paragraph 13 of ASA 220), this individual may need to undertake additional procedures and/or obtain additional information from the Engagement Leader (and other members of the engagement team) and from the Audit Office's system of quality management.[64]

147. Audit Offices generally will have internal policies or procedures in place to respond to different signing arrangements and to clarify the respective leadership roles and responsibilities of the Signing Officer and Engagement Leader to ensure the objectives of ASA 220 are achieved. Audit Office policies or procedures will also typically specify how the Audit Office is expected to assign authority and responsibilities within the Audit Office.

148. Where the Signing Officer and Engagement Leader are not the same individual, the Signing Officer and Engagement Leader typically work collaboratively such that both the Engagement Leader and Signing Officer can be satisfied that the audit has been performed in accordance with the requirements of applicable Auditing Standards[65] and Audit Office policies or procedures.

Role and Responsibilities of the Engagement Leader where the Engagement Leader is not the Signing Officer

149. Where the Engagement Leader assigned responsibility for the audit engagement and its performance in practice is not the Signing Officer for the engagement, Audit Offices may consider clarifying in their policies or procedures:

(a) that the Engagement Leader performs any assigned ASA 220 Engagement Partner duties and responsibilities for and on behalf of the Signing Officer;

(b) that the Signing Officer remains ultimately responsible, and therefore accountable, for compliance with the requirements of ASA 220; and

(c) the required actions to be taken by the Engagement Leader to assist the Signing Officer in complying with their ASA 220 responsibilities, in particular those responsibilities that the Standard explicitly requires the Engagement Partner fulfil in their personal capacity[66] (see paragraph 154 of this GS).

150. For example, to assist the Signing Officer make the determination as required in paragraph 40 of ASA 220 (that is, the 'stand-back' provision – see paragraph 158 of this GS), it may be expected that the Engagement Leader will take steps to assist the Signing Officer in being sufficiently and appropriately involved throughout the audit engagement such that the Signing Officer has the required basis for determining that significant judgements made and the conclusions reached are appropriate, given the nature and circumstances of the engagement. Audit Office policies or procedures may require the Engagement Leader to consider:

- Inviting the Signing Officer to key planning and closing meetings and other relevant team events (for example, meetings to discuss significant issues pertaining to the audit or the public sector entity).
- Involving the Signing Officer in agreeing the treatment of significant, complex, or contentious accounting issues, or matters involving significant judgements[67].
- Inviting the Signing Officer to key meetings with management and those charged with governance of the public sector entity.

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64 See ASA 220, paragraphs 9 and 15.

65 Auditors-General, depending on their legislative mandate, may be required to conduct public sector engagements in accordance with AUASB Standards or may be required to set their own standards which may incorporate the AUASB Standards.

66 See ASA 220, paragraphs 9 and A22.

67 See ASA 220, paragraph A92 for examples of matters commonly expected to involve significant judgements.

- Communicating how the Engagement Leader has satisfied themselves that the requirements of ASA 220 have been met.

151. As noted in paragraph 145 of this GS, a Signing Officer may need to obtain information from the engagement team or from the Audit Office's system of quality management to make a required decision or judgement under ASA 220. Audit Office policies or procedures may address the matters required to be communicated to the Signing Officer by the Engagement Leader, including the timing and form of such communication. Communication may be in the form of briefings, internal memorandums, written confirmations and signoffs prepared by the Engagement Leader to demonstrate that they have complied with applicable Auditing Standards and Audit Office policies or procedures; that their involvement in the engagement has been sufficient and appropriate throughout; and that the work performed by less experienced members of the engagement team has been directed, supervised and reviewed in accordance with the requirements of ASA 220 and Audit Office policies or procedures. The form and content of such communication will be influenced by the nature and extent of the audit work assigned to the Engagement Leader.

152. Audit Office policies or procedures may include a requirement for the Engagement Leader to communicate matters relevant to the Signing Officer's conclusions about the audit, for example, to provide certain internal assurances and information to assist the Signing Officer in undertaking their final review and to provide clearance for the recommended auditor's report to be signed and issued. This may be in the form of an overall summary memorandum describing the work performed and the results thereof, which may include information and assurances such as:

- Confirmation that the audit has been completed and that the audit file has been reviewed and all issues resolved.
- Confirmation that relevant ethical requirements, including those related to independence, have been fulfilled.[68]
- How matters affecting the overall audit strategy and audit plan have been addressed.
- Significant matters arising on the audit and, in particular, consultation and conclusions on matters that were difficult or contentious.
- How any differences of opinion have been addressed and resolved.
- Results of the procedures performed by the engagement team on significant areas of the engagement, including where significant judgements were involved.
- Notification that the EQR (where appropriate) has been completed.[69]
- Key financial results/analytics.
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
- Evidence that the financial report has been reviewed by the Engagement Leader (attach financial report for Signing Officer to review).
- Confirmation that the financial report complies in all material respects with accounting and financial reporting standards.
- Evidence that the Management Representation Letter has been reviewed by the Engagement Leader.
- Confirmation that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.
- Recommended draft auditor's report and Auditor's Independence Declaration (where applicable) (attach for Signing Officer to review).

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68 See ASA 220, paragraphs 21 and A47-A50.

69 See ASA 220, paragraph A104.

- Significant matters communicated or expected to be communicated to management and those charged with governance or regulatory authorities.
- Information about instances of non-compliance with laws or regulations.
- Issues with sector wide implications, or other sensitive issues which may be of interest to the Parliament, Executive Government or the community.

153. In implementing Audit Office policies or procedures applicable to the audit engagement, the Engagement Leader exercises professional judgement and is influenced by the nature and circumstances of the engagement and any changes during the engagement, to determine whether to design and implement responses beyond those set forth in policies or procedures, to meet the objectives of ASA 220.

Role and Responsibilities of the Signing Officer where the Signing Officer is not also the Engagement Leader in practice

154. Where the Signing Officer is not also the Engagement Leader in practice, the Signing Officer may have a reduced involvement in the audit due to the role of the Engagement Leader. In these circumstances, the Signing Officer may be able to rely on the Engagement Leader to perform certain key duties and responsibilities that may have been assigned to the role in accordance with the requirements of ASA 220 and Audit Office policies or procedures.

155. ASA 220[70] explicitly identifies requirements or responsibilities that need to be fulfilled by the Engagement Partner personally, and clarifies that the Engagement Partner may need to obtain information from the firm (Audit Office) or from other members of the engagement team, to fulfil the requirement (that is, to personally make the required decision or judgement).

156. To enable the Signing Officer to comply with the requirements of ASA 220, Audit Offices may consider specifying in their policies or procedures:

(a) the requirements under ASA 220 that expressly needs to be fulfilled by the Signing Officer in their personal capacity;

(b) the information to be provided to the Signing Officer to enable them to make the required decisions or judgements expressly required to be fulfilled under ASA 220 in their personal capacity. This will include information compiled by the Engagement Leader and relevant information from the Audit Office's system of quality management;

(c) the additional procedures to be undertaken by the Signing Officer to obtain the necessary assurances that the Engagement Leader has completed their assigned duties and responsibilities in accordance with applicable Auditing Standards, Audit Office policies or procedures and applicable legal and regulatory requirements, and can be relied upon by the Signing Officer; and

(d) the minimum additional procedures to be undertaken by the Signing Officer, to enable the Signing Officer to take overall responsibility for:

i. the audit engagement and its performance (including overall responsibility for managing and achieving quality on the audit engagement); and

ii. the auditor's report being appropriate in the circumstances, and to sign and issue the auditor's report.

157. In circumstances where the Signing Officer for the engagement is not also the Engagement Leader in practice, Audit Offices may consider clarifying in their policies that, in applying

[70] See ASA 220, paragraphs 9 and A22.

ASA 220[71], the Signing Officer continues to be responsible overall for managing and achieving quality on the audit engagement by:

(a) taking responsibility for creating an environment for the engagement that demonstrates the Audit Office's commitment to quality and expected behaviour of engagement team members;

(b) being sufficiently and appropriately involved throughout the engagement in accordance with the requirements of ASA 220 (see paragraphs 157-159 below); and

(c) taking responsibility for the direction and supervision of the engagement team and the review of their work in accordance with the requirements of ASA 220 (see paragraphs 160-167 below).

158. Being sufficiently and appropriately involved throughout the audit engagement may be demonstrated by the Signing Officer in different ways, including, for example:

- being briefed by the Engagement Leader at appropriate times during the audit engagement;
- meetings or calls with the Engagement Leader to discuss identified and assessed risks, issues, findings and conclusions; and
- reviewing key audit documentation at appropriate points in time during the audit engagement.

159. ASA 220[72] requires that, prior to dating the auditor's report, the Engagement Partner perform a 'stand-back' to determine whether their involvement has been sufficient and appropriate throughout the audit engagement to provide the basis for determining that the significant judgements made, and the conclusions reached, are appropriate.

160. The Audit Office's policies or procedures may specify the nature, timing and extent of the Signing Officer's involvement and any reliance that may be placed by the Signing Officer on the Engagement Leader's involvement throughout the engagement. In addition to adhering to Audit Office policies or procedures, the Signing Officer applies professional judgement to tailor the nature, timing and extent of their involvement, taking into consideration the facts and circumstances of the engagement, and considering, for example, the factors listed in paragraphs A91-A97 of ASA 220.

161. Under ASQM 1, Audit Offices are required to establish policies or procedures that address the nature, timing and extent of the direction and supervision of engagement teams and the review of their work. Where direction, supervision and review have been assigned to an Engagement Leader in practice, Audit Offices may consider clarifying in their policies or procedures:

(a) the respective roles and responsibilities of the Signing Officer and Engagement Leader for direction, supervision and review; and

(b) the information to be provided by the Engagement Leader to the Signing Officer to enable the Signing Officer, as required under ASA 220[73], to determine that the nature, timing and extent of direction, supervision and review is:

i. planned and performed in accordance with the Audit Office's policies or procedures, applicable Auditing Standards and applicable legal and regulatory requirements; and

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71 See ASA 220, paragraph 13-15, A28-A37 and A80.

72 See ASA 220, paragraph 40 (with application guidance in paragraphs A113-A116). Also refer to paragraph 13 (with application guidance in paragraphs A28-A37).

73 ASA 220, paragraphs 30, A80-A84 and A94-A97.

ii. responsive to the nature and circumstances of the audit engagement and the resources assigned or made available to the engagement team.

162. The approach to direction, supervision and review will vary from one engagement to the next, taking into account the nature and circumstances of the engagement. The Signing Officer exercises professional judgement in tailoring their approach for each engagement, taking into consideration the factors listed in paragraphs A94-A97 of ASA 220.[74]

163. In applying ASA 220[75], the Signing Officer is required to review key audit documentation at appropriate points in time throughout the audit engagement. ASA 220 does not require the Engagement Partner to review all audit documentation but to exercise professional judgment in considering, for example, significant matters and areas of significant judgements made by the engagement team. Such matters are generally considered by the Engagement Leader in consultation with the Signing Officer as appropriate. Audit Office policies or procedures may also specify certain matters that are commonly expected to involve significant judgements. Depending on the nature and circumstances of the engagement, the Signing Officer may be able to rely on the Engagement Leader's review of 'standard' significant judgements and risks identified by the engagement team, and the Signing Officer will likely focus on the critical or 'non-standard' matters, especially those relating to potential qualifications, difficult or contentious issues, significant risks and other areas the Engagement Leader has identified as important.

164. In applying ASA 220,[76] the Signing Officer is required to determine, on or before the date of the auditor's report, through review of audit documentation and discussion with the engagement team, that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. Information that may be relevant to the Signing Officer's evaluation will depend on the facts and circumstances of the audit engagement, and may include written confirmations and sign-offs prepared by the Engagement Leader.

165. For example, the Signing Officer may be able to place reliance on the overall summary memorandum prepared by the Engagement Leader (see paragraph 151 above) as a basis for determining whether:

- the Engagement Leader has completed their work consistent with applicable Auditing Standards and Audit Office policies or procedures;
- the Engagement Leader and other senior members of the engagement team have been suitably involved in the planning and performance of the audit;
- EQR processes have been satisfactorily completed (where required);[77]
- consultation and conclusions on difficult or contentious matters were appropriate and in accordance with Audit Office policies or procedures;[78]
- any differences of opinion have been addressed and resolved in accordance with Audit Office policies or procedures;[79]
- relevant ethical requirements, including those related to independence, have been fulfilled;[80]

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74 See ASA 220, paragraphs A80-A83.
75 See ASA 220, paragraph 31 and A90-A93.
76 See ASA 220, paragraphs 32 and A90-A94. Also see ASA 700, paragraph 11.
77 See ASA 220, paragraphs 36(d), 41(c) and A104.
78 See ASA 220, paragraph 35.
79 See ASA 220, paragraph 38(c).
80 See ASA 220, paragraphs 21 and A47-A48.

- reasonable assurance has been obtained whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and that the auditor's report to be issued will be appropriate in the circumstances.[81]

166. Where the Signing Officer places reliance on the overall summary memorandum prepared by the Engagement Leader (see paragraph 151 of this GS), this does not negate the requirement of paragraph 40 of ASA 220 for the Signing Officer to be sufficiently and appropriately involved throughout the audit (see paragraphs 149 and 157-159 of this GS).

167. In applying ASA 220[82], the Signing Officer is also required, prior to dating the auditor's report, to review:

- the financial report; and
- the recommended draft auditor's report, including, if applicable, the description of the key audit matters and related audit documentation.

168. The Signing Officer may seek to review other information, and/or request the Engagement Leader to perform additional audit procedures, if the Signing Officer considers it appropriate in the circumstances, to enable them to assume overall responsibility for the audit engagement and the appropriateness of the auditor's report.

169. ASA 220[83] provides guidance regarding documentation of the performance of the requirements of the Standard, including examples of different ways the Signing Officer's involvement throughout the engagement may be evidenced.

Engagements performed by Audit Service Providers for or on behalf of the Auditor-General

170. An Auditor-General may be able to engage a private sector auditor or firm under contract, to perform audit engagements or audit procedures. Contracted auditors are 'service providers' under ASQM 1. ASQM 1[84] includes requirements and related guidance to address the additional responsibilities and considerations when the Audit Office uses resources from a service provider.

171. In applying ASQM 1, Audit Offices will have policies and procedures in place to manage quality in respect of engagements performed by Audit Service Providers on behalf of the Auditor-General.

172. ASQM 1[85] explains that, notwithstanding that an Audit Office may use resources from a service provider in the performance of engagements, the Audit Office remains responsible for its system of quality management.

173. As responsibility for quality remains with the Audit Office (statutory auditor), Audit Offices may consider establishing policies or procedures, for example, to:

- Confirm that contracted Audit Service Providers have sufficient personnel with the appropriate competencies and capabilities, including sufficient time, to deliver assigned work in accordance with contractual arrangements.
- Confirm that contracted Audit Service Providers meet the relevant ethical standards, including independence, on appointment and periodically thereafter.

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81 See ASA 220, paragraphs 32-33 and ASA 700, paragraphs 11-15.
82 See ASA 220, paragraph 33 and ASA 700, paragraphs 11-15.
83 See ASA 220, paragraphs A114 and A117-A118.
84 For example, see paragraphs 29(b), paragraph 32(h), 33(d), 37(f), A65, A105-A108, A113, A148 and A172.
85 See ASQM 1, paragraphs 11 and A105.

- Identify and resolve potential conflicts.
- Ensure contracted-out engagements are included within the scope of the Audit Office's quality management arrangements.
- Review all audit deliverables to be issued to those charged with governance.

174. Although responsibility for quality remains with the Audit Office (statutory auditor) for contracted-out engagements, this does not absolve the contracted Audit Service Provider of responsibility for their system of quality management within their firms in accordance with ASQM 1. In practice, the Audit Office (statutory auditor) may decide to request an Audit Service Provider to provide assurance regarding the system of quality management within their firm or, alternatively, may undertake procedures to confirm that an Audit Service Provider's system of quality management is working effectively.

175. In applying ASA 220[86], individuals from Audit Service Providers who perform audit procedures on the audit engagement to assist the Audit Office will form part of the Audit Office engagement team. ASA 220[87] provides guidance on the application of policies and procedures when the engagement team includes individuals who are from another firm. ASA 220[88] notes that ASA 600[89], adapted as necessary in the circumstances, may provide a useful point of reference when the engagement team includes individuals from a firm external to the Audit Office in the performance of engagements.[90]

176. The Auditor-General, or Audit Office employee delegated authority to sign and issue the auditor's report on behalf of the Auditor-General, will sign and issue the statutory auditor's report. Audit legislation may allow for the Signing Officer role to be delegated to an Audit Service Provider (private sector auditor or audit firm partner).

177. As explained in paragraphs 138-147 of this GS, the Signing Officer remains ultimately responsible, and therefore accountable, for the audit engagement and its performance, and for the auditor's report that is issued. This includes taking overall responsibility for managing and achieving quality on the engagement in accordance with paragraph 13 of ASA 220.

178. The contracted Audit Service Provider performs assigned work in accordance with the terms of the contractual arrangement, which will generally set out the respective duties and responsibilities of the contracted Engagement Leader and relevant Audit Office staff. The contracted Engagement Leader has a contractual responsibility to the Audit Office for ensuring that the work delivered meets the expectations as agreed with the Audit Office.

179. The contracted Engagement Leader is responsible for ensuring that work undertaken for and on behalf of the Auditor-General is performed in accordance with applicable Auditing Standards and for managing and achieving quality for the engagement at firm level in accordance with the contract and the Audit Service Provider's own quality management system.

180. The Signing Officer has reduced involvement in the audit due to the involvement of the contracted Engagement Leader. For the Signing Officer to be able to sign and issue the auditor's report , the Signing Officer may need to undertake additional procedures and/or obtain additional information from the contracted Engagement Leader, relevant Audit Office staff and from the Audit Office's system of quality management.

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86 See ASA 220, paragraph A17.
87 See ASA 220, paragraphs A23-A25.
88 See ASA 220, paragraph A1.
89 ASA 600 *Special Considerations – Audits of a Group Financial Report (including the Work of Component Auditors)* .
90 Equivalent to the group engagement partner or group auditor's involvement in the audit of a component.

181. There may be circumstances where an outsourced audit has both an Audit Office Signing Officer and an Audit Office employee assigned responsibility for oversight of the outsourced audit engagement and its performance in practice. In these circumstances, the assigned Audit Office Engagement Leader and contracted Engagement Leader perform assigned Engagement Partner duties and responsibilities in accordance with Audit Office policies and procedures and the terms of the contractual arrangement, for and on behalf of the Signing Officer.

182. Audit Offices generally will have internal policies or procedures in place to respond to different arrangements and to clarify the respective leadership roles and responsibilities of the contracted Audit Service Provider, Audit Office Engagement Leader and the Signing Officer, to ensure the objectives of ASA 220 are achieved.

183. The Audit Office may develop policies or procedures to address the form or specific wording of the overall conclusion to be provided by the Audit Service Provider. In some cases, the Audit Service Provider may be required to provide draft deliverables, including a draft auditor's report to the Audit Office.

184. If differences of opinion arise between the Audit Service Provider and the Signing Officer or individuals performing activities within the Audit Office's system of quality management, the parties shall follow the Audit Office's policies or procedures for dealing with and resolving such differences of opinion.

185. In circumstances where the legislative audit mandate allows for the Engagement Partner role to be fully contracted-out to a private sector auditor or firm, the appointed auditor or individual assigned responsibility for the engagement by an appointed firm, fulfils the role and responsibilities of Engagement Partner in their own right and will be responsible for the audit engagement and its performance, and for the auditor's report that is issued, in accordance with the requirements of ASA 220. In these circumstances, the Audit Service Provider (individual or firm) issues the audit report in their own name and assumes responsibility for quality.

DRAFT

Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Going Concern and Related Assessments: Joint AASB and AUASB Publication	**Date:**	11 November 2026
Office of the AUASB:	Tim Austin	**Agenda Item:**	7.0

Objective of the Agenda Item

1. The objective of this agenda item is to obtain any fatal-flaw comments from AUASB Members on the amendments made to update the joint AASB and AUASB publication *Going Concern and Related Assessments* for new and revised accounting and auditing standards.

Question for AUASB Members

No.	Question
1	Do AUASB Members have any fatal-flaw comments on the updated joint publication (see Agenda Item 7.1)?

Background and Previous Discussions on Topic

2. The joint AASB and AUASB publication *Going Concern and Related Assessments* was first issued in May 2020 (then titled *The Impact of COVID-19 on Going Concern and Related Assessments*) in response to questions raised by stakeholders on the impact of COVID-19 on solvency and going concern assessments, as well as other circumstances where solvency and/or going concern issues arise. The publication contained material relevant to for-profit and not-for-profit (NFP) entities, including public sector entities.

3. The joint publication was revised and republished in June 2023 (by the Office of the AUASB) to remove references to COVID-19 and related materials.

4. Since the revision in 2023, there have been several changes in both accounting and auditing standards which affect the publication, including:

   (a) AASB – The issuance of AASB 18 *Presentation and Disclosure in Financial Statements*[1] which moves the requirements for assessing an entity's ability to continue as a going concern, unchanged, from AASB 101 *Presentation of Financial Statements* to AASB 108 *Basis of Preparation of Financial Statements* (retitled from Accounting Policies, Changes in Accounting Estimates and Errors);

   (b) AASB – The issuance of AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities* which requires Tier 3 entities to make going concern assessments similar to those required for Tier 1 or Tier 2 entities;

   (c) AASB – Revisions by the IASB to its education material *Going Concern – A Focus on disclosure*; and

[1] AASB 18 is effective for effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities other than superannuation entities (1 January 2028 for NFP entities and superannuation entities).

(d) AUASB – The issuance of the revised ASA 570 *Going Concern Assessments*[2] (ASA 570 (May 2025)) which enhances the auditor's work in evaluating management's assessment of an entity's ability to continue as a going concern as well as the communication and reporting of matters related to going concern in the auditor's report.

5. The External Reporting Board (XRB) in New Zealand issued similar guidance, *Supporting high-quality going concern assessment and disclosure in uncertain times* in May 2026 for for-profit preparers and directors.

6. At the 27 August 2026 AASB Meeting, the AASB was presented with a track-changes version of the publication which outlined the intended revisions, excluding formatting changes. Changes made by the Office of the AUASB were not included as part of the paper. It was suggested that the length and readability of the publication be reviewed as part of the revisions.

7. For non-authoritative AUASB publications and guidance materials, the AUASB's *Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications* does not require formal AUASB approval but a version is provided to AUASB Members at either an AUASB Meeting or out of session for fatal flaw comments. The AUASB Chair and Technical Director approve the final wording of non-authoritative materials issued by the AUASB[3].

Matters for Discussion

8. The Office of the AASB has updated AASB relevant sections of the publication.

9. To address the feedback at the AASB Meeting on the length and readability of the publication, the Office of the AUASB and the Office of the AASB reviewed the publication and identified areas of duplication and restructured the publication to improve readability. These revisions have resulted in a clearer separation of topics, the movement of content to appendices and the deletion of duplicative sections.

10. Whilst AUASB Members are welcome to provide comments on the publication as a whole, fatal flaw comments are specifically requested on the follow areas updated by the Office of the AUASB:

    (a) Section 2 – All.

    (b) Section 3 – Subsections 3.5 and 3.6.

    (c) Section 4 – All.

    (d) Section 5 – Subsection 5.2.

    (e) Section 6 – All.

11. To assist AUASB Members navigate the structural changes outlined in paragraph 10, a reconciliation of the revised audit-related parts of the publication to the extant publication has been included as an attachment to this agenda paper.

Collaboration with NZAuASB and other standard-setters

12. This is a joint publication with the AASB. The Office of the AUASB has reviewed the XRB publication to ensure consistency of messaging between the two publications.

[2] ASA 570 is effective for financial reporting periods beginning on or after 15 December 2026.
[3] See paragraph 270 of the AUASB's *Due Process Framework*.

Next steps/Way Forward

13. Subject to any fatal flaw comments from AUASB members, the document will be published in late-November.

Materials Presented

Agenda Item	Description
7.1	Draft revised Joint AASB/AUASB *Going Concern and Related Assessments* guidance - Clean
7.2	Draft revised Joint AASB/AUASB *Going Concern and Related Assessments* guidance – Marked-up

Attachment 1 – Reconciliation of sections in extant publication to updated version presented

Location in extant publication	Location in draft agenda item 7.1	Nature of change
1. Introduction and purpose	1. Introduction and Purpose	Retained and updated. A new "Update since 2023 publication" box has been added to differentiate versions.
2 Overview of responsibilities and duties of those charged with governance to solvency and going concern.	Appendix A	Table moved to an appendix to improve readability of document.
2.1 What is an assessment of solvency?	2.1 What is solvency? 2.2 Declarations of solvency required by the Corporations Act. 2.3 Declarations of solvency required by other legislation.	Section has been split into specific parts to improve readability.
2.2 What is an assessment of going concern?	3.1 Overview of going concern assessments	Consolidated with extant section 3 overview of going concern assessments.
2.3 What is the interaction between solvency and going concern assessments?	4.1 – The interaction between solvency statements and going concern assessments in a financial report.	Moved to the new 'going concern and solvency' section and expended.
2.4 – What is the interaction between solvency statements and going concern assessments in a financial report?	2.4 The auditor's responsibility for solvency statements 3.5 Procedures auditors are required to perform in relation to going concern 3.6 Procedures performed by the auditor when events or conditions that may impact going concern have been identified	Split between solvency-statement responsibilities and detailed going-concern responsibilities.
2.5 Section 311 obligations	4.2 Auditor's obligations under section 311 in relation to solvency and going concern.	Moved and updated
2.6 Disclosures outside financial statements	Appendix C	Moved to appendix to improve readability.
3 Overview of going-concern assessments	3.1 Overview of going concern assessments	Consolidated with extant section 2.2 and renumbered to 3.1.

Location in extant publication	Location in draft agenda item 7.1	Nature of change
3.1 Management identification of issues	3.2 Management considerations for identifying going concern issues	Updated and renumbered.
3.2 Auditor evaluation of management's assessment	3.5 Procedures auditors are required to perform in relation to going concern	Updated and renumbered so that management/TCWG responsibilities are together.
3.3 Management response to indicators	3.3 Management considerations when going concern indicators are identified	Updated.
3.4 Auditor procedures when indicators exist	3.6 Procedures performed by the auditor when events or conditions that may impact going concern have been identified	Updated for ASA 570 requirements and renumbered so that management/TCWG responsibilities are together.
4. Financial-statement disclosure requirements	Appendix B Disclosure requirements in the financial statements	Updated and moved to an appendix as section duplicated content within the going-concern section of the publication.
5. Effects on other areas of financial statements	3.4 Impact of going concern assessment on other areas of the financial statements	Updated and moved to going concern section of the publication.
7.1 Auditor's conclusion	6.1 The auditor's conclusion on going concern	Renumbered and updated
N/A	6.2 Reporting on going concern	Additional section for ASA 570 requirements.
7.2 Opinion modification	6.3 Modification of the auditor's opinion in relation to going concern	Updated for ASA 570. Section renumbered.
7.3 Other communications	6.4 How else may the auditor's report include additional communications in relation to going concern when issuing an unmodified opinion?	Updated for ASA 570. Section renumbered.
Appendix A, legislation	Appendix E List of relevant legislation	Renumbered appendix.
Appendix B, other indicators	Appendix F List of other possible going concern indicators	Renumbered appendix.

Location in extant publication	Location in draft agenda item 7.1	Nature of change
N/A	Appendix D, auditor-report content	New appendix which includes IAASB summary of reporting requirements for entities.

Australian Government
Auditing and Assurance Standards Board
Australian Accounting Standards Board

Going Concern and Related Assessments

A JOINT PUBLICATION BY THE AASB AND THE AUASB

Revised [TBD 2026]



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1 Introduction and Purpose of this Document

This publication provides an overview of directors'[1] and management's:

- duties in relation to solvency and going concern, and how these concepts interact; and
- responsibilities to assess whether the going concern basis of preparation is appropriate and how this impacts the preparation of, and the disclosures in, their financial statements.[2]

This publication has also been prepared to assist auditors by providing an overview of an auditor's obligations in relation to going concern and directors' declarations of solvency as part of their overall responsibilities when conducting an audit of the financial report. It does not cover reviews of half-year financial reports.

This publication does not amend, interpret or provide advice on applying Australian Accounting Standards, Australian Auditing Standards or international financial reporting or auditing standards. Entities and auditors should view this publication as a guide to identify areas for consideration in preparing and auditing financial statements. Entities and auditors must apply those authoritative pronouncements to their own specific facts and circumstances. This publication is not a substitute for complying with the relevant standards.

This publication is relevant to all types of entities preparing financial statements in accordance with Australian Accounting Standards. Where requirements vary between entity type – such as between for-profit and not-for-profit (NFP) entities – every effort has been made to distinguish the requirements. Some terminology used might be specific to for-profit entities, but this does not indicate that it is irrelevant to NFP entities in the private or public sectors.

Update since 2023 publication

This version of the document has been updated to reflect:

- ASA 570 *Going Concern* – Issued May 2025.
- the requirements for assessing an entity's ability to continue as a going concern have been carried forward unchanged from AASB 101 *Presentation of Financial Statements* to AASB 108 *Accounting Policies, Changes to Accounting Estimates and Errors* as a result of the issuance of AASB 18 *Presentation and Disclosure in Financial Statements*;
- AASB 1061 General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities requires Tier 3 entities to make going concern assessments similar to those required to Tier 1 or Tier 2 entities.

A reference to ASA 570 *Going Concern* in this document refers to the version(s) of ASA 570 effective for financial reporting periods beginning on or after 15 December 2026.

1 References to "directors" in this document should also be read as responsible persons or office holders in the not-for-profit private sector, and as those charged with governance in other sectors where relevant.

2 The terms financial statements and financial reports are both used in this publication. The *Corporations Act 2001* (Corporations Act) requires certain entities to prepare an annual financial report which consists of financial statements plus the directors' declaration.

2 Solvency

2.1 What is solvency?

A person or business is considered solvent if it can pay all of its debts when they are due. Depending on the nature of the entity, there are a range of duties and responsibilities for those charged with governance in relation to solvency of an entity.

> Refer to the **Appendix A** for an overview of responsibilities and duties of those charged with governance relevant to solvency and going concern.

2.2 Declarations of solvency required by the Corporations Act.

At least annually (and half-yearly for listed entities and disclosing entities), the *Corporations Act 2001* (the Corporations Act) requires directors, as part of the directors' declaration within their annual financial report, to make a declaration of solvency. This declaration states that, in their opinion, "there are reasonable grounds to believe that the company, registered scheme, registrable superannuation entity or disclosing entity will be able to pay its debts as and when they become due and payable".

When making this declaration, directors must consider the capacity to pay debts which the entity has incurred at the time of the declaration. Whilst this declaration is made at a point in time, the duty of the directors to prevent insolvent trading applies on an ongoing basis and directors must monitor an entity's solvency through the year, not just at year end/half yearly reporting dates or when signing the directors' declaration[3].

ASIC's Regulatory Guide 22 (RG 22) *Directors' solvency declaration* provides further details for directors on their responsibilities in relation to solvency statements, as well as the events or conditions to be considered by directors when assessing solvency. RG 22 also provides details on when a material uncertainty or negative statement may be appropriate, and the disclosures required in the financial report, including the directors' declaration.

Depending on the entity's circumstances, the solvency statement within the directors' declaration can vary, see table 1 below.

Declaration type	Statement
Unmodified	The directors have reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
Material uncertainty	There is a material uncertainty as to whether the entity will be able to pay its debts as and when they become due and payable (for example, the ability to renegotiate loans due for repayment).
Negative declaration	The directors do not have reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Table 1 – Solvency statements (Source: RG 22.13).

There are various penalties and consequences for insolvent trading. If directors suspect that the entity is, or may become, insolvent, they should seek professional accounting and/or legal advice as early as

3 See ASIC RG 22, RG 22.8.

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possible[4]. ASIC's Information sheet 39 (INFO 39) *Insolvency information for directors, employees, creditors and shareholders* lists ASIC's information sheets relevant for directors, employees, creditors and shareholders affected by an entity's insolvency.

2.3 Declarations of solvency required by other legislation.

The *Australian Charities and Not-for-profits Commission Act 2010* (ACNC Act) also requires registered charities to assess solvency and provide a declaration in the same manner described above for for-profit entities. Other entities not registered with ASIC or the ACNC, such as incorporated associations that are not charities, should consult their relevant legislation to understand the applicable requirements. Generally, incorporated associations legislation requires 'office holders' to exercise reasonable care, skill and diligence in carrying out the role of a committee member.

See **Appendix A** for more information.

2.4 The auditor's responsibility for solvency statements.

An auditor's responsibility for a solvency statement is dependent on whether the solvency statement is included as part of the subject-matter information which the auditor is providing assurance on.

In the case of entities required by the Corporations Act to prepare a financial report, the directors' solvency statement is a required part of the directors' declaration which forms the basic contents of an entity's annual financial report alongside the financial statements and notes to the financial statements[5]. The Corporations Act requires an auditor who conducts an audit of an entity's financial report to form an opinion about whether the financial report, which includes the director's declaration, is in accordance with the Corporations Act. Therefore, auditors consider whether the solvency statement is in accordance with the Corporations Act when forming their view on the financial report as a whole (see **section 4.2** for the auditor's obligations where there is non-compliance with the Corporations Act).

In circumstances where a solvency statement or declaration form part of reporting by an entity but is not included within scope of the auditor's engagement, then it is treated as other information for the auditor's purpose and the auditor would follow the requirements in ASA 720 *The Auditor's Responsibilities Relating to Other Information*.

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4 See ASIC Info Sheet 42.

5 See Corporations Act section 295.

3 Going Concern

3.1 Overview of going concern assessments.

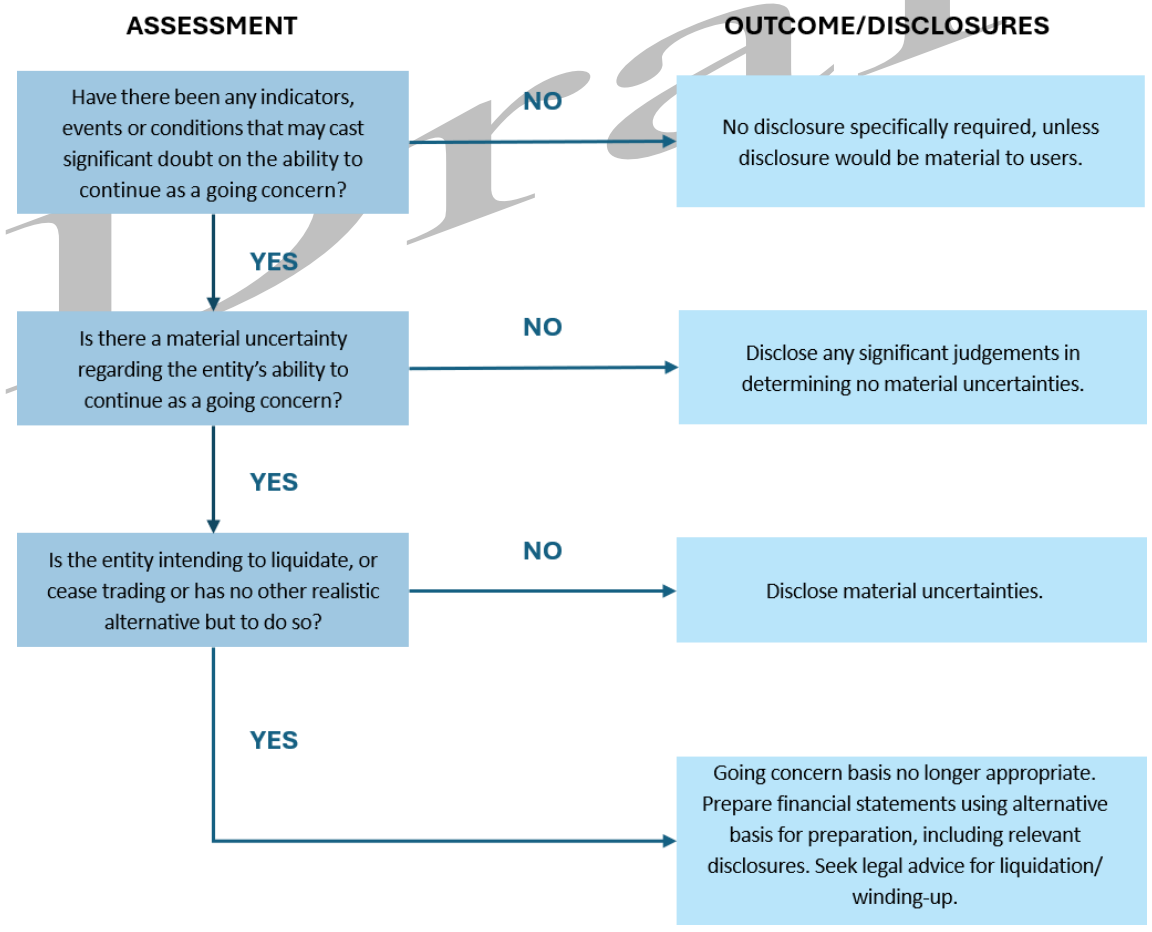
An entity's ability to continue as a going concern is a fundamental assumption underlying the preparation and presentation of the financial statements. When preparing financial statements, AASB 108 [previously AASB 101] or AASB 1061 for Tier 3 entities requires management to make an assessment of an entity's ability to continue as a going concern.

An entity (whether for-profit or NFP) prepares its financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. (See AASB 108 paragraphs 6K and 6L [previously AASB 101 paragraphs 25 and 26] or AASB 1061 paragraph 2.6 for Tier 3 entities.)

If an entity is not able to continue as a going concern, its financial statements will need to be prepared on an alternative basis. Refer to section 6 for more detail. Under Australian Accounting Standards and the Corporations Act, directors must satisfy themselves that it is appropriate to prepare the financial report on a going concern basis.

Practically, it is expected that the going concern assessment will result in one of four possible outcomes, as illustrated below. This section discusses those possible outcomes in more detail (see Section 4 for the disclosure requirements in financial statements).

Figure 1 Flowchart on going concern assessment and related disclosure requirements in financial statements



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3.2 Management considerations for identifying going concern issues.

The vast majority of financial statements of Australian entities are prepared on the assumption that an entity is a going concern.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future. AASB 108 paragraph 6L [previously AASB 101 paragraph 26] or AASB 1061 paragraph 2.6 for Tier 3 entities specifies that management should consider information covering at least, but not limited to, the next 12 months from the end of the reporting period.[6] If information about events occurring after 12 months is available, it must also be considered.

Entities must also consider the impact of any events that occur after the end of the reporting period up until the date of signing the financial report. Regardless of whether the event is considered adjusting or non-adjusting under AASB 110 *Events after the Reporting Period*, if the entity determines after the reporting period that it intends to liquidate or cease trading, it shall not prepare its financial statements on a going concern basis (see AASB 110 paragraphs 14-16). Even after signing the financial report, entities must continue to monitor their solvency and consider the legal consequences if the entity is insolvent at any time (as discussed in Section 2).

The degree of consideration by the entity in its going concern assessment will depend on its own facts and circumstances.

Paragraph 6L of AASB 108 [previously paragraph 26 of AASB 101] states that when assessing whether the going concern basis of preparation is appropriate, management may need to consider a wide range of factors relating to the entity's current and expected profitability, the timing of repayment of liabilities and potential sources of replacement financing. Some possible indicators that may lead to an entity assessing the appropriateness of the going concern assumption in more detail might include:

- effects of a temporary shut-down or curtailment of the entity's activities;
- possible restrictions on activities that might be imposed by governments in the future;
- the effects of longer-term structural changes in the market (such as changes in customer behaviour);
- inability to meet obligations as they fall due, including borrowings, creditors, lease payments or other liabilities;
- difficulties obtaining, renewing or maintaining financing, including breaches of loan covenants, reliance on external funding, or uncertainty regarding guarantees and other forms of financial support, including the likelihood of financial guarantees being called upon;
- failure of other companies with similar structures and comparable operations in the same industry;
- negative equity as a result of asset impairments or reduced trading volumes;
- fair value losses on assets, particularly where such assets were expected to be realised in the short term and are relied on for short-term cash management purposes;
- reliance on intercompany funding or expected support from an overseas parent or subsidiary that may no longer be available; and

6 However, ASA 570 *Going Concern* paragraph 13.2 requires auditors to request management to assess going concern for approximately 12 months from the expected date of the auditor's report to the expected date of the next auditor's report (refer to section 3.2).

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- additionally, for NFP entities:
    - termination of significant grants or other assets that were expected to be received for consideration that is significantly less than fair value;
    - inability to access volunteer services;
    - inability to hold major fundraising events (charity balls, sporting events, etc.);
    - difficulties fundraising or attracting donations at expected levels due to a reduction in discretionary spending;
    - a government decision to wind up a public sector entity.

The above illustrates only some of the possible indicators that may affect an entity's ability to continue as a going concern. It should not be considered, or used as, a checklist.

Appendix B of this publication contains additional examples of circumstances that may lead to an entity considering its ability to continue as a going concern in more detail.

The degree of going concern considerations depends on the facts in each case. For example, if an entity concludes in making its assessment that it has a history of profitable operations and has ready access to financial resources, it may conclude that the going concern basis of accounting is appropriate without detailed analysis (see AASB 108 paragraph 6L [previously AASB 101 paragraph 26]). In that case, the entity should consider whether any disclosure might be appropriate (see **section 4**).

Entities that do identify indicators should consider their impact and related mitigating factors, as discussed in **section 3.3**.

3.3 Management considerations when going concern indicators are identified.

When an entity identifies events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, it should consider all relevant information, including the feasibility and effectiveness of any planned mitigation. The mere existence of an indicator does not necessarily mean that there is a material uncertainty over the entity's ability to continue as a going concern.

The following are examples of mitigating factors that entities may consider in response to going concern pressures:

- management might have started a turnaround strategy that shows sufficient evidence of success, including identifying feasible alternative sources of financing. For example:
    - management has a plan to sell liquid assets or liquidate surplus or non-essential assets to meet debts and operational costs as they fall due;
    - the entity has the ability to defer the settlement of some liabilities (such as repayment holidays on loans) or obtain new sources of financing, and the realistic ability to repay such sources of financing in the future; and
    - financing has been guaranteed and the guarantor can assist (taking into account the terms of the guarantee and any repayment obligations to the guarantor) or borrowers have at least indicated a willingness to renegotiate terms and conditions and waive any covenant breaches for a certain period;
- the capability of the entity to obtain additional equity contributions;

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- the possibility of reducing overhead and administrative costs;
- the practical ability to alter strategies to access new revenue streams; and
- additionally, for NFP entities:
    - the possibility of debt forgiveness to help the entity achieve its objectives; and
    - in the public sector, the assumption that the government will support the repayment of debts of public sector entities (and as such, a public sector entity would generally only be expected not to be a going concern if the government decides to wind up the entity).

The mere existence or possibility of mitigating factors alone may not be sufficient to conclude whether the going concern assumption is appropriate. Judgement is required by management to assess the feasibility and effectiveness of mitigating factors and therefore whether there is a realistic alternative to entering liquidation or ceasing trading (i.e. that the going concern assumption is appropriate).

Whilst not specified by the Accounting Standards, in practice, there can generally be three scenarios once events or conditions that may cast significant doubt on the entity's ability to continue as a going concern have been identified:

- having considered all relevant information, management concludes that there are no material uncertainties. However, reaching that conclusion involved significant judgement;
- having considered all relevant information, management concludes that there is a material uncertainty over the entity's ability to continue as a going concern. For example, there may be a material uncertainty as to management's ability to deliver on its strategies and successfully implement its plans to address the events or conditions that lead to the uncertainty, or on receiving support from third parties; and
- mitigating factors are insufficient and as such management chooses to liquidate or cease trading, or has no practical ability to avoid liquidation or the permanent cessation of trading.

3.4 Impact of going concern assessment on other areas of the financial statements.

An entity must consider how its going concern assessment is reflected in the rest of its financial statements, and that any assumptions made in its going concern assessment are consistent with other recognition, measurement and disclosure in the financial statements.

For example, entities should ensure that assumptions, such as cash flow projections or other estimates, used in impairment testing, fair value measurement and other estimations are consistent with the going concern assessment.

Examples of accounting consequences that link to going concern assessments may include:

- impairments of assets, whether financial or non-financial;
- fair value measurements;
- decreases in the net realisable value of inventory;
- recognition of provisions and onerous contracts; and
- write-off of deferred tax assets.

Further, entities should be mindful of the disclosure requirements in other Accounting Standards, including, but not limited to:

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- overarching disclosure requirements relating to
    - assumptions about the future and sources of estimation uncertainty (see AASB 108 paragraph 31A [previously AASB 101 paragraph 125] AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* paragraph 97 for Tier 2 entities or AASB 1061 paragraph 7.8 for Tier 3 entities);
- disclosures related to financial instruments in accordance with AASB 7 *Financial Instruments: Disclosures*, including but not limited to:
    - maturity analyses;
    - nature and extent of risks arising from financial instruments; and
    - defaults and covenant breaches (refer to AASB 1061 paragraph 10.31 for Tier 3 entities).
- disclosing a maturity analysis of lease liabilities applying paragraphs 39 and B11 of AASB 7;
- assumptions used in impairment testing of non-financial assets (AASB 136 *Impairment of Assets* or AASB 1061 Section 22 for Tier 3 entities) and fair value measurements (AASB 13 *Fair Value Measurement* or AASB 1061 Section 11 for Tier 3 entities);
- undrawn borrowing facilities and any restrictions on the use of those facilities such as covenant requirements (AASB 107 *Statement of Cash Flows*);
- contingent liabilities and provisions (AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* or AASB 1061 Section 19 for Tier 3 entities).

3.5 Procedures auditors are required to perform in relation to going concern.

Risk assessment

The auditor is required by ASA 315 *Identifying and Assessing the Risks of Material Misstatement* to perform procedures to identify and assess the risks of material misstatement in the financial report. The procedures required by ASA 315 are supplemented by specific requirements in ASA 570 to perform the procedures required by ASA 315 with going concern specifically in mind. The auditor is required to specifically consider going concern as part of the procedures to obtain an understanding of:

- The entity and its environment;
- The applicable financial reporting framework; and
- The entity's system of internal control.

ASA 570 requires the auditor to remain alert throughout the audit for information that may indicate a going concern risk exists.

Evaluating management's assessment

ASA 570 requires auditors to design and perform audit procedures to evaluate management's assessment of the entity's ability to continue as a going concern including the significant judgements on which management's assessment is based. The auditor is required to:

- Request management to make or extend its assessment where management has not performed an assessment or the assessment covers less than the required period. Where management is unwilling to do so, the auditor considers the implications for the audit which may include the

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auditor disclaiming their opinion[7];

- Evaluate the method, significant assumptions and data used by management in assessing the entity's ability to continue as a going concern[8];
- Consider whether management's assessment includes all relevant information of which the auditor is aware;
    - where the auditor identifies events or conditions that may cast significant doubt which have not been previously identified by management:
        - discuss the matter with management to understand the effects of those events or conditions on management's assessment;
        - determine whether it is necessary to request management to revise its assessment to address those possible effects.
- Evaluate management's plans for future actions where events or condition have been identified that may cast significant doubt on the entity's ability to continue as a going concern;[9]
- Evaluate the adequacy of disclosures as required by the financial reporting framework.

Auditors shall remain alert throughout the audit for events or conditions relevant to going concern and exercise professional scepticism when considering their impact on management's assessment of the entity's ability to continue as a going concern. When evaluating management's assessment, auditors may consider the examples of indicators in section 3.1 and, where they are relevant, whether management has included these in their going concern assessments. Auditors should update their risk assessment procedures and continue this assessment up to the date of the auditor's report.

Auditors should remain alert throughout the audit as the environment is constantly changing and liaise regularly with management and those charged with governance.

3.6 Procedures performed by the auditor when events or conditions that may impact going concern have been identified.

If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor is required to evaluate management's plans for future actions in relation to its going concern assessment and perform additional procedures which include:

- evaluating the outcome of the plans and whether they are likely to be sufficient to mitigate the effects of the identified events or conditions:
- evaluating the feasibility of management's plans in the circumstances and whether management has both the intent and the ability to carry out the specific courses of action;
- where management's plans for future actions include significant assumptions or data, evaluating the relevance and reliability of the data and determining whether the assumptions used are appropriate; and
- requesting written representations from management[10].

Refer to ASA 570 paragraphs A59- A62 for audit procedures the auditor may perform when evaluating

7 ASA 570 paragraphs 16 and 21-23.
8 ASA 570 paragraph 19.
9 ASA 570 paragraphs 26-28.
10 ASA 570 paragraph 39 and 40.

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management's plans. When assessing cash flow forecasts the auditor applies the required procedures in paragraph 19 of ASA 570 and evaluates the methods, assumptions and data used by management in the forecast. Evaluating the reasonableness of the methods, assumptions and data of a cash flow forecasts may be challenging due to a rapidly changing environment and uncertainties as to the future. Also, if sensitivity analysis has been performed or if different scenarios have been prepared to reflect the uncertainty in the environment, consider how this impacts management's assessment.

Based on these procedures and audit evidence obtained, the auditor concludes on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial report and whether, in the auditor's professional judgement a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.

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4 Solvency and Going Concern

4.1 The interaction between solvency statements and going concern assessments in a financial report.

For Corporations Act entities required to prepare a financial report, directors have a responsibility to form an opinion on the solvency of the entity and assess an entity's ability to continue as a going concern. Forming an opinion on the solvency of the entity is separate from assessing the entity's ability to continue as a going concern, and whilst rare, the outcome of these assessments may differ.

As discussed above, an entity is assumed to be a going concern unless management either intends to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. Generally, a going concern assessment is for a period of at least, but not limited to, 12 months from the end of the reporting period (refer to section 3.2 of this publication for the relevant period required by Australian Auditing Standards).

In contrast, an entity is insolvent when it is unable to pay all its debts as and when they become due and payable. This considers the entity's capacity to pay debts that it has incurred at the time and is a point-in-time statement.

Example – Solvency and going concern differences

An entity is solvent but not a going concern:

In some circumstances, an entity may be able to pay its existing debts and be solvent but is intending to liquidate or cease trading for other reasons, such as a loss of a major contract, and is, therefore, solvent but not a going concern.

An entity is insolvent but is a going concern:

In rare circumstances, an entity may be insolvent at the time of the directors' declaration but permitted to use the going concern basis of preparation where the entity's plans for future actions address the doubts on the entity's ability to continue as a going concern which arise from being insolvent. ASA 570 paragraphs 26-28 outline the auditor's responsibilities where there is material uncertainty[11] related to going concern and includes evaluating whether management's plans are feasible in the circumstances and management has both the intent and ability to carry out the specified actions.

Where the solvency statement within the directors' declaration differs from management's assessment of the entity's ability to continue as a going concern, additional disclosures may be required in the financial statements to explain the reasons for the different conclusions. This information may be necessary for an understanding of the financial statements (AASB 18 paragraph 113(c) [previously AASB 101 paragraph 112(c)] or AASB 1061 paragraph 7.3(b) for Tier 3 entities) and to give a true and fair view (the Corporations Act s297). ASIC's RG 22.11 states:

11 A material uncertainty related to going concern is defined by ASA 570 10(a) as "An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. "May cast significant doubt" is used to refer to circumstances where the magnitude of the potential impact and likelihood of occurrence of the identified events or conditions are such that, unless management's plans for future actions mitigate their effects, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future.

"*Where a qualified statement impinges upon the 'going concern' assumption as the basis for preparing accounts, the directors should explain in the accounts their reasons for adopting the assumption in the light of the qualified statement. Similarly, where directors state that there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due despite prima facie indications to the contrary from the accounts, the directors should disclose the reasons for that opinion in order to ensure that the accounts disclose a true and fair view.*"

4.2 Auditor's obligations under section 311 in relation to solvency and going concern.

Auditor are required by section 311 of the Corporations Act, to notify ASIC where they have reasonable grounds to suspect that there has been a significant contraventions of the Corporations Act by the entity. ASIC's Regulatory Guide 34 *Auditor's Obligations: Reporting to ASIC* provides examples of suspected contraventions which will be, or are likely to be, significant contractions including:

- insolvent trading and the inability to continue as a going concern; and
- non-compliance with accounting or sustainability standards (non-compliance with accounting standards may include where the auditor does not agree with the basis of preparation of the financial report or that there is inadequate disclosure related to going concern).

There is also a requirement for auditors of charities under the ACNC Act s65 5(2) to notify the ACNC of any significant contraventions of the ACNC Act.

4.3 Disclosure requirements outside the financial statements.

Certain entities may also have disclosure obligations outside the financial statements when solvency issues or going concern uncertainties are identified. These may include disclosures in directors' reports, continuous disclosure announcements and other regulatory filings. Refer to **Appendix C** for further information.

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5 The entity is no longer a going concern

5.1 Financial reporting obligations when an entity is no longer a going concern.

Where the going concern basis is no longer appropriate because the directors intend to liquidate the entity and appoint a liquidator or external administrator or cease trading, or have no realistic alternative but to do so, the directors should consider whether and how this may affect the financial reporting obligations of the entity for the current reporting period. ASIC's Regulatory Guide 174 *Relief for externally administered companies and registered schemes being wound up* explains when ASIC will grant relief from the financial reporting obligations of the Corporations Act.

If the entity has concluded that it is no longer a going concern but still needs to prepare and lodge financial statements for the current reporting period, it must:

- disclose that fact;
- adjust the basis of preparation of the financial statements, and describe the revised basis of preparation; and
- disclose the reason why the entity is not regarded as a going concern (see AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities).

The Accounting Standards do not specify an alternative basis of preparation where the going concern basis is not appropriate. There are different views on whether financial statements prepared on a non-going concern basis would still need to comply with the broad principles of the Conceptual Framework for Financial Reporting where an entity must still prepare financial statements that comply with Australian Accounting Standards (e.g. under Chapter 2M.3 of the Corporations Act).[12]

In many cases, entities may change the presentation of assets and liabilities in the statement of financial position from a current/non-current classification to a liquidity basis, as this provides information about the order in which assets may be realised and liabilities settled.

As there is no defined or prescribed basis, it is important that entities clearly explain how this change has affected their accounting policies and the recognition, measurement and presentation of the amounts in the financial statements. It may also be necessary to highlight that some of the amounts disclosed for the prior period have been measured on a different basis and are therefore not necessarily comparable.

5.2 Impact for the auditor when the going concern is no longer appropriate.

ASA 570 outlines that when an alternative basis of preparation has been used, the auditor may be able to express an unmodified (clean) opinion where the alternative basis of preparation is acceptable in the circumstances and there is adequate disclosure within the financial statements/report about the alternative basis of preparation[13]. It may be appropriate or necessary to include an Emphasis of Matter (EOM) paragraph in accordance with ASA 706 *Emphasis of Matter Paragraphs and Other Matter*

12 Refer to section 4 of AASB Staff Paper *Going Concern Disclosures: A Case for International Standard-Setting* (October 2021).

13 See ASA 570 paragraph A96.

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Paragraphs in the Independent Auditor's Report alerting users to the alternative basis of preparation and the reasons for its use.

Where an alternative basis of preparation has been used, the auditor is not required to include the separate going concern section in their report required by ASA 570 (see section 6.2 below).

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6 Implications for the auditor's report

6.1 The auditor's conclusion on going concern.

The auditor evaluates whether sufficient appropriate audit evidence has been obtained and concludes on the appropriateness of management's use of the going concern basis of accounting including whether in the auditor's professional judgment 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[14].

In doing so the auditor also evaluates whether the judgements and decisions made by management are indicators of possible management bias and whether the audit evidence obtained regarding going concern is consistent or inconsistent with other evidence obtained.

The adequacy of disclosures is critically important when considering if a modification to the auditor's opinion is required. The auditor is required to evaluate the adequacy of disclosure even when no material uncertainty related to going concern exists.

Where no material uncertainty exists but events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern.

In times of uncertainty about the immediate future of entities, more financial reports will likely include expanded disclosures about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. However, the required level of disclosure will depend on the facts and circumstances of each entity. Refer to section 4 above for further details on the disclosures in the financial report. Also, consider if disclosures are required in addition to those specifically required by the financial reporting framework to achieve fair presentation of the financial report (if applicable).

A high level of professional scepticism and judgement is required when concluding on going concern and the adequacy of disclosures, considering the facts and circumstances of the entity and the audit evidence obtained. In times of uncertainty, there may be increased instances of modification of the auditor's opinion (qualified, adverse or disclaimers of opinion) and additional communications by the auditor (Material Uncertainty Related to Going Concern (MURGCs), EOMs) with regard to going concern matters.

6.2 Reporting on going concern in the auditor's report.

For financial reporting periods beginning on or after 15 December 2026, ASA 570 requires auditors to include a separate going concern section in their auditor's report. This section is required in most circumstances, even when there is not a material uncertainty related to going concern and will communicate to intended users that the auditor has fulfilled their responsibilities in relation to going concern.

This is a distinct change from how going concern was reported under the previous version of ASA 570 where matters were only included in the auditor's report where there were potential issues related to going concern. For listed entities, there are enhanced communication requirements. See **Appendix D** for a full list of the requirements for both listed and non-listed entities related to going concern and the auditor's report.

14 See ASA 570 paragraphs 30 and 31

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Example going concern report section

Going Concern

In the context of our audit of the financial report as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Entity's ability to continue as a going concern.

Note that this new section is not required when:

- The auditor disclaims their opinion[15]; or
- The going concern basis of accounting is inappropriate.

6.3 Modification of the auditor's opinion in relation to going concern.

In the context of going concern, a modified audit opinion may be issued for a number of reasons. Depending on the nature and pervasiveness of the issues to the financial report as a whole, the auditor may issue a qualified, adverse or a disclaimer of opinion.

In accordance with ASA 570, a modified audit opinion may be issued when:

Reason for modification	Possible modification
No MURGC exists but events or conditions have been identified that may cast doubt on the entity's ability to continue as a going and the financial report does not provide adequate disclosure about these events or conditions, including, as applicable, when significant judgements are made by management in concluding that there is no material uncertainty[16].	Qualified or Adverse
A MURGC exists which is not adequately disclosed in the financial report[17].	Qualified or adverse
The financial report is prepared using the going concern basis of accounting but in the auditor's professional judgment, the use of the going concern basis of accounting by management is inappropriate[18].	Adverse

15 ASA 570 paragraph 37 prohibits including separate sections on Going Concern or Material Uncertainty Related to Going Concern in the auditor's report when the auditor disclaims an opinion.
16 ASA 570 paragraphs 32 and A73-A76.
17 ASA 570 paragraph 36.
18 ASA 570 paragraph 38.

Reason for modification	Possible modification
The financial report is prepared using an alternative basis of preparation, however, in the auditor's professional judgement, there is inadequate disclosure related to the alternative basis of preparation therein[19].	Qualified or adverse
The auditor is unable to obtain sufficient appropriate audit evidence to conclude on management's assessment that the going concern basis of accounting is appropriate as management is unwilling to make, or extend, their going concern assessment[20].	Qualified or disclaimer

6.4 How else may the auditor's report include additional communications in relation to going concern when issuing an unmodified opinion?

When issuing an unmodified opinion, the auditor's report may include references to going concern in the following areas:

Location	Nature	Auditor's report impact
Key Audit Matters	The following, by their nature are key audit matters: • A matter giving rise to a modified opinion in accordance with ASA 570; • A material uncertainty related to going concern exists; or • Significant judgements were made by management in concluding that there is no material uncertainty.	Include a reference to the Basis for Qualified (Adverse) Opinion, or the Material Uncertainty Related to Going Concern or Going Concern sections in the Key Audit Matters section.
Emphasis of Matter	Where the financial report has been prepared using an alternative basis of preparation, and the auditor agrees with both the alternative basis of preparation and that there are appropriate disclosures in the financial report.[21]	The auditor considers whether it is necessary to include an EOM to draw the user's attention to the alternative basis of preparation and the reasons for its use.

19 ASA 570 paragraph A96.
20 ASA 570 paragraph A57.
21 ASA 570 paragraph A96.

Appendices

Appendix A: Overview of responsibilities and duties of those charged with governance relevant to solvency and going concern

This table outlines the different responsibilities relevant to those charged with governance of the entity. Throughout this publication, those various responsibilities are discussed in more detail.

Table 1: Overview of responsibilities and duties of those charged with governance relevant to solvency and going concern

	Directors' duties – solvency	Directors' declaration – solvency	Financial reporting – going concern
For-Profit Private Sector Entities			
Entities required by the *Corporations Act 2001* (the Corporations Act) to prepare a financial report	Directors of an entity have a duty to prevent the company from trading while insolvent[22] (refer to the Corporations Act section 588G).	As part of declaration whether, in the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable (refer to the Corporations Act paragraph 295(4)(c)). Must assess at the date of signing the annual or half-year financial report, as authorised through the Directors' Declaration. A solvency declaration may be positive statement, a qualified statemen (refer to a material uncertainty) or a negative statement (if insolvent). (Refer to ASIC's Regulatory Guide 22 *Directors' solvency declaration* and ASIC's Information Sheet 42 (INFO 42) *Insolvency for directors*.)	When preparing financial statements, management shall assess an entity's ability to continue as a going concern (AASB 108 paragraph 6K [previously AASB 101 paragraph 25] or AASB 1061 paragraph 2.6).[23] Management shall take into account all available information about the future, covering at least – but not limited to – 12 months from the end of the reporting period (AASB 108 paragraph 6L [previously AASB 101 paragraph 26] or AASB 1061 paragraph 2.6 for Tier 3 entities). Also refer to section 3.2 of this publication for the relevant period required by the Auditing Standards. The basis of accounting should be adjusted if management determines that the going concern basis is no longer appropriate, including if that is determined after the reporting period (AASB 110 paragraph 14). Solvency and going concern are related but separate concepts. An entity can be solvent but not permitted to use the going concern basis of preparation if the entity is able to pay current debts but has decided (or has no choice but)to liquidate the entity or to cease trading in the future. In rare cases, an entity can be insolvent but

22 Except where Safe Harbour protections apply, see ASIC's Regulatory Guide 217 *Duty to prevent insolvent trading: Guide for directors.*

23 When the AASB issued AASB 18, the requirements about an entity's assessment of its ability to continue as a going concern were moved unchanged from AASB 101 to AASB 108 (which was retitled as *Basis of Preparation of Financial Statements*). AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities other than superannuation entities (1 January 2028 for NFP entities and superannuation entities). For NFP private sector entities applying AASB 1061, AASB 1061 is effective for annual reporting periods beginning on or after 1 July 2029, with earlier application permitted. NFP private sector entities applying AASB 1061 are referred to as Tier 3 entities.

	Directors' duties – solvency	Directors' declaration – solvency	Financial reporting – going concern
			permitted to use the going concern basis of preparation if the entity's plans for future actions address the doubts on the entity's ability to continue as a going concern, are feasible in the circumstances and management has both the intent and ability to carry out the required actions. Refer to sections 2.1 – 2.3 for further details on the interplay between solvency and going concern assessments.
Entities within the scope of the Corporations Act but not required to prepare a financial report	Same as entities required by the Corporations Act to prepare a financial report (above).	n/a	n/a
Other types of for-profit entities registered with another regulator	Refer to requirements of specific legislation.	Refer to requirements of specific legislation.	Same as entities required by the Corporations Act to prepare a financial report (above) if: • preparing general purpose financial statements; or • required or choose (e.g. in special purpose financial statements (SPFS)) to comply with AASB 108 [previously AASB 101]. [24]
NFP Private Sector Entities			
Charities registered with ACNC under the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act)	Responsible persons of a charity cannot allow the registered charity to operate while insolvent. Assessment is an ongoing duty. If a charity becomes insolvent, it should seek professional advice immediately and notify the Australian Charities and Not-for-profits Commission (ACNC), its members and its state or territory regulator if incorporated.[25] (ACNC Governance Standard 5, paragraph 2(g)).	For medium and large charities, same as for-profit companies required by the Corporations Act to prepare a financial report. (*Australian Charities and Not-for-profits Commission Regulations 2022* (Cth) (the ACNC Regulations) s60.15)	For medium and large charities, same as for-profit companies required by the Corporations Act to prepare a financial report (see above). (ACNC Regulations s60.10 and s60.30)
Companies limited by	Same as for-profit entities required by the Corporations Act to prepare a	Same as for-profit entities required by the Corporations Act to prepare	Same as for-profit entities required by the Corporations Act to prepare

24 From 1 July 2021, certain for-profit private sector entities can no longer prepare SPFS that claim compliance with Australian Accounting Standards. See AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities for information on affected entities. From 1 July 2029, certain NFP entities can no longer prepare SPFS that claim compliance with Australian Accounting Standards. See AASB 2026-2 Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to prepare Special Purpose Financial Statements for information on affected entities.

25 See https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/5-duties-responsible-people

	Directors' duties – solvency	Directors' declaration – solvency	Financial reporting – going concern
guarantee reporting to ASIC	financial report. (see above).	financial statements (see above).	financial statements. (see above).
Incorporated associations	Refer to requirements of specific legislation. Generally, legislation requires 'office holders' to exercise reasonable care, skill and diligence in carrying out the role of a committee member. This means office holders must prevent insolvent trading by the association, which includes the duty not to incur a debt that will cause the association to become insolvent. Assessment is an ongoing duty.	Refer to requirements of specific legislation.	Same as for-profit entities required by the Corporations Act *to* prepare a financial report if: • preparing general purpose financial statements; or • required or choose (e.g. in SPFS) to comply with AASB 108 [previously AASB 101].
Public Sector Entities			
All	Refer to requirements of specific legislation.	Refer to requirements of specific legislation.	Same as for-profit entities required by the Corporations Act to prepare a financial report.

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Appendix B: Disclosure requirements in the financial statements

This table summarises the disclosure requirements and related auditor considerations that may arise as a result of an entity's going concern assessment. The scenarios presented are discussed in more detail throughout this publication.

Table 2: Disclosure requirements and auditor considerations relating to going concern assessments

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilities
No issues	No disclosures are specifically required. Consider whether any material information related to going concern should be disclosed.[26] See: • AASB-AUASB FAQ on the impact of Coronavirus on the financial reporting and auditor's considerations. • AASB Practice Statement 2 *Making Materiality Judgements.*	Management's judgements in concluding no indicators for going concern uncertainty were present.	Evaluate and conclude on the appropriateness of management's use of the going concern basis of accounting including the judgements and decisions made by management that there are no events or conditions and the adequacy of the relevant disclosures. Report in accordance with the requirements of ASA 570. See **Appendix D**. Where the auditor concludes that there is insufficient audit evidence to support the appropriateness of management's use of the going concern basis of accounting or there is inadequate disclosure required by the financial reporting framework, the auditor considers the impact on the auditor's report (refer to **section 6** of this publication).
Events and conditions have been identified, but no material uncertainty	Disclose significant judgements made in the process of applying the entity's accounting policies – that is, in concluding that there remain no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. See AASB 108 paragraph 27G [previously AASB 101 paragraph 122], AASB 1060 paragraph 96 for Tier 2 entities[27] or AASB 1061 paragraph 7.7 for Tier 3 entities. • IASB educational material *Going concern – A focus on disclosure* (republished May 2025). • IFRS Interpretations Committee	Nature of the events or conditions that may indicate a possible going concern uncertainty specific to the entity – e.g. reduced revenue, increase in expenses, restrictions on activities that may be imposed by governments, other entities in the sector struggling, etc. Management's assessments and judgements as to the nature of the mitigating factors and why they lead to no material uncertainty, e.g. existence of financing, loan guarantees, government grants, etc. Other relevant information.	Where no material uncertainty exists but events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor considers the adequacy of the disclosures required by the financial reporting framework[29]. Obtain sufficient appropriate audit evidence to conclude whether or not a material uncertainty exists through performing additional procedures, including consideration of the mitigating factors – refer to ASA 570 paragraph 16 for required procedures. If the auditor does not agree with management's

26 For example, AASB 108 paragraph 6C(c) [previously AASB 101 paragraph 17(c)] or AASB 1061 paragraph 2.2 for Tier 3 entities, requires financial statements to provide a fair presentation, which requires entities to include additional disclosures when compliance with specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

27 Entities applying AASB 1060 are referred to as Tier 2 entities.

29 ASA 570 paragraph 32 and A73-A76.

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilities
	Agenda Decision[28] *Disclosure requirements relating to assessment of going concern* (IAS 1), July 2014 *IFRIC Update*.		assessment that mitigating factors are sufficient, consider the effect on the auditor's report (refer to section 7 of this publication). Evaluate whether disclosures about the events or conditions are adequate and in accordance with the applicable financial reporting framework. See ASA 570 paragraphs 20 and A24. If disclosures are inadequate, consider the effect on the auditor's report (refer to section 7 of this publication).
Material uncertainty	When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. See: • AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities. • IASB educational material *Going concern – A focus on disclosure* (republished May 2025). • IFRS Interpretations Committee Agenda Decision *Going concern disclosure* (IAS 1), July 2010 *IFRIC Update*. Auditors are further required to assess whether the disclosures explain not only the events and or conditions that cast doubt on the going concern assumption, but also management's plans to deal with these events or conditions and whether the financial statements include a clear statement that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.	Nature of and indicative financial impacts of indicators – e.g. reduced revenue, increase in expenses, negative working capital, government-imposed restrictions, breaching covenants. Additional details of plans to deal with these events or conditions – e.g. negotiations with lenders and creditors, raising additional equity, implementing cost-saving measures, and obtaining government support. Assumptions made by management –e.g. strategies relied upon, the longevity of cash reserves, expected period of hibernation. Outline reasons why a material uncertainty remains. Other relevant information.	Based on the audit evidence obtained, the auditor concludes whether the management's use of the going concern basis of accounting is appropriate and whether a material uncertainty exists. Evaluate whether disclosures about the events or conditions and management's plans are adequate and clearly state that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. See ASA 570 paragraph 19. If disclosures are inadequate, consider the effect on the auditor's report (refer to section 7 of this publication).

28 Agenda Decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Accounting Standards. Instead, explanatory material explains how the applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern. Explanatory material derives its authority from the Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Standards reflecting the explanatory material in an agenda decision (IFRS Foundation Due Process Handbook (April 2026) paragraphs 8.4 and 8.5).

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilities
	See ASA 570 paragraph 19.		
Going concern basis of preparation not appropriate	Disclose: • that fact; • the reason why the entity is not regarded as a going concern; and • the basis of preparation of the financial statements. See: • AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities. • IASB educational material *Going concern – A focus on disclosure* (republished May 2025).	Description of events that give rise to management considering the going concern basis of preparation is no longer appropriate. Further explanation of the changes in accounting policies and reasons why. Other relevant information.	Assess whether the basis of preparation is acceptable in the circumstances, including the appropriateness of accounting policies. Evaluate whether there is adequate disclosure in the financial report regarding the basis of preparation and the reasons for its use. Consider if it is necessary to include an Emphasis of Matter paragraph to draw the user's attention to the basis of preparation and the reasons for its use (refer to section 6 of this publication).

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Appendix C: Disclosure requirements outside the financial statements?

This table summarises disclosure requirements and related auditor considerations that may arise outside the financial statements when solvency issues or going concern uncertainties are identified. These requirements are not set by the AASB and entities should refer to the specific requirements for more information.

Table 3: Disclosure requirements and auditor considerations outside the financial statements

	Directors' disclosure requirements outside the financial statements	Auditor's responsibilities
For-Profit Private Sector Entities		
Disclosing Entities (as defined by the Corporations Act)	Listed disclosing entities – ASX Continuous Disclosures • Under listing rule 3.1, once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information. Unlisted disclosing entities – the Corporations Act • Continuous disclosure requirements under s675 of the Corporations Act. See further ASX Guidance Note 8 and ASIC's Regulatory Guide RG 198 *Unlisted disclosing entities: Continuous disclosure obligations*.	The auditor does not provide assurance over whether the entity has complied with continuous disclosure requirements, however under ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* the auditor is required to respond appropriately if any non-compliance or suspected non-compliance is identified during the audit (refer to ASA 250 paragraph 19 for more detail). The auditor also considers its obligations under section 311 of the Corporations Act. Refer to ASIC's Regulatory Guide 34.
Companies required by the Corporations Act to prepare a financial report (including disclosing entities)	The Corporations Act s299/299A Directors' Report: • Must include a review of operations, and for listed and disclosing entities additional specified information (Operating and Financial Review). • Should explain (rather than repeat) the information in the financial report related to any doubt over the entity's solvency or uncertainties around its ability to continue as a going concern. Refer the Corporations Act s.299/299A, RG 247.45 for more information.	The Directors' Report will include important disclosures in relation to the impact of risks to the business and how they are responding to them. The auditor's report on the financial report does not include the Directors' Report. However, the auditor is required by ASA 720 *The Auditor's Responsibilities Relating to Other Information*, to read and consider if there is a material inconsistency with the audited financial report, and or the auditor's knowledge obtained during the audit.
NFP Private Sector Entities		
Registered with ACNC	No specific requirements.	
Companies limited by guarantee reporting to ASIC	Same as for-profit companies reporting to ASIC.	Same as for-profit companies required by the Corporations Act to prepare a financial report.
Incorporated associations	Refer to relevant legislation.	
Public Sector Entities		
All	Refer to relevant legislation.	

Appendix D: Required content of the new going concern section in auditor's reports

Section heading	Entity type	ASA 570 subparagraph	Auditor's report
Going Concern	All entities	34(a)	The auditor states: • In the context of the audit of the financial report as a whole, and in forming the auditor's opinion thereon, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. • Based on the audit evidence obtained, the auditor has not identified a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. • The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
	Listed Entity	34(b)	In addition to the disclosures above, where an entity is a Listed Entity and significant judgements are made by management when concluding no material uncertainty exists, the auditor also: • Includes a reference to the related disclosure(s) in the financial report/statements, if any. • Describes how the auditor evaluated management's assessment of the entity's ability to continue as a going concern.
Material Uncertainty Related to Going Concern	All entities	35(a), (c) and (d)	The auditor: • Includes a reference to the related disclosure(s) in the financial report/statements. The auditor states: • That events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. • The auditor's opinion is not modified in respect of the matter. • In the context of the audit and in forming the auditor's opinion, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. • The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
	Listed Entity	35(b)	In addition to the disclosures above, where an entity is a Listed Entity, the auditor also: • Describes how the auditor evaluated management's assessment of the entity's ability to continue as a going concern.

Appendix E: List of relevant legislation

This is not an exhaustive list of relevant legislation. Entities should consider whether any other legislation applies to their specific circumstances.

Corporations Act 2001 (Cth)

Australian Charities and Not-for-profits Commission Act 2012 (Cth)

Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)

Associations Act 2003 (NT)

Associations Incorporation Act 1991 (ACT)

Associations Incorporation Act 2009 (NSW)

Associations Incorporation Act 1981 (Qld)

Associations Incorporation Act 1985 (SA)

Associations Incorporation Act 1964 (Tas)

Associations Incorporation Act 2015 (WA)

Associations Incorporation Reform Act 2012 (Vic)

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Appendix F: List of other possible going concern indicators

Originally published in Going concern issues in financial reporting: A guide for companies and directors (AUASB & AICD, 2009).

Below are some further examples of possible events and conditions that may be relevant to the assessment of going concern. However, this list is not exhaustive and should not be considered a checklist of all possible indicators.

Obtaining external finance:

- Entity has experienced difficulties in the past in obtaining external finance facilities and/or in complying with the related terms and covenants
- Borrowing agreements or executory contracts include clauses relating to debt covenants at call terms or subjective clauses (for example, a "material adverse change clause" or share price declines below a certain dollar value) that triggers full or partial repayment of the amount borrowed
- Entity has breached some of the terms or covenants of the borrowing agreements giving rise to the risk that the facilities may be withdrawn or not renewed
- Finance facility is secured on assets (for example, properties) that have decreased in value below the amount of the facility
- Finance facilities are due for renewal in the next year
- Management have no plans for alternative arrangements should current facilities not be extended
- Entity is dependent upon funding from a related or third party that is experiencing financial difficulties
- Financing is provided by a syndicate of banks and other financial institutions and there are concerns about the viability of one or more of the members of the syndicate

Management plans to overcome financing difficulties include disposal of assets or possible rights issues:

- Plans developed prior to the onset of challenging or uncertain economic conditions have not been updated
- Lack of evidence that management can realise the assets to be disposed of at the expected values
- Shareholders' support uncertain in relation to a planned rights issue
- Possible "lukewarm" reception of prospective investors to share issuance due to the entity's poor financial performance

Entity provides significant loans or guarantees to related parties or third parties:

- Guarantees that may be called in
- Borrowers who/which may be unable to make payments

Entity dependent upon guarantees or financial support provided by a third party:

- Guarantor no longer able/prepared to provide the guarantee
- Financial support withdrawn or in doubt

Future cash flows:

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- Reduction in cash flows resulting from unfavourable economic conditions
- Major customers taking longer or unable to pay
- Market for product or services has contracted significantly
- Terms or covenants of renewed financing are changed and become more difficult to comply with (for example, increased interest rates or charges)
- Entity is subject to margin calls as a result of a decrease in fair market value of financial instruments that it holds
- Entity has issued loans (or received borrowings) having an introductory period during which favourable terms are in force which revert to normal market rates in the forthcoming year

Entity heavily dependent upon particular counterparties:

- Suppliers facing financial difficulties provide essential goods/services
- Entity unable to find alternative suppliers
- Major suppliers tightening their credit terms
- Key customers experiencing financial difficulties
- Substantial reduction of orders from key customers
- Financial instrument counterparties are in default or experiencing difficulty to comply with terms due to cash flow problems

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Going Concern and Related Assessments

A JOINT PUBLICATION BY THE AASB AND THE AUASB

Revised [TBD 2026]



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1 Introduction and ~~p~~Purpose of this ~~d~~Document

~~All entities must consider their solvency and ability to continue operating as a going concern on an ongoing and annual basis.~~

This publication provides an overview of directors'[1] and management's:

- duties in relation to ~~assessments of~~ solvency and going concern, and how these concepts interact; and
- responsibilities to assess whether the going concern basis of preparation is appropriate and how this impacts the preparation of, and the disclosures in, their financial statements.[2]

This publication has also been prepared to assist auditors by providing an overview of an auditor's obligations in relation to going concern and directors' declarations of solvency as part of their overall responsibilities when conducting an audit of the financial report.~~[3]~~

This publication does not amend, interpret or provide advice on applying Australian Accounting Standards, Australian Auditing Standards or international financial reporting or auditing standards. Entities and auditors should view this publication as a guide to identify areas for consideration in preparing and auditing financial statements. Entities must apply those authoritative pronouncements to their own specific facts and circumstances.

This publication is relevant to all types of entities preparing financial statements in accordance with Australian Accounting Standards. Where requirements vary between entity type – such as between for-profit and not-for-profit (NFP) entities ~~(NFP)~~ – every ~~attempt~~ effort has been made to distinguish the requirements. Some terminology used might be specific to for-profit entities, but this does not indicate that it is irrelevant to ~~not-for-profit~~NFP entities in the private or public sectors.

Update since 2023 publication

This version of the document has been updated to reflect:

- ASA 570 *Going Concern* – Issued May 2025.
- the requirements for assessing an entity's ability to continue as a going concern have been carried forward unchanged from AASB 101 *Presentation of Financial Statements* to AASB 108 *Accounting Policies, Changes to Accounting Estimates and Errors* as a result of the issuance of AASB 18 *Presentation and Disclosure in Financial Statements*;
- AASB 1061 General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities requires Tier 3 entities to make going concern assessments similar to those required to Tier 1 or Tier 2 entities~~AASB~~.~~-~~

A reference to ASA 570 *Going Concern* in this document refers to the version(s) of ASA 570 effective for financial reporting periods beginning on or after 15 December 2026.

1 References to "directors" in this document should also be read as responsible persons or office holders in the not-for-profit private sector, and ~~terms used in other sectors used to identify~~ as those charged with governance in other sectors where relevant.

2 The terms financial statements and financial reports are both used in this publication. The *Corporations Act 2001* (Corporations Act) requires certain entities to prepare an annual ~~The~~ financial report which consists of ~~the~~ financial statements plus the directors' declaration.

~~3 Auditors should also refer to the IAASB's Staff Audit Practice Alert Going Concern in the Current Environment – Audit Considerations for the Impact of COVID-19.~~

2 Solvency

2.1 What is solvency?

A person or business is considered solvent if it can pay all of its debts when they are due. Depending on the nature of the entity, there are a range of duties and responsibilities for those charged with governance in relation to solvency of an entity.

> Refer to the **Appendix A** for an overview of responsibilities and duties of those charged with governance relevant to solvency and going concern.

~~2.1~~2.2 Declarations of solvency required by the Corporations Act~~?~~.

~~The Corporations Act[4] defines "solvency" as being able to pay all one's debts, as and when they become due and payable.~~

At least annually (and half-yearly for listed entities and disclosing entities), the *Corporations Act 2001* (the Corporations Act) requires directors, as part of the directors' declaration within their annual financial report, to make a declaration of solvency. This declaration states that, in their opinion, "there are reasonable grounds to believe that the company, registered scheme, registrable superannuation entity or disclosing entity will be able to pay its debts as and when they become due and payable".

When making this declaration, directors must consider the capacity to pay debts which ~~it~~ the entity has incurred at the time of the declaration. Whilst this declaration is made at a point in time, the duty of the directors to prevent insolvent trading applies on an ongoing basis and directors must monitor an entity's solvency through the year, not just at year end/half yearly reporting dates or when signing the directors' declaration[5].

~~As detailed in ASIC's FAQs number 11, while the solvency statement is made at a point in time, the requirements concerning solvent trading apply at all times. Therefore, directors must monitor a company's solvency throughout the year, not just at year end/half yearly reporting dates or when signing solvency resolutions.~~

~~There are several potential consequences if an entity becomes insolvent. Directors should seek legal advice immediately if they suspect their entity is insolvent or likely to become insolvent.~~

~~Refer to~~ ASIC's Regulatory Guide 22 (RG 22) *Directors' solvency declaration* ~~for~~ provides further details for ~~on~~ directors~~'~~ on their responsibilities in relation to solvency statements, as well as the events or conditions to be considered by directors when assessing solvency. ~~Also detailed in RG 22 and ASIC's FAQs, the directors' solvency statement may either state that:~~

~~the directors have reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; or~~

~~there is a material uncertainty as to whether the entity will be able to pay its debts as and when they become due and payable – for example, the ability to renegotiate loans due for repayment; or~~

~~the directors do not have reasonable grounds to believe that the entity will be able to pay its debts as~~

~~4 Entities not governed by the Corporations Act should look to their relevant legislation. For example, not-for-profitNFP entities registered with the ACNC should consider the requirements of the *Australian Charities and Not-for-profits Commissions Act 2012*ACNC Act, where the Corporations Act is referenced in this publication.~~

5 See ASIC RG 22, RG 22.8.

~~and when they become due and payable (negative declaration).~~

RG 22 also provides details on when a material uncertainty or negative statement may be appropriate, and the disclosures required in the financial report, including the directors' ~~statement or the financial statements~~declaration.

Depending on the entity's circumstances, the solvency statement within the directors' declaration can vary, see table 1 below.

Declaration type	Statement
Unmodified	The directors have reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.
Material uncertainty	There is a material uncertainty as to whether the entity will be able to pay its debts as and when they become due and payable (for example, the ability to renegotiate loans due for repayment).
Negative declaration	The directors do not have reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Table 1 – Solvency statements (Source: RG 22.13).

There are various penalties and consequences for insolvent trading. If directors suspect that the entity is, or may become, insolvent, they should seek professional accounting and/or legal advice as early as possible[6]. ~~ASIC's Information sheet 39 (INFO 39) Insolvency information for directors, employees, creditors and shareholders~~ASIC's Information sheet 39 (INFO 39) *Insolvency information for directors, employees, creditors and shareholders* lists ASIC's information sheets relevant for directors, employees, creditors and shareholders affected by an entity's insolvency.

~~2.2~~2.3 ~~What is an assessment~~Declarations of solvency required by other legislation~~?~~.

~~This helps ensure that directors comply with their legal obligations.~~

The *Australian Charities and Not-for-profits Commission Act 2010* (ACNC Act) also requires registered charities to assess solvency and provide a declaration in the same manner described above for for-profit entities. Other entities not registered with ASIC or the ACNC, such as incorporated associations that are not charities, should consult their relevant legislation to understand the applicable requirements. Generally, incorporated associations legislation requires 'office holders' to exercise reasonable care, skill and diligence in carrying out the role of a committee member.

See **Appendix A**~~Appendix A~~ for more information.

2.4 ~~What are t~~The auditor's ~~responsibilities~~ responsibility ~~regarding~~ for solvency statements. ~~and going concern?~~

An auditor's responsibility for a solvency statement is dependent on whether the solvency statement is included as part of the subject-matter information ~~prepared in accordance with criteria~~ which the auditor~~'s~~ is providing ~~an opinion~~ assurance on.

6 See ASIC Info Sheet 42.

In the case of entities required by the Corporations Act to prepare a financial report, the directors' solvency statement is a required part of the directors' declaration which forms the basic contents of an entity's annual financial report alongside the financial statements and notes to the financial statements[7]. The Corporations Act requires an auditor who conducts an audit of an entity's financial report to form an opinion about whether the financial report, which includes the director's declaration, is in accordance with the Corporations Act. Therefore, auditors consider whether the solvency statement is in accordance with the Corporations Act when forming their view on the financial report as a whole (see **section 4.2** for the auditor's obligations where there is non-compliance with the Corporations Act).

In circumstances where a solvency statement or declaration form part of reporting by an entity but is not included within scope of the auditor's engagement, then it is treated as other information for the auditor's purpose and the auditor would follow the requirements in ASA 720 *The Auditor's Responsibilities Relating to Other Information*.

7 See Corporations Act ~~2001~~ section 295.

3 Going Concern

~~3.1~~

~~3.2 What is an assessment of going concern?~~

~~3.3 The going concern assumption is a fundamental principle that underlies the preparation of financial statements prepared in accordance with Australian Accounting Standards. When preparing financial statements, AASB 101 requires management to assess an entity's ability to continue as a going concern. An entity (whether for-profit or not-for-profit) prepares its financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. When assessing whether the going concern assumption is appropriate, all available information about the future should be considered that about the future, which is at least, but is not limited to, 12 months from the end of the reporting period (refer to of AASB 1061 section 3.2 for the relevant period required by the Australian Auditing Standards).~~

~~If a company an entity is not able to continue as a going concern, its financial report statements will need to be prepared on an alternative basis. Refer to section 6 for more detail. Under Australian Accounting Standards and the Corporations Act, directors must satisfy themselves that it is appropriate to prepare the financial report on a going concern basis.~~

~~3.4~~

~~3.5~~3.1 Overview of going concern assessments.

An entity's ability to continue as a going concern is a fundamental assumption underlying the preparation and presentation of the financial statements. When preparing financial statements, AASB 108 [previously AASB 101] ~~*Presentation of Financial Statements*~~ or AASB 1061 for Tier 3 entities requires management to make an assessment of an entity's ability to continue as a going concern.

An entity (whether for-profit or NFP) prepares its financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. ~~The going concern basis of accounting is no longer appropriate if management intends to, or has no realistic alternative but to:~~

- ~~liquidate the entity; or~~
- ~~cease trading.~~

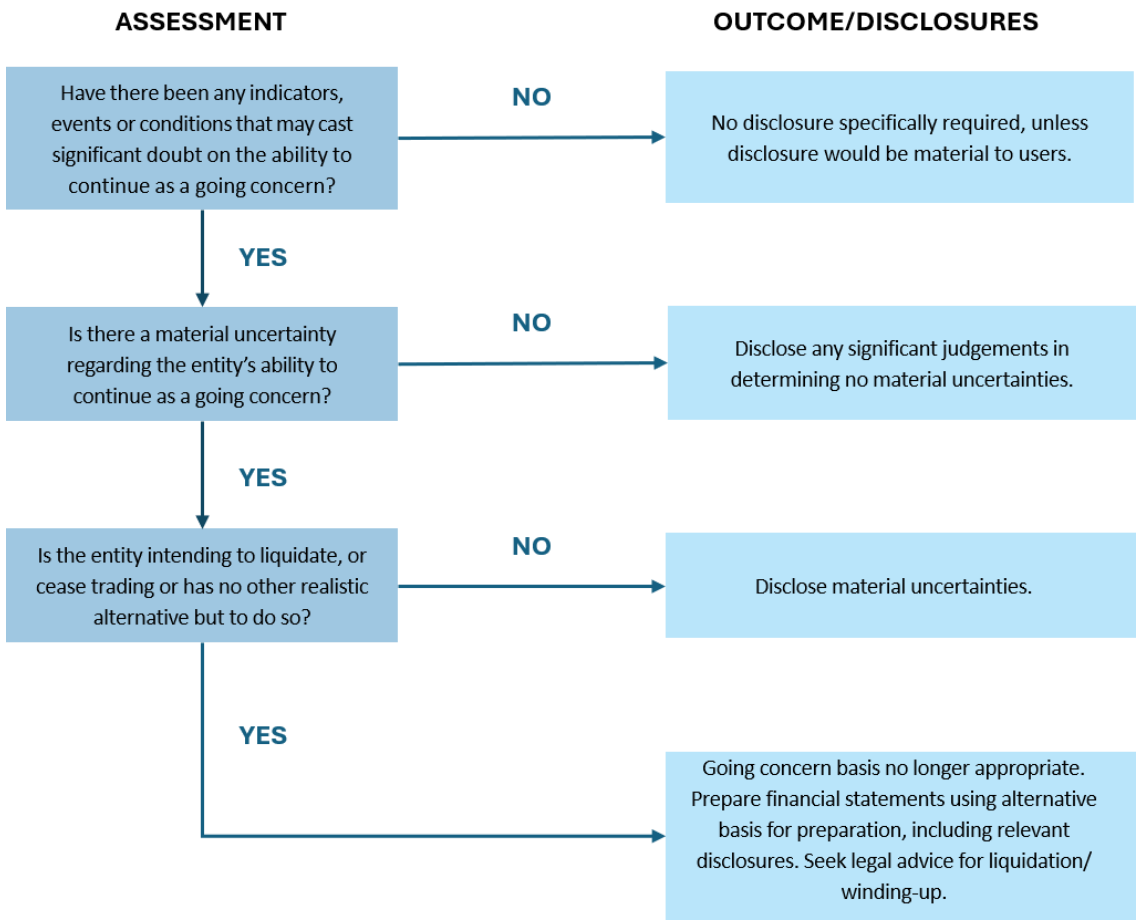
(See AASB 108 paragraphs 6K and 6L [previously AASB 101 paragraphs 25 and ~~-~~26] or AASB 1061 paragraph 2.6 for Tier 3 entities.)

If an entity is not able to continue as a going concern, its financial statements will need to be prepared on an alternative basis. Refer to section 6 for more detail. Under Australian Accounting Standards and the Corporations Act, directors must satisfy themselves that it is appropriate to prepare the financial report on a going concern basis.

Practically, it is expected that the going concern assessment will result in one of four possible outcomes, as illustrated below. This section discusses those possible outcomes in more detail (see

Section 4 for the disclosure requirements in financial statements).

Figure 1 Flowchart on going concern assessment and related disclosure requirements in financial statements



~~3.6~~3.2 ~~What should m~~Management considerations ~~to~~ for identifying going concern issues~~?~~.

The vast majority of financial statements of Australian entities are prepared on the assumption that an entity is a going concern.

In assessing whether the going concern assumption is appropriate, management considers all available information about the future. AASB 108 paragraph 6L [previously AASB 101 paragraph 26] or AASB 1061 paragraph 2.6 for Tier 3 entities specifies that management should consider information ~~for~~ covering at least, but not limited to, the next 12 months from the end of the reporting period.[8] If information about events occurring after 12 months is available, it must also be considered.

Entities must ~~remember to~~also consider the impact of any events that occur after the end of the reporting period up until the date of signing the financial report. Regardless of whether the event is considered adjusting or non-adjusting ~~in accordance with~~under AASB 110 *Events after the Reporting Period*, if the entity determines after the reporting period that it intends to liquidate ~~the entity~~ or ~~to~~ cease trading, it shall not prepare its financial statements on a going concern basis (see AASB 110 paragraphs 14-16). ~~Don't forget that e~~Even after signing the financial report, entities must continue to monitor their solvency and consider the legal consequences if the entity is insolvent at any time (as discussed in Section 2).

The degree of consideration by the entity in its going concern assessment will depend on its own facts and circumstances.

~~Accounting standards do not set out indicators or circumstances where a detailed review of the going concern assumption may be necessary. It is up to the entity to determine where these might exist.~~ Paragraph 6L of AASB 108 [previously paragraph 26 of AASB 101] states ~~that factors~~ that ~~management may need to consider~~ when assessing whether the going concern basis of preparation is appropriate, ~~are those factors that relate~~ management may need to consider a wide range of factors relating to the entity's current and expected profitability, the timing of repayment of ~~existing financing~~ liabilities and potential sources of replacement financing. ~~For example~~Therefore, ~~management might need to consider a wide range of factors before concluding that the going concern basis is appropriate. Practically,~~Some possible indicators that may lead to an entity assessing the appropriateness of the going concern assumption in more detail might include:

- ~~temporary shut-down of operations;~~
- ~~reduced demand for goods and services or other income streams, caused by:~~
  - ~~restrictions and shut-downs imposed by governments, or reduction in discretionary spending by customers;~~
  - ~~expectations of future restrictions that might affect future demand;~~
  - ~~uncertainty surrounding the length of current or future restrictions;~~
  - ~~expected changes to the 'status quo' – for example, possibilities of increased working from home or financial conservatism;~~

8 However, ASA 570 *Going Concern* paragraph 13.2 requires auditors to request management to assess going concern for approximately 12 months from the expected date of the auditor's report to the expected date of the next auditor's report (refer to section 3.2~~3.2~~).

- effects of a temporary shut-down or curtailment of the entity's activities~~unavailability of resources necessary to continue operations, including inventory and employees~~;
- possible restrictions on activities that might be imposed by governments in the future;
- the effects of longer-term structural changes in the market (such as changes in customer behaviour);
- inability to meet obligations as they fall due, including ~~repay~~ borrowings, creditors, lease payments or other ~~debts which become due~~liabilities;
- ~~difficulties obtaining, renewing or maintaining financing, including breaches of loan covenants, reliance on external funding, or uncertainty regarding guarantees and other forms of financial support, including the likelihood of financial guarantees being called upon~~~~reliance on obtaining financing or credit from another company that is suffering financial difficulty;~~
- ~~breaching loan covenants~~;
- ~~likelihood of financial guarantees being called upon;~~
- failure of other companies with similar structures and comparable operations in the same industry;
- ~~financial difficulty or failure of debtors;~~
- negative equity as a result of asset impairments or reduced trading volumes;
- fair value losses on assets, particularly where such assets were expected to be realised in the ~~short-term~~ short term and are relied on for short-term cash management purposes;
- reliance on intercompany funding or expected support from an overseas parent or subsidiary that may no longer be available; and
- additionally, for NFP entities:
  - termination of significant grants or other assets that were expected to be received ~~at~~ for consideration that is significantly less than fair value;
  - inability to access volunteer services;
  - inability to hold major fundraising events (charity balls, sporting events, etc.);
  - difficulties fundraising or attracting donations at expected levels due to a reduction in discretionary spending;
  - a government decision to wind up a public sector entity.

The above illustrates only some of the possible indicators that may affect an entity's ability to continue as a going concern. It should not be considered, or used as, a checklist.

Appendix B of this publication contains additional examples of circumstances that may lead to an entity considering its ability to continue as a going concern in more detail.

The degree of going concern considerations depends on the facts in each case. For example, if an entity concludes in making its assessment that it has a history of profitable operations and has ready access to financial resources, it may conclude that the going concern basis of accounting is appropriate without detailed analysis (see AASB 108 paragraph 6L [previously AASB 101 paragraph 26]). In that case, the entity should consider whether any disclosure ~~may~~ might be ~~necessary~~ appropriate (see **section 4**~~4~~).

Entities that do identify indicators should consider their impact and related mitigating factors, as

discussed in **section 3.3**.

~~3.7~~3.3 ~~If indicators of going concern issues have been identified, what does management have to do next~~Management ~~C~~considerations when going concern indicators are identified.~~?~~

When an entity identifies events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, it should consider all relevant information, including the feasibility and effectiveness of any planned mitigation. ~~Just because an~~ The mere existence of an indicator ~~exists~~ does not necessarily mean that there is a material uncertainty over the entity's ability to continue as a going concern.

The following are examples of mitigating factors that entities may consider in response to going concern pressures:

- ~~do~~ management might have started a turnaround strategy that ~~is showing~~ shows sufficient evidence of success, including identifying feasible alternative sources of financing. For example:
    - management has a plan to sell liquid assets or liquidate surplus or non-essential assets ~~or other assets that are no longer essential, is there a current market for these assets and are enough liquid assets available~~ to meet debts and operational costs as they fall due;
    - the ~~entity's~~ entity has the ability to defer the settlement of some liabilities (such as repayment holidays on loans) or obtain new sources of financing, and ~~its~~ the realistic ability to repay such sources of financing in the future; and
    - ~~whether any~~ financing has been guaranteed and the guarantor can assist (taking into account the terms of the guarantee and any repayment obligations to the guarantor) or ~~whether~~ borrowers have at least indicated a willingness to renegotiate terms and conditions and waive any covenant breaches for a certain period;
- the capability of the entity to obtain additional equity contributions;
- the possibility of reducing overhead and administrative costs;
- ~~possibility of liquidating surplus assets or other assets that are no longer essential;~~
- the practical ability to alter strategies to access new revenue streams; and
- additionally, for NFP entities:
    - the possibility of debt forgiveness to help the entity achieve its objectives; and
    - in the public sector, the assumption that the government will support the repayment of debts of public sector entities (and as such, a public sector entity would generally only be expected not to be a going concern if the government decides to wind up the entity).

The mere existence or possibility of mitigating factors alone may not be sufficient to conclude whether the going concern assumption is appropriate. Judgement is required by management to assess the feasibility and effectiveness of mitigating factors ~~so that they can satisfy themselves that~~ and therefore whether there is a realistic alternative to ~~avoid~~ entering liquidation or ceasing trading (i.e. that the going concern assumption is appropriate).

Whilst not specified by the Accounting Standards, in practice, there can generally be three scenarios once events or conditions that may cast significant doubt on the entity's ability to continue as a going concern have been identified:

- having considered all relevant information, management concludes that there are no material uncertainties. However, reaching that conclusion involved significant judgement;
- having considered all relevant information, management concludes that there is a material uncertainty over the entity's ability to continue as a going concern. For example, there may be a material uncertainty as to management's ability to deliver on its strategies and successfully implement its plans to address the events or conditions that lead to the uncertainty, or on receiving support from third parties; and
- mitigating factors are insufficient and as such management chooses to liquidate or cease trading, or has no practical ability to avoid~~,~~ liquidation or the permanent cessation of trading.

~~3.8~~3.4 ~~Does the~~Impact of going concern assessment ~~also affect~~on other areas of the financial statements~~?~~.

An entity must consider how its going concern assessment is reflected in the rest of its financial statements, and that any assumptions made in its going concern assessment are consistent with other recognition, measurement and disclosure in the financial statements.

For example, entities should ensure that assumptions, such as cash flow projections or other estimates, used in impairment testing, fair value measurement and other estimations are consistent with the going concern assessment.

Examples of accounting consequences that link to going concern assessments may include:

- impairments of assets, ~~either~~ whether financial or non-financial;
- fair value measurements;
- decreases in the net realisable value of inventory;
- recognition of provisions and onerous contracts; and
- write-off of deferred tax assets.

Further, entities should be mindful of the disclosure requirements in other ~~accounting standards~~ Accounting Standards, including, but not limited to:

- overarching disclosure requirements relating to
  - ~~disclosures relating to~~ assumptions about the future and sources of estimation uncertainty (see AASB 108 paragraph 31A [previously AASB 101 paragraph 125] AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* paragraph 97 for Tier 2 entities or AASB 1061 paragraph 7.8 for Tier 3 entities);
- disclosures related to financial instruments in accordance with AASB 7 *Financial Instruments: Disclosures*, including but not limited to:
  - maturity analyses;
  - nature and extent of risks arising from financial instruments; and
  - defaults and covenant breaches (refer to AASB 1061 paragraph 10.31 for Tier 3 entities).
- disclosing a maturity analysis of lease liabilities applying paragraphs 39 and B11 of AASB 7;
- assumptions used in impairment testing of non-financial assets (AASB 136 *Impairment of Assets* or AASB 1061 Section 22~~: Impairment of Assets~~ for Tier 3 entities) and fair value measurements (AASB

13 *Fair Value Measurement* or AASB 1061 Section 11~~: Fair Value Measurement~~ for Tier 3 entities);

- undrawn borrowing facilities and any restrictions on the use of those facilities such as covenant requirements (AASB 107 *Statement of Cash Flows*);
- contingent liabilities and provisions (AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* or AASB 1061 Section 19~~: Provisions and Contingencies~~ for Tier 3 entities)~~; and~~.

~~3.9~~3.5 ~~What p~~Procedures ~~are does the~~ auditors are required to perform in relation~~related~~ to going concern~~?~~. ~~have to undertake when evaluating management's assessment?~~

Risk assessment

The auditor is required by ASA 315 *Identifying and Assessing the Risks of Material Misstatement* to perform procedures to identify and assess the risks of material misstatement in the financial report. The procedures required by ASA 315 are supplemented by specific requirements in ASA 570 to perform the procedures required by ASA 315 with going concern specifically in mind. The auditor is required to specifically consider going concern as part of the procedures to obtain an understanding of:

- ~~•~~ The entity and its environment;
- ~~•~~ The applicable financial reporting framework; and
- ~~•~~ The entity's system of internal control.

ASA 570 requires the auditor to remain alert throughout the audit for information that may indicate a going concern risk exists.

Evaluating management's assessment

ASA 570 requires auditors to design and perform audit procedures to evaluate management's assessment of the entity's ability to continue as a going concern including the significant judgements on which management's assessment is based. The auditor is required to:

- Request management to make or extend its assessment where management has not performed an assessment or the assessment covers less than the required period. Where management is unwilling to do so, the auditor considers the implications for the audit which may include the auditor disclaiming their opinion[9];
- Evaluate the method, significant assumptions and data used by management in assessing the entity's ability to continue as a going concern[10];

~~When conducting risk assessment procedures as required by ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment* paragraph 5, auditors consider if there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.~~

~~In doing so, the auditor discusses with management whether they have identified any events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, and if so, any mitigating factors and their plans to address these concerns. The auditor must evaluate~~

9 ASA 570 paragraphs 16 and 21-23.

10 ASA 570 paragraph 19.

~~management's assessment of the entity's ability to continue as a going concern. When doing so, the auditor is required to:~~

- ~~evaluate whether management's assessment is for the relevant period (the period of approximately 12 months from the date of the auditor's current report to the expected date of the auditor's report for the next annual report period for an annual financial report, or the corresponding reporting period for the following year for an interim financial reporting period);~~
- ~~c~~Consider whether management's assessment includes all relevant information of which the auditor is aware;
  - where the auditor identifies events or conditions that may cast significant doubt which have not been previously identified by management:
    - discuss the matter with management to understand the effects of those events or conditions on management's assessment;
    - determine whether it is necessary to request management to revise its assessment to address those possible effects. ~~and~~
- Evaluate management's plans for future actions where events or condition have been identified that ~~enquire of management as to its knowledge of events or conditions beyond the period of their assessment that~~ may cast significant doubt on the entity's ability to continue as a going concern;~~.~~[11]
- Evaluate the adequacy of disclosures as required by the financial reporting framework.

Auditors shall remain alert throughout the audit for events or conditions relevant to going concern and exercise ~~significant~~ professional scepticism ~~and judgement~~ when considering their impact on management's assessment of the entity's ability to continue as a going concern ~~assessments~~. When evaluating management's assessment, auditors may consider ~~if~~ the examples of indicators in section 3.1 and, where they are relevant, ~~and if they are,~~ whether management has included these in their going concern assessments. Auditors should update their risk assessment procedures and continue this assessment up to the date of the auditor's report.

Auditors should remain alert throughout the audit as the environment is constantly changing and liaise regularly with management and those charged with governance.

~~3.10~~3.6 ~~What p~~Procedures ~~does~~ performed by the auditor ~~perform~~ when events or conditions ~~have been identified~~ that may ~~which may~~ impact ~~undertake when~~ going concern ~~indicators are identified~~? have been identified.

If events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor is required to evaluate management's plans for future actions in relation to its going concern assessment and perform additional procedures ~~to obtain sufficient appropriate audit evidence to assess whether a material uncertainty exists (refer ASA 570 paragraph 16), or worse where the basis of preparation should be other than going concern. These procedures~~which include:

- ~~where management has not yet performed an assessment, requesting management to make its assessment;~~

11 ~~ASA~~ ASA 570 paragraphs 26-28~~12 – 15~~.

- Evaluating the outcome of the plans and whether they are likely to be sufficient to mitigate the effects of the identified events or conditions:
- evaluating the feasibility of management's plans in the circumstances and whether management has both the intent and the ability to carry out the specific courses of actionthe outcome is likely to improve the situation;
- where management's plans for future actions include significant assumptions or datacash flow forecasts are a significant factor in considering the feasibility of management's plans, evaluating the relevance and reliability of the underlying data used in the forecast and determining whether the assumptions used are appropriatesupportable;considering if any additional facts or information have become available since the date on which management made its assessment and
- requesting written representations from management[12].

Refer to ASA ASA 570 paragraphs A16 –59- A17 A62 for audit procedures the auditor may perform when evaluating management's plans. When assessing cash flow forecasts the auditor should applies the required procedures in paragraph 19 of ASA 570 and evaluates the methods, assumptions and data used by management in the forecast. ensure that the assumptions are reasonable given the current circumstances. Assessing Evaluating the reasonableness of the methods, assumptions and data of a cash flow forecasts may be challenging due to a rapidly changing environment and uncertainties as to the future. Also, if sensitivity analysis has been performed or if different scenarios have been prepared to reflect the uncertainty in the environment, consider how this impacts management's assessment.

Based on these procedures and audit evidence obtained, the auditor concludes on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial report and whether, in the auditor's professional judgement a material uncertainty exists related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.

A material uncertainty exists when the magnitude of its potential impact and likelihood of occurrence is such that, in the auditor's judgement, appropriate disclosure of the nature and implications of the uncertainty is necessary for the fair presentation of the financial report.

12 ASA 570 paragraph 39 and 40.

~~24~~ ~~4~~ Solvency and Going Concern

4.1 ~~4.1 What is t~~The interaction between solvency statements and going concern assessments in a financial report~~?~~.

For Corporations Act entities required to prepare a financial report, d~~D~~irectors have a responsibility to form an opinion on the solvency of the entity and assess an entity's ability to continue as a going concern. Forming an opinion on the solvency of the entity is separate from assessing the entity's ability to continue as a going concern, and whilst rare, the outcome of these assessments may differ.

As discussed above, an entity is assumed to be a going concern unless management either intends to liquidate the entity or to cease trading, or it has no realistic alternative but to do so. ~~The~~ Generally, a going concern assessment is for a period of at least, but ~~is~~ not limited to, 12 months from the end of the reporting period (refer to section 3.2 of this publication for the relevant period required by Australian Auditing Standards).

In ~~comparison~~contrast, ~~a company~~an entity is insolvent when it is unable to pay all its debts as and when they become due and payable. This considers the ~~company~~entity's capacity to pay debts that it has incurred at the time and is a point-in-time statement.

Example – Solvency and going concern differences

An entity is solvent but not a going concern:

In some circumstances, an entity may be able to pay its existing debts and be solvent but is intending to liquidate or cease trading for other reasons, such as a loss of a major contract, and is, therefore, solvent but not a going concern.

An entity is insolvent but is a going concern:

In rare circumstances, an entity may be insolvent at the time of the directors' declaration but permitted to use the going concern basis of preparation where the entity's plans for future actions address the doubts on the entity's ability to continue as a going concern which arise from being insolvent. ASA 570 paragraphs 26-28 outline the auditor's responsibilities where there is material uncertainty[13] related to going concern and includes evaluating whether management's plans are feasible in the circumstances and management has both the intent and ability to carry out the specified actions.

~~An entity may be able to pay its existing debts but needs to wind-up its operations for other reasons, such as a loss of a major contract, and is, therefore, solvent but not a going concern. Alternatively, in rare circumstances, an entity may can be insolvent but may elect to continue operations, and the directors may assess that the going concern basis of preparation is appropriate.~~

13 A material uncertainty related to going concern is defined by ASA 570 10(a) as "An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. "May cast significant doubt" is used to refer to circumstances where the magnitude of the potential impact and likelihood of occurrence of the identified events or conditions are such that, unless management's plans for future actions mitigate their effects, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future.

~~If~~ Where the solvency statement within the directors' declaration differs from management's ~~the~~ assessment of the entity's ability to continue as a going concern, additional disclosures may be required in the financial statements to explain the reasons for the different conclusions. This information may be necessary for an understanding of the financial statements~~report~~ (AASB 18 paragraph 113(c) [previously AASB 101 paragraph 112(c)~~)~~] or AASB 1061 paragraph 7.3(b) for Tier 3 entities) and to give a true and fair view (the Corporations Act s297). ASIC's ~~Regulatory Guide~~RG 22.11 states:

> "*Where a qualified statement impinges upon the ~~"~~'going concern~~"~~' assumption as the basis for preparing accounts, the directors should explain in the accounts their reasons for adopting the assumption in the light of the qualified statement. Similarly, where directors state that there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due despite prima facie indications to the contrary from the accounts, the directors should disclose the reasons for that opinion in order to ensure that the accounts disclose a true and fair view.*"~~.~~

4.2 ~~4.2 What are the a~~Auditor's obligations under section 311 in relation to solvency and going concern~~?~~.

~~In addition, the a~~Auditor ~~is~~ are required by section 311 of the Corporations Act, to notify ASIC where they have ~~a~~ reasonable grounds to suspect that there has been a ~~suspicion regarding~~ significant contraventions of the Corporations Act by the entity. ASIC's ~~has specifically stated in~~ Regulatory Guide 34 *Auditor's Obligations: Reporting to ASIC*~~[14]~~ provides examples of suspected contraventions which will be, or are likely to be, significant contractions including:

- ~~that they consider trading whilst~~ insolvent trading and the inability to continue as a going concern; and
- non-compliance with ~~A~~accounting or sustainability ~~S~~standards (non-compliance with accounting standards may include where ~~if~~ the auditor does not agree with the basis of preparation of the financial report or that there is inadequate disclosure related to going concern~~, to be considered significant contraventions~~).

There is also a requirement for auditors of charities under the ACNC Act s65 5(2) to notify the ACNC of any significant contraventions of the ACNC Act.

~~4.3 What are the disclosure requirements outside of the financial statements?~~

~~The following additional disclosure requirements outside the financial statements also become relevant when an entity identifies solvency issues or its ability to continue as a going concern. These requirements are not set by the AASB and entities should refer to the specific requirements for more information.~~

	~~Directors' disclosure requirements outside the financial statements~~	~~Auditor's responsibilities~~
~~For Profit Private Sector Entities~~		
~~Disclosing Entities (as defined by the Corporations~~	~~Listed disclosing entities – ASX Continuous Disclosures~~ ~~• Under listing rule 3.1, once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value~~	~~The auditor does not provide assurance over whether the entity has complied with continuous disclosure~~

Act)	of the entity's securities, the entity must immediately tell ASX that information. Unlisted disclosing entities – the Corporations Act • Continuous disclosure requirements under s675 of the Corporations Act See further ASX Guidance Note 8 and ASIC	requirements, however under ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* the auditor is required to respond appropriately if any non-compliance or suspected non-compliance is identified during the audit (refer to ASA ASA 250 paragraph 19 for more detail). The auditor also considers its obligations under section 311 of the Corporations Act. Refer to Regulatory Guide 34.[15]
Companies required by the Corporations Act to prepare Financial Statements (including disclosing entities)	The Corporations Act s299/299A Directors' Report • Must include a review of operations, and for listed and disclosing entities additional specified information (Operating and Financial Review) • Should explain (rather than repeat) the information in the financial report related to any doubt over the entity's solvency or uncertainties around its ability to continue as a going concern Refer to ASIC's FAQs for further information (The Corporations Act s.299/299A, RG 247.45)	The Directors' Report will include important disclosures in relation to the impact of risks to the business and how they are responding to them. The auditor's report on the financial report does not include the Directors' Report. However, the auditor is required by ASA ASA 720 *The Auditor's Responsibilities Relating to Other Information*, to read and consider if there is a material inconsistency with the audited financial report, and or the auditor's knowledge obtained during the audit.
Not for Profit Private Sector Entities		
Registered with ACNC	No specific requirements.	
Companies limited by guarantee reporting to ASIC	Same as for-profit companies reporting to ASIC.	Same as for-profit companies required by the Corporations Act to prepare Financial Statements.
Incorporated associations	Refer to relevant legislation.	
Public sector Sector Entities		
All	Refer to relevant legislation.	

4.3 Disclosure requirements outside the financial statements.

4.4 Certain entities may also have disclosure obligations outside the financial statements when solvency issues or going concern uncertainties are identified. These may include disclosures in directors' reports, continuous disclosure announcements and other regulatory filings. Refer to **Appendix C** for further information.

15 ASIC's Regulatory Guide 34 *Auditor's Obligations: Reporting to ASIC*

~~3 additional disclosures of material information if the requirements of other Australian Accounting Standards do not provide sufficient disclosure to give an understanding of the impact of particular events or conditions (AASB 101).~~

45 ~~6~~ The entity is no longer a going concern~~.~~

5.1 ~~What are the f~~Financial reporting obligations~~?~~ when an entity is no longer a going concern.

Where the going concern basis is no longer appropriate because the directors ~~have no realistic alternative but~~ intend to liquidate the entity and ~~intend to~~ appoint a liquidator or external administrator or cease trading, or ~~has not~~ have no realistic alternative but to do so, the directors should consider whether and how this may affect the financial reporting obligations of the entity for the current reporting period. ASIC's Regulatory Guide 174 *Relief for externally administered companies and registered schemes being wound up* explains when ASIC will grant relief from the financial reporting obligations of the Corporations Act.

If the entity has concluded that it is no longer a going concern but still needs to prepare and lodge financial statements for the current reporting period, it must:

- disclose that fact;
- adjust the basis of preparation of the financial statements, and describe the revised basis of preparation; and
- disclose the reason why the entity is not regarded as a going concern (see AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities).

The Accounting Standards do not specify an ~~alternate~~ alternative basis of preparation where the going concern basis is not appropriate. There are different views on whether financial statements prepared on a non-going concern basis would still need to comply with the broad principles of the Conceptual Framework for Financial Reporting where an entity must still prepare financial statements that comply with Australian Accounting Standards (e.g. under Chapter 2M.3 of the Corporations Act).[16]

In many cases, entities may change the presentation of assets and liabilities in the ~~balance sheet~~ statement of financial position from a current/non-current classification to a liquidity basis, as this provides information about the order in which assets may be realised and liabilities settled.

As there is no defined or prescribed basis, it is important that entities clearly explain how this change has affected their accounting policies and the recognition, measurement and presentation of the amounts in the financial statements. It may also be necessary to highlight that some of the amounts disclosed for the prior period have been measured on a different basis and are therefore not necessarily comparable.

16 Refer to section 4 of AASB Staff Paper *Going Concern Disclosures: ~~A case~~ Case for International Standard-Setting* (October 2021).

5.2 ~~What is the i~~Impact for the auditor when the going concern is no longer appropriate.~~?~~

ASA 570 outlines that when ~~If the auditor agrees that the~~an alternative basis of preparation has been used, the auditor may be able to express an unmodified (clean) opinion where the alternative basis of preparation is acceptable in the circumstances and ~~is appropriate, including that~~ there is adequate ~~the~~ disclosure within the financial statements/report about the alternative basis of preparation[17]. ~~s are adequate, the auditor issues an unmodified opinion and considers if~~ whether it It may be ~~is~~ appropriate or necessary to include an Emphasis ~~Of~~ of Matter (EOM) paragraph in accordance with ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report* alerting users to the alternative basis of preparation and the reasons for its use.

Where an alternative basis of preparation has been used, the auditor is not required to include the separate going concern section in their report required by ASA 570 (see section 6.2~~7.2~~ below).

17 See ASA 570 paragraph A96.

~~5~~6 ~~7~~ Implications for the auditor's report

6.1 ~~How does the a~~The auditor's conclusion~~conclude~~ on going concern.~~?~~

The auditor evaluates whether sufficient appropriate audit evidence has been obtained and concludes on ~~:~~

the appropriateness of management's use of the going concern basis of accounting including whether in the auditor's professional judgment 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[18].

In doing so the auditor also ~~; and~~

evaluates whether the judgements and decisions made by management are indicators of possible management bias and whether the audit evidence obtained regarding going concern is consistent or inconsistent with other evidence obtained.

- ~~whether a material uncertainty exists related to events or conditions that individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern.~~

The adequacy of disclosures is critically important when considering if a modification to the auditor's opinion is required. The auditor is required to evaluate the adequacy of disclosure even when no material uncertainty related to going concern exists.

Where no material uncertainty exists but events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern.

In times of uncertainty about the immediate future of entities, more financial reports will likely include expanded disclosures about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. However, the required level of disclosure will depend on the facts and circumstances of each entity. Refer to section 4~~4~~ above for further details on the disclosures in the financial report. Also, consider if disclosures are required in addition to those specifically required by the financial reporting framework to achieve fair presentation of the financial report (if applicable).

A high level of professional scepticism and judgement is required when concluding on going concern and the adequacy of disclosures, considering the facts and circumstances of the entity and the audit evidence obtained. In times of uncertainty, there may be increased instances of modification of the auditor's opinion (qualified, adverse or disclaimers of opinion) and additional communications by the auditor (Material Uncertainty Related to Going Concern (MURGCs), EOMs) with ~~regards~~ regard to going concern matters.

6.2 ~~How does the~~ Reporting on going concern in the auditor's report ~~on going concern?.~~

For financial reporting periods beginning on or after 15 December 2026, ASA 570 requires auditors to include a separate going concern section in their auditor's report. This section is required in most circumstances, even when there is not a material uncertainty related to going concern and will communicate to intended users that the auditor has fulfilled their responsibilities in relation to going concern.

This is a distinct change from how going concern was reported under the previous version of ASA 570

18 See ASA 570 paragraphs 30 and 31

where matters were only included in the auditor's report where there were potential issues related to going concern. For listed entities, there are enhanced communication requirements. See **Appendix D** for a full list of the requirements for both listed and non-listed entities related to going concern and the auditor's report.

Example going concern report section

Going Concern

In the context of our audit of the financial report as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Entity's ability to continue as a going concern.

Note that this new section is not required when:

- The auditor disclaims their opinion[19]; or
- The going concern basis of accounting is inappropriate.

~~6.2~~6.3 Modification of the auditor's~~When should the auditor modify their~~ opinion in relation~~ed~~ to going concern~~?~~.

In the context of going concern, ~~If the auditor disagrees with management's use of the going concern basis of accounting, or there is insufficient disclosure in the financial report on going concern matters, a modified audit opinion is issued. A~~a modified audit opinion may be issued for a number of reasons. Depending on the nature and pervasiveness of the issues to the financial report as a whole, the auditor may issue a ~~a~~ qualified ~~opinion~~, ~~an~~ adverse ~~opinion~~ or a disclaimer of opinion~~, dependent on the pervasiveness of the issues to the financial report~~.

In accordance with ~~ASA~~ ASA 570, a modified audit opinion ~~is~~ may be issued when:

Reason for modification	Possible modification
No MURGC exists but events or conditions have been identified that may cast doubt on the entity's ability to continue as a going and the financial report does not provide adequate disclosure about these events or conditions, including, as applicable, when significant judgements are made by management in concluding that there is no	Qualified or Adverse

19 ASA 570 paragraph 37 prohibits including separate sections on Going Concern or Material Uncertainty ~~-~~Related to Going Concern in the auditor's report when the auditor disclaims an opinion.

Reason for modification	Possible modification
material uncertainty[20].	
A MURGC exists which is not adequately disclosed in the financial report[21].	Qualified or adverse
The financial report is prepared using the going concern basis of accounting but in the auditor's professional judgment, the use of the going concern basis of accounting by management is inappropriate[22].	Adverse
The financial report is prepared using an alternative basis of preparation, however, in the auditor's professional judgement, there is inadequate disclosure related to the alternative basis of preparation therein[23].	Qualified or adverse
The auditor is unable to obtain sufficient appropriate audit evidence to conclude on management's assessment that the going concern basis of accounting is appropriate as management is unwilling to make, or extend, their going concern assessment[24].	Qualified or disclaimer

- ~~a MURGC exists which is not adequately disclosed in the financial report (qualified or adverse).~~
- ~~the financial report is prepared using the going concern basis of preparation, however, the auditor does not agree that the going concern basis of preparation is appropriate (adverse).~~
- ~~the financial report is prepared using an alternative basis of preparation, however, there is inadequate disclosure related to this (qualified or adverse).~~
- ~~the auditor is unable to obtain sufficient appropriate audit evidence to conclude on management's assessment that the financial report is prepared using a going concern basis of preparation as management is unwilling to make, or extend, their going concern assessment (qualified or disclaimer).~~

~~In addition, if events or conditions that may cast significant doubt on the entity's ability to continue as a going concern have been identified, auditors are required under ASA 570 paragraph 20 to evaluate if the financial report provides adequate disclosure about these events or conditions. As detailed in section 4 of this publication, the financial report disclosures include the significant judgements made in~~

20 ASA 570 paragraphs 32 and A73-A76.
21 ASA 570 paragraph 36.
22 ASA 570 paragraph 38.
23 ASA 570 paragraph A96.
24 ASA 570 paragraph A57.

~~the process of applying the entity's accounting policies – that is, in concluding that there remain no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. If in the auditor's view, this disclosure is inadequate, the auditor considers the impact of this misstatement on their opinion on the financial report as a whole in accordance with ASA 705.~~

~~6.3~~6.4 How else may the auditor's report include additional communications in relation to going concern when issuing an unmodified opinion?

When issuing an unmodified opinion, the auditor's report may include references to ~~additional communications about~~ going concern in the following areas: ~~, as follows:~~

Location	Nature	Auditor's report impact
Key Audit Matters	The following, by their nature are key audit matters: • A matter giving rise to a modified opinion in accordance with ASA 570; • A material uncertainty related to going concern exists; or • Significant judgements were made by management in concluding that there is no material uncertainty.~~25~~	Include a reference to the Basis for Qualified (Adverse) Opinion, or the Material Uncertainty Related to Going Concern or Going Concern sections in the Key Audit Matters section.
Emphasis of Matter	Where the financial report has been prepared using an alternative basis of preparation, and the auditor agrees with both the alternative basis of preparation and that there are appropriate disclosures in the financial report.[26]	The auditor considers whether it is necessary to include an EOM to draw the user's attention to the alternative basis of preparation and the reasons for its use.

~~• if a MURGC exists that the auditor agrees is adequately disclosed in the financial report, the auditor's report includes a section titled "Material Uncertainty Related to Going Concern" (refer to ASA 570 paragraph 22 for further details).~~

~~• if the auditor concludes a MURGC does not exist and they are reporting key audit matters in accordance with ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*, the auditor considers if going concern is a key audit matter. In accordance with ASA 701 paragraph 15, a MURGC is by its nature a KAM however, it is communicated as a MURGC and the introductory wording in the KAM section includes a reference to the MURGC paragraph.~~

~~25 ASA 701 paragraph 15.~~
26 ASA 570 paragraph A96.

- ~~where the financial report has been prepared using an alternate alternative basis of preparation, and the auditor agrees with both the alternate alternative basis of preparation and that there are appropriate disclosures in the financial report, the auditor considers if whether it is necessary to include an EOM to draw the user's attention to the alternate alternative basis of preparation and the reasons for its use.~~

Appendices

Appendix A: Overview of responsibilities and duties of those charged with governance relevant to solvency and going concern

This table outlines the different responsibilities relevant to those charged with governance of the entity. Throughout this publication, those various responsibilities are discussed in more detail.

Table 1: Overview of responsibilities and duties of those charged with governance relevant to solvency and going concern

	Directors' duties – solvency	Directors' ~~statement~~ declaration – solvency	Financial reporting – going concern
For-Profit Private Sector Entities			
~~Companies~~ Entities required by the *Corporations Act 2001* (the Corporations Act) to prepare a f~~F~~inancial ~~Statements~~report	Directors of an entity ~~company~~ have a duty to prevent ~~A~~the company from ~~must not~~ trade~~e~~ing while insolvent[27]~~.~~ (refer to the Corporations Act ~~s~~ection~~.~~ 588G). ~~Directors must actively monitor the financial position of the company and regularly assess solvency.[28]~~ ~~(*Corporations Act 2001* s.588G and subsections)~~	As part of~~-~~ declaration whether, in the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable (refer to the Corporations Act paragraph 295(4)(c)). Must assess at the date of signing the annual or half-year financial report, as authorised through the Directors' Declaration. A ~~S~~solvency ~~statement~~ declaration may be positive statement, a qualified statemen (refer to a material uncertainty) or a negative statement (if insolvent). (Refer to ASIC's Regulatory Guide 22 *Directors' solvency declaration* and ~~Directors' Statement as to solvency~~ASIC's Information Sheet 42 (INFO 42) *Insolvency for directors*.) ~~(the Corporations Act s.295(4)(c))~~	When preparing financial statements, management shall assess an entity's ability to continue as a going concern (~~AASB~~ AASB ~~101~~108 ~~*Presentation of Financial Statements*~~ paragraph ~~25~~6K [previously AASB~~-~~ 101 paragraph 25] or AASB~~-~~ 1061 paragraph 2.6).[29] Management shall take into account all available information about the future, covering at least – but not limited to – ~~twelve~~ 12 months from the end of the reporting period (AASB~~-~~ 108 paragraph 6L [previously AASB ~~-~~101 paragraph ~~-~~26] or AASB 1061 paragraph 2.6 for Tier ~~-~~3 entities). ~~also~~ Also refer to section 3.2 of this publication for the relevant period required by the Auditing Standards~~)~~. The basis of accounting should be adjusted if management determines that the going concern basis is no longer appropriate, including if that is determined after the reporting period (AASB 110 ~~*Events after the Reporting Period*~~ paragraph 14). Solvency and going concern are related but separate concepts. An entity ~~company~~ can be solvent

27 Except where Safe Harbour protections apply, see ASIC's Regulatory Guide 217 *Duty to prevent insolvent trading: Guide for directors.*

~~28 ASIC's Regulatory Guide 217 *Duty to prevent insolvent trading: Guide for directors*~~

29 When the AASB issued AASB 18, the requirements about an entity's assessment of its ability to continue as a going concern were moved unchanged from AASB 101 to AASB 108 (which was retitled as *Basis of Preparation of Financial Statements*). AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities other than superannuation entities (1 January 2028 for NFP entities and superannuation entities). For NFP private sector entities applying AASB 1061, AASB 1061 is effective for annual reporting periods beginning on or after 1 July 2029, with earlier application permitted. NFP private sector entities applying AASB 1061 are referred to as Tier 3 entities.

	Directors' duties – solvency	Directors' ~~statement~~ declaration – solvency	Financial reporting – going concern
			but not permitted to use the going concern basis of preparation if the entity is able to pay current debts but has decided (or has no choice but) ~~-~~to liquidate the entity or to cease trading in the future. In rare cases, an entity ~~company~~ can be insolvent but permitted to use ~~continue using~~ the going concern basis of preparation if ~~they are it~~the entity's plans for future actions address the doubts on the entity's ability to continue as a going concern, are feasible in the circumstances and management has both the intent and ability to carry out the required actions ~~is expected to become solvent again, avoid liquidation and continue trading~~. Refer to sections 2.1 – 2.3 for further details on the interplay between solvency and going concern assessments. ~~Refer to section 2.1 and ASIC's FAQs number 11 for further details on the interplay between solvency and going concern assessments.~~ ~~(AASB 101)~~
~~Companies~~ Entities within the scope of the Corporations Act but not required to prepare a ~~f~~Financial ~~r~~Report	Same as entities~~companies~~ required by the Corporations Act to prepare a ~~f~~Financial ~~r~~Report (above).	n/a	n/a
Other types of for-profit entities registered with another regulator	Refer to requirements of specific legislation.	Refer to requirements of specific legislation.	Same as ~~companies~~ entites required by the Corporations Act to prepare a ~~F~~financial ~~S~~tatements~~tatements~~eport (above) if: • preparing ~~g~~General ~~p~~Purpose ~~f~~Financial ~~s~~Statements; or • required or choose (e.g. in ~~s~~Special ~~p~~Purpose ~~f~~Financial ~~s~~Statements (SPFS))[6] to comply with AASB 108

	Directors' duties – solvency	Directors' ~~statement~~ declaration – solvency	Financial reporting – going concern
			[previously ~~AASB~~ AASB 101].[30]
~~Not-for-Profit~~NFP Private Sector Entities			
Charities registered with ACNC under the *Australian Charities and Not-for-profits Commission Act ~~2010~~2012* (the ACNC Act)	Responsible persons of a charity cannot allow the registered charity to operate while insolvent. Assessment is an ongoing duty. If a charity becomes insolvent, it should seek professional advice immediately and notify the Australian Charities and Not-for-profits Commission (ACNC), its members and its state or territory regulator if incorporated.[31] (ACNC Governance Standard 5, paragraph 2(g)).	For medium and large charities, same as for-profit companies required by the Corporations Act to prepare a ~~F~~financial ~~Statements~~report. (*Australian Charities and Not-for-profits Commission Regulations 2022* (Cth) (the ACNC Regulations) s60.15)	For medium and large charities, same as for-profit companies required by the Corporations Act to prepare a ~~F~~financial ~~Statements~~report (see above). (ACNC Regulations s60.10 and s60.30)
Companies limited by guarantee reporting to ASIC	Same as for-profit entities~~companies~~ required by the Corporations Act to prepare a ~~F~~financial ~~R~~report. (see above).	Same as for-profit ~~companies~~ entities required by the Corporations Act to prepare ~~F~~financial ~~S~~statements (see above).	Same as for-profit entit~~compan~~ies required by the Corporations Act to prepare ~~F~~financial ~~S~~statements. (see above).
Incorporated associations	Refer to requirements of specific legislation. Generally, legislation requires 'office holders' to exercise reasonable care, skill and diligence in carrying out the role of a committee member. This means office holders must prevent insolvent trading by the association, which includes the duty not to incur a debt that will cause the association to become insolvent. Assessment is an ongoing duty.	Refer to requirements of specific legislation.	Same as for-profit entiti~~compani~~es required by the Corporations Act *t*o prepare a ~~F~~financial ~~Statements~~ report if: • preparing ~~G~~general ~~P~~urpose ~~F~~financial ~~S~~tatements; or • required or choose (e.g. in SPFS)[32] to comply with AASB 108 [previously AASB 101].
Public Sector Entities			
All	Refer to requirements of specific legislation.	Refer to requirements of specific legislation.	Same as for-profit ~~companies~~ entities required by the Corporations Act ~~*2001*~~ to prepare a ~~F~~financial ~~Statements~~report.

30 From 1 July 2021, certain for-profit private sector entities can no longer prepare SPFS that claim compliance with Australian Accounting Standards. See AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities for information on affected entities. From 1 July 2029, certain NFP entities can no longer prepare SPFS that claim compliance with Australian Accounting Standards. See AASB 2026-2 Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to prepare Special Purpose Financial Statements for information on affected entities.

31 See ~~https://www.acnc.gov.au/tools/guides/governance-good-acncs-guide-charity-board-members~~ https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/5-duties-responsible-people

~~32 From 1 July 2021, certain for-profit private sector entities can longer prepare. See AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* for information on affected entities.~~

Appendix B: Disclosure requirements in the financial statements

This table summarises the disclosure requirements and related auditor considerations that may arise as a result of an entity's going concern assessment. The scenarios presented are discussed in more detail throughout this publication.

Table 2: Disclosure requirements and auditor considerations relating to going concern assessments

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilitiesy
No issues	No disclosures are specifically required. Consider whether any material information related to going concern should be disclosed.[33] See: • AASB-AUASB FAQ on the impact of Coronavirus on the financial reporting and auditor's considerations. • AASB Practice Statement 2 -*Making Materiality Judgements.*	Management's judgements in concluding no indicators for going concern uncertainty were present.	Evaluate and conclude on the appropriateness of management's use of the going concern basis of accounting including the judgements and decisions made by management ~~assessment~~ that there are no events or conditions and the adequacy of the relevant disclosures. Report in accordance with the requirements of ASA 570. See **Appendix D**. Where ~~If~~ the auditor concludes that there is insufficient audit evidence to support the appropriateness of management's use of the going concern basis of accounting or there is inadequate disclosure required by the financial reporting framework, ~~does not agree with management's assessment or disclosures are inadequate,~~the auditor considers the impact on the auditor's report (refer to **section ~~7~~ 6** of this publication).
Events and conditions have been identified, but no material uncertainty	Disclose significant judgements made in the process of applying the entity's accounting policies – that is, in concluding that there remain no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. See ~~:~~ AASB 108 paragraph 27G [previously AASB 101 paragraph 122], ~~AASB 1060 paragraph 91(c) for Tier 2 or~~ AASB 1060 paragraph 96 for Tier 2 entities[34] or	Nature of the events or conditions that may indicate a possible going concern uncertainty specific to the entity – e.g. reduced revenue, increase in expenses, ~~shut-downs~~restrictions on activities that may be imposed by governments, other entities in the sector struggling, etc. Management's assessments and judgements as to the nature of the mitigating factors and why they lead to no material uncertainty, e.g. existence of financing, loan guarantees, government grants, etc.	Where no material uncertainty exists but events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, the auditor considers the adequacy of the disclosures required by the financial reporting framework[36]. Obtain sufficient appropriate audit evidence to conclude whether or not a material uncertainty exists through performing additional procedures, including consideration of the mitigating factors – refer to ASA 570

33 For example, AASB 108 paragraph 6C(c) [previously AASB 101 paragraph 17(c)] or AASB 1061 paragraph 2.2 for Tier 3 entities, requires financial statements to provide a fair presentation, which requires entities to include additional disclosures when compliance with specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

34 Entities applying AASB 1060 are referred to as Tier 2 entities.

36 ASA 570 paragraph 32 and A73-A76.

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilitiesy
	AASB 1061 paragraph 7.7 for Tier 3 entities. • IASB educational material *Going concern – ~~a~~ A focus on disclosure* (republished ~~January~~May 202~~1~~5). • IFRS Interpretations Committee Agenda Decision[35] *Disclosure requirements relating to assessment of going concern* (IAS 1), July 2014 *IFRIC Update*.	Other relevant information.	paragraph 16 for required procedures. If you do not agree with management's assessment that mitigating factors are sufficient, consider the effect on the auditor's report (refer to section 7 of this publication). ~~(refer to section 7 of this publication).~~ Evaluate whether disclosures about the events or conditions are adequate and in accordance with the applicable financial reporting framework. See ASA 570 paragraphs 20 and A24. If disclosures are inadequate, consider the effect on the auditor's report (refer to section 7 of this publication).
Material uncertainty	When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. See: • AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities. • IASB educational material *Going concern – ~~a~~ A focus on disclosure* (~~reissued~~ republished ~~January~~May 202~~1~~5). • IFRS Interpretations Committee Agenda Decision[~~37~~] *Going concern disclosure* (IAS 1), July 2010 *IFRIC Update*. Auditors are further required to assess whether the disclosures explain not only the events and or	Nature of and indicative financial impacts of indicators – e.g. reduced revenue, increase in expenses, negative working capital, ~~shut-downs~~government~~-~~-imposed restrictions, breaching covenants. Additional details of plans to deal with these events or conditions – e.g. negotiations with lenders and creditors, raising additional equity, implementing cost-saving measures, and obtaining government support. Assumptions made by management –~~i.e.~~ e.g. strategies relied upon, the longevity of cash reserves, expected period of hibernation. Outline reasons why a material uncertainty remains. Other relevant information.	Based on the audit evidence obtained, the auditor concludes whether the management's use of the going concern basis of accounting is appropriate and whether a material uncertainty exists. Evaluate whether disclosures about the events or conditions and management's plans are adequate and clearly state that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. See ASA 570 paragraph 19. If disclosures are inadequate, consider the effect on the auditor's report (refer to section 7 of this publication).

35 Agenda Decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Accounting Standards. Instead, explanatory material explains how the ~~application~~ applicable principles and requirements in IFRS Standards apply to the transaction or fact pattern. Explanatory material derives its authority from the Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Standard~~(s)~~ reflecting the explanatory material in an agenda decision (IFRS Foundation Due Process Handbook (April~~August~~ 2026~~0~~) paragraphs 8.4 and 8.5).

~~37 Agenda Decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Standards. Instead, explanatory material explains how the application principles and requirements in IFRS Standards apply to the transaction or fact pattern. Explanatory material derives its authority from the Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Standard(s) reflecting the explanatory material in an agenda decision (IFRS Foundation Due Process Handbook (August April 20260) paragraphs 8.4 and 8.5).~~

Scenario	Disclosure required by Accounting Standards or other guidance	Items to consider disclosing (Not specifically required by Standards but may be helpful for users. Not exhaustive examples.)	Auditor's responsibilitiesy
	conditions that cast doubt on the going concern assumption, but also management's plans to deal with these events or conditions and whether the financial statements include a clear statement that there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. See : ASA 570 paragraph 19.		
Going concern basis of preparation not appropriate	Disclose: • that fact; • the reason why the entity is not regarded as a going concern; and • the basis of preparation of the financial statements. Disclose the reason why the entity is not regarded as a going concern. Disclose the basis of preparation of the financial statements. See: • AASB 108 paragraph 6K [previously AASB 101 paragraph 25], AASB 1060 paragraph 15 for Tier 2 entities or AASB 1061 paragraph 2.7 for Tier 3 entities. • IASB educational material *Going concern – a A focus on disclosure* (reissued republished JanuaryMay 20215).	Description of events that give rise to management considering the going concern basis of preparation is no longer appropriate. Further explanation of the changes in accounting policies and reasons why. Other relevant information.	Assess whether the basis of preparation is acceptable in the circumstances, including the appropriateness of accounting policies. Evaluate whether there is adequate disclosure in the financial report regarding the alternate basis of preparation and the reasons for its use. Consider if it is necessary to include an Emphasis of Matter paragraph to draw the user's attention to the basis of preparation and the reasons for its use (refer to section 6 of this publication). alternate basis of preparation and the reasons for its use (refer to section 6 of this publication).

Appendix C: Disclosure requirements outside the financial statements?

This table summarises disclosure requirements and related auditor considerations that may arise outside the financial statements when solvency issues or going concern uncertainties are identified. These requirements are not set by the AASB and entities should refer to the specific requirements for more information.

Table 3: Disclosure requirements and auditor considerations outside the financial statements

	Directors' disclosure requirements outside the financial statements	Auditor's responsibilities
For-Profit Private Sector Entities		
Disclosing Entities (as defined by the Corporations Act)	Listed disclosing entities – ASX Continuous Disclosures • Under listing rule 3.1, once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information. Unlisted disclosing entities – the Corporations Act • Continuous disclosure requirements under s675 of the Corporations Act. See further ASX Guidance Note 8 and ASIC's Regulatory Guide RG 198 *Unlisted disclosing entities: Continuous disclosure obligations*.	The auditor does not provide assurance over whether the entity has complied with continuous disclosure requirements, however under ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report* the auditor is required to respond appropriately if any non-compliance or suspected non-compliance is identified during the audit (refer to ASA 250 paragraph 19 for more detail). The auditor also considers its obligations under section 311 of the Corporations Act. Refer to ASIC's Regulatory Guide 34.
Companies required by the Corporations Act to prepare a financial report (including disclosing entities)	The Corporations Act s299/299A Directors' Report: • Must include a review of operations, and for listed and disclosing entities additional specified information (Operating and Financial Review). • Should explain (rather than repeat) the information in the financial report related to any doubt over the entity's solvency or uncertainties around its ability to continue as a going concern. Refer the Corporations Act s.299/299A, RG 247.45 for more information.	The Directors' Report will include important disclosures in relation to the impact of risks to the business and how they are responding to them. The auditor's report on the financial report does not include the Directors' Report. However, the auditor is required by ASA 720 *The Auditor's Responsibilities Relating to Other Information*, to read and consider if there is a material inconsistency with the audited financial report, and or the auditor's knowledge obtained during the audit.
NFP Private Sector Entities		
Registered with ACNC	No specific requirements.	
Companies limited by guarantee reporting to ASIC	Same as for-profit companies reporting to ASIC.	Same as for-profit companies required by the Corporations Act to prepare a financial report.
Incorporated associations	Refer to relevant legislation.	
Public Sector Entities		
All	Refer to relevant legislation.	

Appendix D: Required content of the new going concern section in auditor's reports

Section heading	Entity type	ASA 570 subparagraph	Auditor's report
Going Concern	All entities	34(a)	The auditor states: • In the context of the audit of the financial report as a whole, and in forming the auditor's opinion thereon, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. • Based on the audit evidence obtained, the auditor has not identified a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. • The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
	Listed Entity	34(b)	In addition to the disclosures above, where an entity is a Listed Entity and significant judgements are made by management when concluding no material uncertainty exists, the auditor also: • Includes a reference to the related disclosure(s) in the financial report/statements, if any. • Describes how the auditor evaluated management's assessment of the entity's ability to continue as a going concern.
Material Uncertainty Related to Going Concern	All entities	35(a), (c) and (d)	The auditor: • Includes a reference to the related disclosure(s) in the financial report/statements. The auditor states: • That events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. • The auditor's opinion is not modified in respect of the matter. • In the context of the audit and in forming the auditor's opinion, the auditor concluded that management's use of the going concern basis of accounting in the preparation of the financial report is appropriate. • The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report and are not a guarantee as to the entity's ability to continue as a going concern.
	Listed Entity	35(b)	In addition to the disclosures above, where an entity is a Listed Entity, the auditor also: • Describes how the auditor evaluated management's assessment of the entity's ability to continue as a going concern.

Appendix E: ~~list~~ List of relevant legislation

This is not an exhaustive list of relevant legislation. Entities should consider whether any other legislation applies to their specific circumstances.

~~**For-profit private sector**~~

Corporations Act 2001 (Cth)

~~**Not-for-profit private sector**~~

Australian Charities and Not-for-profits Commission Act 2012 (Cth)

Corporations (Aboriginal and Torres Strait Islander) Act 2006 (Cth)

Associations Act 2003 (NT)

Associations Incorporation Act 1991 (ACT)

Associations Incorporation Act 2009 (NSW)

~~*Associations Act 2003* (NT)~~

Associations Incorporation Act 1981 (Qld)

~~Associations Incorporation Reform Act 2012 (Vic)~~

~~*Associations Incorporation Act 1981* (Qld)~~

Associations Incorporation Act 1985 (SA)

Associations Incorporation Act 1964 (Tas)

Associations Incorporation Act 2015 (WA)

Associations Incorporation Reform Act 2012 (Vic)

~~*Associations Incorporation Act 2015* (WA)~~

~~Associations Incorporation Act 1964 (TAS~~Tas~~)~~

Appendix ~~B~~F: ~~list~~ List of other possible going concern indicators

Originally published in ~~Going concern issues in financial reporting: a~~A guide for companies and directors~~Going concern issues in financial reporting: a~~A guide for companies and directors~~,~~ ~~2009~~ (AUASB ~~and~~ & AICD~~, 2009~~).

Below are some further examples of possible events and conditions that may be relevant to the assessment of going concern. However, this list is not exhaustive and should not be considered a checklist of all possible indicators.

Obtaining external finance:

- ~~Company~~ Entity has experienced difficulties in the past in obtaining external finance facilities and/or in complying with the related terms and covenants
- Borrowing agreements or executory contracts include clauses relating to debt covenants at call terms or subjective clauses (for example, a "material adverse change clause" or share price declines below a certain dollar value) that triggers full or partial repayment of the amount borrowed
- ~~Company~~ Entity has breached some of the terms or covenants of the borrowing agreements giving rise to the risk that the facilities may be withdrawn or not renewed
- Finance facility is secured on assets (for example, properties) that have decreased in value below the amount of the facility
- Finance facilities are due for renewal in the next year
- Management have no plans for alternative arrangements should current facilities not be extended
- ~~Company~~ Entity is dependent upon funding from a related or third party that is experiencing financial difficulties
- Financing is provided by a syndicate of banks and other financial institutions and there are concerns about the viability of one or more of the members of the syndicate

Management plans to overcome financing difficulties include disposal of assets or possible rights issues:

- Plans developed prior to the onset of challenging or uncertain economic conditions have not been updated
- Lack of evidence that management can realise the assets to be disposed of at the expected values
- Shareholders' support uncertain in relation to a planned rights issue
- ~~•~~ Possible "lukewarm" reception of prospective investors to share issuance due to the ~~company~~entity's poor financial performance
-

~~Company~~ Entity provides significant loans or guarantees to related parties or third parties:

- Guarantees that may be called in
- Borrowers who/which may be unable to make payments

~~Company~~ Entity dependent upon guarantees or financial support provided by a third party:

- Guarantor no longer able/prepared to provide the guarantee
- Financial support withdrawn or in doubt

Future cash flows:

- Reduction in cash flows resulting from unfavourable economic conditions
- Major customers taking longer or unable to pay
- Market for product or services has contracted significantly
- Terms or covenants of renewed financing are changed and become more difficult to comply with (for example, increased interest rates or charges)
- ~~Company~~ Entity is subject to margin calls as a result of a decrease in fair market value of financial instruments that it holds
- ~~Company~~ Entity has issued loans (or received borrowings) having an introductory period during which favourable terms are in force which revert to normal market rates in the forthcoming year

~~Company~~ Entity heavily dependent upon particular counterparties:

- Suppliers facing financial difficulties provide essential goods/services
- ~~Company~~ Entity unable to find alternative suppliers
- Major suppliers tightening their credit terms
- Key customers experiencing financial difficulties
- Substantial reduction of orders from key customers
- Financial instrument counterparties are in default or experiencing difficulty to comply with terms due to cash flow problems

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AUASB Agenda Paper

Title:	AUASB Glossary	**Date:**	11 November 2026
Office of the AUASB:	See Wen Ewe	**Agenda Item:**	8.0

Objective of this agenda paper

1. The objective of this agenda item is to seek the AUASB's feedback and approval to issue a revised AUASB Glossary.

Questions for AUASB members

No.	Questions
1	Do AUASB members have any comments on the draft revised AUASB Glossary included in agenda item 8.1?
2	Do AUASB members approve the issuing of the revised Glossary?

Background

2. The AUASB Glossary was last issued in 2018. Since then, there have been many new and revised standards as noted in the summary of key differences in paragraph 4(a) below. As such, it is currently outdated and requires a complete revision.

Matters for Discussion

3. The Office of the AUASB has undertaken a review of the suite of AUASB Standards and updated existing definitions and added new definitions to the draft AUASB Glossary included in agenda item 8.1. As the changes were extensive and involved deleting and adding table rows across hundreds of pages, a mark-up copy is not provided to the AUASB. A summary of key differences is provided below.

4. Summary of key differences:

   (a) Definitions from the following revised and new standards have been added:

   (i) ASA 540 *Auditing Accounting Estimates and Related Disclosures* (Revised)

   (ii) ASA 315 *Identifying and Assessing the Risks of Material Misstatement through understanding the Entity and Its Environment* (Revised)

   (iii) ASRS 4400 *Agreed-Upon Procedures Engagements* (Revised)

   (iv) 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*

   (v) ASQM 2 *Engagement Quality Reviews*

   (vi) ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* (Revised)

   (vii) ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)* (Revised)

   (viii) ASAE 3500 *Performance Engagements* (Revised)

   (ix) ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

   (x) ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

   (xi) ASA 570 *Going Concern* (Revised)

   (xii) ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* (Revised)

(b) Definitions from the following standard and other pronouncements have been deleted:

(i) ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Information, and Other Assurance Engagements*

(ii) IAASB Glossary entries are deleted and a link to the IAASB website is provided in the Preface instead. This is to avoid the administrative burden of updating the AUASB Glossary every time the IAASB Glossary is updated.

5. The following definitions in ASSA 5010 have been excluded from the AUASB Glossary as ASSA 5010 is only operative for financial years commencing from 1 January 2025 to 30 June 2030:

(a) Group 1, Group 2 and Group 3 entities

(b) First year, second year, third year and fourth year of reporting

Next steps

6. Subject to the AUASB's approval, the AUASB Glossary will be posted on the AUASB website.

Materials presented

Agenda Paper	Description
8.1	Draft Revised AUASB Glossary - Clean
8.2	Draft Revised AUASB Glossary – Marked-up

AUASB Meeting 180
Agenda Paper 8.1

(November 2026)

AUASB Glossary

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

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Australian Government
Auditing and Assurance Standards Board

Obtaining a Copy of this AUASB Glossary

This Glossary is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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AUASB GLOSSARY

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PREFACE

Reasons for Issuing AUASB Glossary

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 227B of the ASIC Act, the AUASB may formulate pronouncements for other purposes. Accordingly, the AUASB issues the *AUASB Glossary*, under its powers described in section 227B of the ASIC Act.

Main Features

The AUASB Glossary sets out terms defined, or used in, the suite of AUASB Standards.

The AUASB Glossary does not itself establish mandatory requirements for the performance of audit, sustainability assurance, review, other assurance or related services engagements.

The source(s) of terms in this Glossary is (are) indicated beside each term using the full name of the source standard(s) and paragraph. A term may have more than one definition and should be read in the context of the AUASB Standard to which it applies. Such terms are notated with bracketed words indicating the relevant standard – for example, "(in the context of ASQM 1)".

This AUASB Glossary (November 2026) will replace the current AUASB Glossary issued by the AUASB in September 2018.

Other Matters

When accounting terms have not been defined in the AUASB Standards, reference should be made to the Glossary of Defined Terms published by the Australian Accounting Standards Board (AASB).

The AASB Glossary of Defined Terms is available on the AASB website: http://www.aasb.gov.au/.

The AUASB Glossary contains differences from the Glossary of Terms issued by the International Auditing and Assurance Standards Board (IAASB), which have been made to reflect the terms defined in the suite of AUASB Standards. The paragraphs indicated beside such terms are identified with the prefix "Aus".

The IAASB Glossary of Terms is available on the IAASB website: http://www.iaasb.org/.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates *AUASB Glossary* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

Dated: 11 November 2026

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Chair - AUASB

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AUASB GLOSSARY

Terms	Source(s)	Source para.
AASB S2 means Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(a)
Accounting estimate means a monetary amount for which the measurement, in accordance with the requirements of the applicable financial reporting framework, is subject to estimation uncertainty.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(a)
Accounting records mean the records of initial accounting entries and supporting records, such as cheques and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial report that are not reflected in journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.	ASA 500 *Audit Evidence*	5(a)
Activity means an aspect of an entity's operations such as the achievement of strategic objectives or legislative requirements or the delivery of a product, service or programme. An activity may be conducted within a single entity or across multiple entities, departments, agencies, joint ventures or other organisations, within a single jurisdiction or across multiple jurisdictions.	ASAE 3500 *Performance Engagements*	18(a)
Activity's performance means the responsible party or parties' performance of the activity being reported on (that is, the subject matter for the performance engagement).	ASAE 3500 *Performance Engagements*	18(b)
Addressees mean the parties to whom the auditor addresses the comfort letter, and includes the requesting parties and the responsible party of the entity.	ASRS 4450 *Comfort Letter Engagements*	10(b)
Aggregation risk means the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial report as a whole.	ASA 320 *Materiality in Planning and Performing an Audit*	9(b)
	ASA 600 *Special Considerations—Audits of a Group Financial Report*	14(a)

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Terms	Source(s)	Source para.
	(Including the Work of Component Auditors)	
Agreed-upon procedures mean procedures that have been agreed to by the practitioner and the engaging party (and if relevant, other parties).	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(a)
Agreed-upon procedures engagement means an engagement in which a practitioner is engaged to carry out procedures to which the practitioner and the engaging party (and if relevant, other parties) have agreed and to communicate the procedures performed and the related findings in an agreed-upon procedures report.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(b)
Analytical procedures mean evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.	ASA *520 Analytical Procedures*	4
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(a)
Analytical procedures (in the context of ASSA 5000) mean evaluations of sustainability information through analysis of plausible relationships among both quantitative and qualitative data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(a)
Annual report means a document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial report. An annual report contains or accompanies the financial report and the auditor's report thereon and usually includes information about the entity's developments, its future outlook and risks and uncertainties, a statement by the entity's governing body, and reports covering governance matters.	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(a)
Anomaly means a misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.	ASA 530 *Audit Sampling*	5(e)

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Terms	Source(s)	Source para.
Anomaly (in the context of ASAE 3150) means a deviation in a sample that is demonstrably not representative of deviations in a population.	ASAE 3150 *Assurance Engagements on Controls*	17(b)
Another practitioner means a firm, other than the practitioner's firm, that performs work that the practitioner intends to use for purposes of the sustainability assurance engagement and the practitioner is unable to be sufficiently and appropriately involved in that work. For purposes of the ASSAs: (a) The work of another practitioner that the practitioner may intend to use for purposes of the sustainability assurance engagement is performed in the context of a separate engagement. (b) Individuals from another practitioner who perform the work are not members of the engagement team as they are not performing procedures on the sustainability assurance engagement. Such individuals are also not practitioner's experts. (c) References to using the work of another practitioner include, when applicable, work performed by individuals from that other firm.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(b)
Applicable criteria (in the context of ASAE 3410) mean the criteria used by the entity to quantify and report its emissions in the GHG statement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(a)
Applicable criteria (in the context of ASAE 3420) mean the criteria used by the responsible party when compiling the pro forma financial information. Criteria may be established by applicable law or regulation or in the absence of established criteria, be developed by the responsible party.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(a)
Applicable criteria (in the context of ASAE 3610) mean the specific criteria used by the responsible party in preparing and presenting the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(a)

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Terms	Source(s)	Source para.
Applicable criteria (in the context of ASSA 5000) mean the criteria used for the particular sustainability assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(c)
Applicable financial reporting framework means the financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of the financial report that is acceptable in view of the nature of the entity and the objective of the financial report, or that is required by law or regulation. The term "fair presentation framework" means a financial reporting framework that requires compliance with the requirements of the framework and: (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance framework" means a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(a)
Applicable financial reporting framework (in the context of ASA 600) means the financial reporting framework that applies to the group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	15
Applicable financial reporting framework (in the context of ASRE 2410) means a financial reporting framework adopted by management, and where appropriate, those charged with governance, in the preparation of the financial report that is acceptable in view of the nature of the entity and the objective of the financial report, or that is required by law or regulation. The financial reporting framework may be a fair presentation framework or a compliance framework.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(c)

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Terms	Source(s)	Source para.
The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and; (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of a financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.		
Applicable financial reporting framework (in the context of ASRS 4450) means the financial reporting framework adopted by the entity in the preparation of general or special purpose financial information of the entity that is acceptable based on the nature of the entity or as required by applicable law or regulation. In Australia, an applicable financial reporting framework that may be used in preparing such financial information is represented by the Australian Accounting Standards which are International Financial Reporting Standards (IFRS) compliant (as issued by the International Accounting Standards Board), or applicable law, such as the *Corporations Act 2001*. Other frameworks that may be used are the International Financial Reporting Standards, issued by the International Accounting Standards Board and the Generally Accepted Accounting Principles of the United States.	ASRS 4450 *Comfort Letter Engagements*	10(a)
Applied criteria (in the context of ASA 810) means the criteria applied by management in the preparation of the summary financial statements.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(a)
Appropriate party(ies) (in the context of ASAE 3000) means the responsible party, the measurer or evaluator, or the engaging party, as appropriate.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	13

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Terms	Source(s)	Source para.
Appropriate party(ies) (in the context of ASSA 5000) means management or those charged with governance, as appropriate, or the engaging party, if different.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(d)
Appropriateness (of audit evidence) means the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.	ASA 500 *Audit Evidence*	5(b)
Arm's length transaction means a transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests.	ASA 550 *Related Parties*	10(a)
Assertions mean representations, explicit or otherwise, with respect to the recognition, measurement, presentation and disclosure of information in the financial report which are inherent in management representing that the financial report is prepared in accordance with the applicable financial reporting framework. Assertions are used by the auditor to consider the different types of potential misstatements that may occur when identifying, assessing and responding to the risks of material misstatement.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(a)
Assertions (in the context of ASAE 3410) mean representations by the entity, explicit or otherwise, that are embodied in the GHG statement, as used by the assurance practitioner to consider the different types of potential misstatements that may occur.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(b)
Assertions (in the context of ASAE 3610) mean representations by the responsible party, explicit or otherwise, that are embodied in the general purpose water accounting report, as used by the assurance practitioner to consider the different types of potential misstatements that may occur.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(b)
Assertions (in the context of ASSA 5000) mean representations by the entity, explicit or otherwise, that are embodied in the sustainability information, as used by the practitioner to consider the different types of potential misstatements that may occur.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(e)
Assumptions mean expectations made by the responsible party as to future events and actions expected to take place as at the date the prospective financial information is prepared and exclude hypothetical assumptions, unless otherwise stated.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(a)

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Terms	Source(s)	Source para.
Assurance engagement means an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria.	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*	Aus 16.1
Assurance engagement (in the context of ASAE 3000 and ASAE 3610) means an engagement in which an assurance practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). Each assurance engagement is classified on two dimensions: (i) Either a reasonable assurance engagement or a limited assurance engagement: a. Reasonable assurance engagement – An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria. b. Limited assurance engagement – An assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	12(a) 15(c)

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Terms	Source(s)	Source para.
to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential. (ii) Either an attestation engagement or a direct engagement: a. Attestation engagement – An assurance engagement in which a party other than the assurance practitioner measures or evaluates the underlying subject matter against the criteria. A party other than the assurance practitioner also often presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the assurance practitioner in the assurance report. In an attestation engagement, the assurance practitioner's conclusion addresses whether the subject matter information is free from material misstatement. The assurance practitioner's conclusion may be phrased in terms of: (i) The underlying subject matter and the applicable criteria; (ii) The subject matter information and the applicable criteria; or (iii) A statement made by the appropriate party. b. Direct engagement – An assurance engagement in which the assurance practitioner measures or evaluates the underlying subject matter against the applicable criteria and the assurance practitioner presents the resulting subject matter information as part of, or accompanying, the assurance report. In a direct engagement, the assurance practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.		
Assurance engagement (in the context of ASSA 5000) means an engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users about the sustainability information. Each assurance engagement is either a: (a) Reasonable assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the sustainability matters against the applicable criteria; or	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(f)

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Terms	Source(s)	Source para.
(b) Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the sustainability information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential.		
Assurance practitioner means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures). The term 'assurance practitioner' is referred to in ASRS 4400 as 'practitioner'.	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*	Aus 16.2
	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(a)
Assurance practitioner (in the context of ASA 101) means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector, conducting assurance engagements or related services engagements.	ASA 101 *Preamble to AUASB Standards*	10(a)

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Terms	Source(s)	Source para.
Assurance practitioner (in the context of ASAE 3000 and ASAE 3610) means the individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting an assurance engagement. Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the "lead assurance practitioner" rather than the "assurance practitioner" is used.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.1
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(d)
Assurance practitioner (in the context of ASAE 3500) means individual or firm or other organisation, whether in public practice, industry and commerce or the public sector, providing assurance services including performance engagements.	ASAE 3500 *Performance Engagements*	18(c)
Assurance practitioner (in the context of ASRE 2400) means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services. The term includes the engagement partner or other members of the engagement team, or, as applicable, the firm. Where this ASRE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "assurance practitioner" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(l)

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Terms	Source(s)	Source para.
Assurance practitioner's expert means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the assurance practitioner to assist the assurance practitioner in obtaining sufficient appropriate evidence. An assurance practitioner's expert may be either an assurance practitioner's internal expert (who is a partner or staff, including temporary staff, of the assurance practitioner's firm or a network firm), or an assurance practitioner's external expert.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.2
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(e)
Assurance report means a written report prepared by an independent assurance practitioner that provides assurance on a single type of financial information (individual assurance report) or on multiple types of financial information (either a composite assurance report or separate assurance reports for each type of financial information). When prepared in connection with a fundraising it is often referred to as an "Independent Assurance Report" or "Investigating Accountant's Report".	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(b)
Assurance skills and techniques mean those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(b)
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(f)

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Terms	Source(s)	Source para.
Assurance skills and techniques (in the context of ASSA 5000) mean planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from the expertise in sustainability matters or their evaluation or measurement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(g)
Attestation engagement means an assurance engagement in which a party other than the assurance practitioner measures or evaluates the underlying subject matter against the criteria. A party other than the assurance practitioner also often presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the assurance practitioner in the assurance report. In an attestation engagement, the assurance practitioner's conclusion addresses whether the subject matter information is free from material misstatement.	ASAE 3500 *Performance Engagements*	18(d)
Attestation engagement (in the context of ASSA 5000) means an assurance engagement in which a party other than the practitioner measures or evaluates the sustainability matters against the applicable criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(h)
Attestation engagement on compliance means a reasonable or limited assurance engagement in which a party other than the assurance practitioner, being the responsible party or evaluator evaluates compliance with the compliance requirements. The outcome of that evaluation is provided in a Statement, which may either be available to the intended users or may be presented by the assurance practitioner in the assurance report. In an attestation engagement on compliance, the assurance practitioner's conclusion addresses whether the Statement is free from material misstatement. The assurance practitioner's conclusion may be phrased in terms of: (i) The compliance outcome and the criteria; or (ii) A Statement made by the appropriate party.	ASAE 3100 *Compliance Engagements*	17(a)

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Terms	Source(s)	Source para.
Attestation engagement on controls means a reasonable or limited assurance engagement in which a party other than the assurance practitioner, being the responsible party or evaluator, evaluates the design against the control objectives, and, if included in the scope of the engagement, the description, implementation or operating effectiveness of controls, against the design. The outcome of that evaluation is provided in a Statement, which may either be available to the intended users or may be presented by the assurance practitioner in the assurance report. The assurance practitioner's conclusion may be phrased in terms of: (i) the design, and/or description, implementation or operating effectiveness of controls and the control objectives; or (ii) the Statement of the responsible party or evaluator.	ASAE 3150 *Assurance Engagements on Controls*	17(a)
AUASB Standards means standards issued by the AUASB, comprising: (i) Australian Auditing Standards (ASAs) – as defined in paragraph 10(c); (ii) Australian Standards on Review Engagements (ASREs); (iii) Australian Standards on Assurance Engagements (ASAEs); (iv) Australian Standards on Sustainability Assurance (ASSAs). (v) Australian Standards on Related Services (ASRSs); and (vi) Australian Standards on Quality Management (ASQMs) ***AUASB Standards made under section 336 of the Act***, include: (i) 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*; (ii) ASQM 2 *Engagement Quality Reviews*; (iii) ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*; (iv) ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*; (v) ASSA 5000 *General Requirements for Sustainability Assurance Engagements*; and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.	ASA 101 *Preamble to AUASB Standards*	10(b) & 10(d)
AUASB Standards mean standards issued by the AUASB, comprising: (a) Australian Auditing Standards, which means the suite of auditing standards issued by the AUASB, comprising: • Auditing Standards made under section 336 of the *Corporations Act 2001*;	ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information,*	Aus 16.7

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Terms	Source(s)	Source para.
• ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and • ASA 810 *Engagements to Report on Summary Financial Statements*. (b) Australian Standards on Review Engagements; (c) Australian Standards on Assurance Engagements; (d) Australian Standards on Sustainability Assurance; and (e) Australian Standards on Related Services.	*or Other Assurance or Related Services Engagements*	
AUASB Standards means standards issued by the Auditing and Assurance Standards Board (AUASB) comprising: (i) Australian Auditing Standards; (ii) Standards on Review Engagements; (iii) Standards on Assurance Engagements; and (iv) Standards on Related Services.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(c)
Audit documentation means the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).	ASA 230 *Audit Documentation*	6(a)
Audit evidence means information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial report and other information. For purposes of the Australian Auditing Standards: (i) Sufficiency of audit evidence is the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence. (ii) Appropriateness of audit evidence is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(b)
Audit evidence (in the context of ASA 500) means information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial report and information obtained from other sources.	ASA 500 *Audit Evidence*	5(c)

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Terms	Source(s)	Source para.
Audit file means one or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.	ASA 230 *Audit Documentation*	6(b)
Audit risk means the risk that the auditor expresses an inappropriate audit opinion when the financial report is materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(c)
Audit sampling *(sampling)* means the application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.	ASA 530 *Audit Sampling*	5(a)
Audited financial report means financial report audited by the auditor in accordance with Australian Auditing Standards, and from which the summary financial statements are derived.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(b)
Auditor means the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. Where an Auditing Standard expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(b)
	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(d)
Auditor (in the context of ASRE 2415) means a registered company auditor or an individual: (a) taken to be a registered company auditor under section 324BE of the Act; and/or (b) permitted under the ACNC Act to conduct reviews of a financial report; and/or (c) permitted to conduct reviews of a financial report under other applicable legislation or regulation.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	7

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Terms	Source(s)	Source para.
Auditor (in the context of ASRS 4450) means the person or firm appointed to audit an entity's financial report.	ASRS 4450 *Comfort Letter Engagements*	10(c)
Auditor (in the context of ASSA 5010) means the audit firm, audit company or individual auditor of the entity for the purposes of Chapter 2M of the Act.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(b)
Auditor's expert means an individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert.	ASA 620 *Using the Work of an Auditor's Expert*	6(a)
Auditor's point estimate or auditor's range means an amount, or range of amounts, respectively, developed by the auditor in evaluating management's point estimate.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(b)
Auditor's statement means a statement made by the auditor that based on the procedures performed, nothing has come to the auditor's attention that caused the auditor to believe that specified matters do not meet specified criteria.	ASRS 4450 *Comfort Letter Engagements*	10(d)
Australian Accounting Standards mean the Australian Accounting Standards issued by the Australian Accounting Standards Board.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 9.1
	ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*	6(b)
Australian Auditing Standards mean the suite of auditing standards issued by the AUASB, comprising: (i) Auditing Standards made under section 336 of the *Corporations Act 2001*; (ii) ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and (iii) ASA 810 *Engagements to Report on Summary Financial Statements*.	ASA 101 *Preamble to AUASB Standards*	10(c)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	Aus 12.3

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Terms	Source(s)	Source para.
Australian Water Accounting Standards mean water accounting standards issued by the Bureau of Meteorology in accordance with its functions under the *Commonwealth Water Act 2007*.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(g)
Base financial information means financial information that is used as the starting point for the application of pro forma adjustments by the responsible party. Base financial information is ordinarily historical in nature, however, it can also be prospective (for example a profit forecast). It may or may not have been previously audited or reviewed. Base financial information may also be referred to as unadjusted or source financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(d)
Base year means a specific year or an average over multiple years against which an entity's emissions are compared over time.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(c)
Bring down comfort letter means a letter prepared and issued by the auditor subsequent to the issuance of the initial comfort letter, that updates and reaffirms the results of the specified procedures described in that comfort letter as at a certain date.	ASRS 4450 *Comfort Letter Engagements*	10(e)
Business risk means a risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(b)
Cap and trade means a system that sets overall emissions limits, allocates emissions allowances to participants, and allows them to trade allowances and emission credits with each other.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(d)
Carve-out method (in the context of ASAE 3150) means a method of dealing with controls operating at a third party, which are integral to the system or control component which is subject to the engagement, whereby that third party's relevant control objectives and related controls are excluded from the scope of the assurance practitioner's engagement. The scope of the assurance practitioner's engagement includes controls at the entity to monitor the effectiveness of controls which form part of the entity's system, operating at the third party.	ASAE 3150 *Assurance Engagements on Controls*	17(c)

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Terms	Source(s)	Source para.
Carve-out method (in the context of ASAE 3402) means method of dealing with the services provided by a subservice organisation, whereby the service organisation's description of its system includes the nature of the services provided by a subservice organisation, but that subservice organisation's relevant control objectives and related controls are excluded from the service organisation's description of its system and from the scope of the service auditor's engagement. The service organisation's description of its system and the scope of the service auditor's engagement include controls at the service organisation to monitor the effectiveness of controls at the subservice organisation, which may include the service organisation's review of an assurance report on controls at the subservice organisation.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(a)
Change period means the period specified by the requesting parties ending on the cut-off date and begins for balance sheet items, immediately after the date of the latest balance sheet, and for profit and loss items, immediately after the latest period for which such items are included in, or incorporated by reference, in the offering document and does not extend beyond the day before the date of the end of the entity's next financial reporting period.	ASRS 4450 *Comfort Letter Engagements*	10(f)
Closing date means the date on which the issuer of the securities or selling security holder delivers the securities to the underwriter in exchange for the proceeds of the offering.	ASRS 4450 *Comfort Letter Engagements*	10(g)
Comfort letter means a letter issued by an auditor in accordance with this ASRS under the terms of the engagement letter to requesting parties in relation to an entity's financial information related to, and/or included in an offering document.	ASRS 4450 *Comfort Letter Engagements*	10(h)
Company limited by guarantee means a company limited by guarantee whose obligations are set out in section 285A of the Act.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	6(a)
Comparative financial reports mean comparative information where amounts and other disclosures for the prior period are included for comparison with the financial report of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial reports is comparable with that of the financial report of the current period.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(c)

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Terms	Source(s)	Source para.
Comparative information means the amounts and disclosures included in the financial report in respect of one or more prior periods in accordance with the applicable financial reporting framework. In accordance with the applicable financial reporting framework of the *Corporations Act 2001* and Australian Accounting Standards, comparative information refers to corresponding figures.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(a) Aus 6.1
Comparative information (in the context of ASAE 3410) means the amounts and disclosures included in the GHG statement in respect of one or more prior periods.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(e)
Comparative information (in the context of ASAE 3610) means the volumes and disclosures included in the general purpose water accounting report in respect of one or more prior periods.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(h)
Comparative information (in the context of ASSA 5000) means the sustainability information presented for one or more prior periods.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(j)
Comparison date and comparison period means the dates as of which, and periods for which, data at the cut-off date and data for the change period are to be compared.	ASRS 4450 *Comfort Letter Engagements*	10(i)
Compensating control means a control which makes up for a deficiency in another control in mitigating the risks that threaten achievement of a control objective.	ASAE 3150 *Assurance Engagements on Controls*	17(d)
Complementary user entity controls mean controls that the service organisation assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives, are identified in the description of its system.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(a)
Complementary user entity controls (in the context of ASAE 3150) mean controls that an entity, which is a service organisation, assumes, in the design of its service, will be implemented by user entities or clients, and which, if necessary to achieve control objectives stated in the entity's description of its system, are identified in that description.	ASAE 3150 *Assurance Engagements on Controls*	17(e)

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Terms	Source(s)	Source para.
Complementary user entity controls (in the context of ASAE 3402) mean controls that the service organisation assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives stated in the service organisation's description of its system, are identified in that description.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(b)
Complete set of financial statements means financial statements and related notes as determined by the requirements of the applicable financial reporting framework. For example, a complete set of financial statements as described in Accounting Standard AASB 101 includes: (a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period; (e) notes, comprising material accounting policy information and other explanatory information; and (f) comparative information in respect of the preceding period, where applicable; and (g) a statement of financial position as at the beginning of the preceding period, if required.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	Aus 13.1
Complete Set of Financial Statements (in the context of ASRE 2400) means financial statements and related notes as determined by the requirements of the applicable financial reporting framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(m)
Compliance activity (*subject matter* or *underlying subject matter*) means the activity that is undertaken to meet the compliance requirement(s).	ASAE 3100 *Compliance Engagements*	17(b)
Compliance engagement means an assurance engagement in which an assurance practitioner expresses a conclusion after evaluating an entity's compliance with the compliance requirements.	ASAE 3100 *Compliance Engagements*	17(c)
Compliance framework (in the context of ASAE 3100 – not relating to financial reporting) means a framework adopted by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.	ASAE 3100 *Compliance Engagements*	17(d)

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Terms	Source(s)	Source para.
Compliance outcome (*subject matter information*) means the outcome of the evaluation of the underlying subject matter (compliance activity) against the compliance requirements, using the criteria. The compliance outcome is the Statement of the responsible party or evaluator in an attestation engagement on compliance, or the assurance practitioner's conclusion in a direct engagement on compliance, providing the outcome of their evaluation.	ASAE 3100 *Compliance Engagements*	17(e)
Compliance requirement(s) means the requirements established in law, regulations, other statutory requirements (e.g. ASIC Class Orders and Regulatory Guides and APRA Prudential Standards), contractual arrangements, ministerial directives, industry or professional obligations or internally via entity policies, procedures and frameworks.	ASAE 3100 *Compliance Engagements*	17(f)
Component means an entity, business unit, function or business activity, or some combination thereof, determined by the group auditor for purposes of planning and performing audit procedures in a group audit.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(b)
Component means an entity, business unit, function or business activity, or some combination thereof, within the reporting boundary, determined by the practitioner for purposes of planning and performing the sustainability assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(k)
Component auditor means an auditor who performs audit work related to a component for purposes of the group audit. A component auditor is a part of the engagement team for a group audit.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(c)
Component management means management responsible for a component.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(d)

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Terms	Source(s)	Source para.
Component performance materiality means an amount set by the group auditor to reduce aggregation risk to an appropriately low level for purposes of planning and performing audit procedures in relation to a component.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(e)
Component practitioner means a firm that performs assurance work related to a component for purposes of the sustainability assurance engagement, and the practitioner is able to be sufficiently and appropriately involved in that work. References to a component practitioner include, when applicable, individuals from that firm. The individuals from a component practitioner who perform the work are members of the engagement team.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(l)
Components of control mean the integrated components which comprise the system of control, as defined by the control framework applied.	ASAE 3150 *Assurance Engagements on Controls*	17(f)
Control activities mean the actions established by policies and procedures that help ensure that management directives to mitigate the risks to the achievement of objectives are carried out.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(i)
Control environment means the governance and management functions and the attitudes, awareness and actions of those charged with governance and management concerning internal control and its importance. The control environment is a component of internal control.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(j)
Control objective (in the context of ASAE 3150) means the aim or purpose of a particular aspect of controls. Control objectives relate to risks that controls seek to mitigate and may be categorised by the framework applied, such as operational (economy, effectiveness and efficiency), reporting (statutory or management, financial or non-financial) or compliance (adherence to laws and regulations or contractual obligations).	ASAE 3150 *Assurance Engagements on Controls*	17(g)

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Terms	Source(s)	Source para.
Control objective (in the context of ASAE3402) means the aim or purpose of a particular aspect of controls. Control objectives relate to risks that controls seek to mitigate.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(c)
Control or internal control (in the context of ASAE 3150) means the process designed, implemented and maintained by those charged with governance, management and other personnel to mitigate the risks which may prevent achievement of control objectives relating to the entity's system. Controls included in the scope of the assurance engagement may comprise any aspects of one or more components of control over an area(s) of activity within a defined boundary, such as the group, entity, facility or location.	ASAE 3150 *Assurance Engagements on Controls*	17(h)
Controls mean policies or procedures that an entity establishes to achieve the control objectives of management or those charged with governance. In this context: (i) Policies are statements of what should, or should not, be done within the entity to effect control. Such statements may be documented, explicitly stated in communications, or implied through actions and decisions. (ii) Procedures are actions to implement policies.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(c)
Controls at a subservice organisation mean controls at a subservice organisation to provide reasonable assurance about the achievement of a control objective.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(e)
Controls at the service organisation mean controls over the achievement of a control objective that is covered by the service auditor's assurance report.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(d)
Corporate fundraising ("fundraising") means any transaction involving shares, debentures, units or interests in a management investment scheme undertaken to raise debt or equity funds, or issue equity, and/or offer and/or respond to an offer of, cash and/or scrip consideration to effect a transaction through the issuance of a public or non-public document. It includes initial public offerings, fundraisings, takeovers, schemes of arrangement or other corporate restructures.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(e)

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Terms	Source(s)	Source para.
Corresponding figures mean comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(b)
Criteria means the benchmarks used to measure or evaluate the underlying subject matter. The "applicable criteria" are the criteria used for the particular engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(c)
	ASAE 3150 *Assurance Engagements on Controls*	17(i)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(f)
Criteria (in the context of ASAE 3100) means the benchmark, framework or legislation used to evaluate whether the compliance requirements have been met. The "applicable criteria" are the criteria used for the particular engagement.	ASAE 3100 *Compliance Engagements*	17(g)
Criteria (in the context of ASAE 3500) means the benchmarks used to evaluate the activity's performance. The "identified criteria" are the criteria used for the particular engagement.	ASAE 3500 *Performance Engagements*	18(e)
Criteria (in the context of ASAE 3610) means the benchmarks used to quantify or evaluate the underlying subject matter. AWAS 1 provides criteria for the preparation and presentation of a general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(k)
Criteria (in the context of ASSA 5000) means the benchmarks used to measure or evaluate the sustainability matters. Criteria comprise either framework criteria, entity-developed criteria or both. Framework criteria are either fair presentation criteria or compliance criteria. The term "fair presentation criteria" is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework and:	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(m)

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Terms	Source(s)	Source para.
(a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the sustainability information, it may be necessary for management to provide information beyond that specifically required by the framework; or (b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the sustainability information. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance criteria" is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgments in (a) or (b) above.		
Cross-border offering means an offering or listing that occurs in a jurisdiction other than the entity's domicile, and which may or may not occur concurrently in the entity's domicile.	ASRS 4450 *Comfort Letter Engagements*	10(j)
Cut-off date means the date to which certain procedures performed on change period financial information, as described in the comfort letter, are to relate.	ASRS 4450 *Comfort Letter Engagements*	10(k)
Date of report means the date the assurance practitioner signs the report.	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*	Aus 16.3
Date of the auditor's report means the date the auditor dates the report on the financial report in accordance with ASA 700.	ASA 560 *Subsequent Events*	5(b)
Date of the financial report means the date of the end of the latest period covered by the financial report. Date of approval of the financial report means the date on which all the financial statements that comprise the financial report, including the related notes, have been prepared and those with the recognised authority have asserted that they have taken responsibility for that financial report.	ASA 560 *Subsequent Events*	5(a)
Date the financial report is issued means the date that the auditor's report and audited financial report are made available to third parties.	ASA 560 *Subsequent Events*	5(c)

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Terms	Source(s)	Source para.
Deficiency in design of controls means an inadequacy or omission in the design of a control/s that, in the assurance practitioner's professional judgement, means the control/s is not designed suitably to mitigate the risks that threaten achievement of the identified control objective/s.	ASAE 3150 *Assurance Engagements on Controls*	17(k)
Deficiency in implementation of controls means instances where a control was not implemented as designed that, in the assurance practitioner's professional judgement, mean the control/s, once in operation, may not operate effectively as designed to achieve the identified control objective/s.	ASAE 3150 *Assurance Engagements on Controls*	17(l)
Deficiency in internal control means: (i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or (ii) A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.	ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*	6(a)
Deficiency in the firm's system of quality management (referred to as "deficiency" in this ASQM) – This exists when: (i) A quality objective required to achieve the objective of the system of quality management is not established; (ii) A quality risk, or combination of quality risks, is not identified or properly assessed; (iii) A response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented or operating effectively; or (iv) An other aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of this ASQM has not been addressed.	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*	16(a)
Description of the system means a document prepared by the responsible party and provided to users, if included in the scope of the engagement, describing the entity's system, within which the controls to be concluded upon operate, including identification of: the functions or services covered; the period or date to which the description relates; control objectives and details of, or reference to documentation detailing, the controls designed to achieve those objectives. The entity's functions or services may be identified by geographic, operational or functional boundaries. A description of the system is distinct from documentation prepared by	ASAE 3150 *Assurance Engagements on Controls*	17(j)

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Terms	Source(s)	Source para.
the responsible party or assurance practitioner, as the description is part of the subject matter of the engagement, which, if included in the scope of the engagement, is made available to users and concluded upon by the assurance practitioner. A description may be included in the scope of an attestation or direct engagement, however in a direct engagement no attestation is provided by the responsible party or evaluator with respect to whether the description is fairly presented.		
Detection risk means the risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(e)
Deviation in operating effectiveness of controls means instances where a control was not operating as designed.	ASAE 3150 *Assurance Engagements on Controls*	17(m)
Different elements of prospective financial information mean: (i) the assumptions used in the preparation of the prospective financial information; (element 1) (ii) the stated basis of preparation and the assumptions referred to in (i) above; (element 2) and (iii) its reasonableness (element 3).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(f)
Direct assistance means the use of internal auditors to perform audit procedures under the direction, supervision and review of the external auditor.	ASA 610 *Using the Work of Internal Auditors*	14(b)
Direct controls mean controls which directly address the risks of a control objective not being achieved, by detecting, preventing or correcting a failure to achieve a control objective on a timely basis.	ASAE 3150 *Assurance Engagements on Controls*	17(n)
Direct engagement on compliance means a reasonable or limited assurance engagement in which the assurance practitioner evaluates whether the compliance requirements have been met. The compliance outcome of the assurance practitioner's evaluation (the subject matter information) is expressed in the assurance practitioner's conclusion.	ASAE 3100 *Compliance Engagements*	17(h)

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Terms	Source(s)	Source para.
Direct engagement on controls means a reasonable or limited assurance engagement in which the assurance practitioner evaluates the design of the controls against the control objectives, and, if included in the scope of the engagement, the description, implementation and/or operating effectiveness of controls against the design. The outcome of the assurance practitioner's evaluation (the subject matter information) is expressed in the assurance practitioner's conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(o)
Direct engagement on performance means an assurance engagement in which the assurance practitioner obtains sufficient appropriate evidence to evaluate an activity's performance (the subject matter) against identified criteria. The outcome of this evaluation, that is, the resulting subject matter information (for example, the assurance practitioner's analysis and findings) is presented as part of, or accompanying, the assurance report. In a direct engagement, the assurance practitioner's conclusion addresses the reported outcome of the evaluation of the subject matter against the criteria.	ASAE 3500 *Performance Engagements*	18(f)
Disclosure(s) means sustainability information about an aspect of a topic.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(n)
Document means a public document or non-public document related to a corporate fundraising or other document containing prospective financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(g)
Domestic offering means a securities offering that occurs in Australia.	ASRS 4450 *Comfort Letter Engagements*	10(l)
Element of a financial statement or ***element*** means an element, account or item of a financial statement.	ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*	6(a)

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Terms	Source(s)	Source para.
Emissions mean the GHGs that, during the relevant period, have been emitted into the atmosphere or would have been emitted into the atmosphere had they not been captured and channelled into a sink. Emissions can be categorised as: • Direct emissions (also known as Scope 1 emissions), which are emissions from sources that are owned or controlled by the entity. • Indirect emissions, which are emissions that are a consequence of the activities of the entity, but which occur at sources that are owned or controlled by another entity. Indirect emissions can be further categorised as: o Scope 2 emissions, which are emissions associated with energy that is transferred to and consumed by the entity. o Scope 3 emissions, which are all other indirect emissions.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(f)
Emissions deduction means any item included in the entity's GHG statement that is deducted from the total reported emissions, but which is not a removal; it commonly includes purchased offsets, but can also include a variety of other instruments or mechanisms such as performance credits and allowances that are recognised by a regulatory or other scheme of which the entity is a part.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(g)
Emissions factor means a mathematical factor or ratio for converting the measure of an activity (for example, litres of fuel consumed, kilometres travelled, the number of animals in husbandry, or tonnes of product produced) into an estimate of the quantity of GHGs associated with that activity.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(h)
Emissions trading scheme means a market-based approach used to control greenhouse gases by providing economic incentives for achieving reductions in the emissions of such gases.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(i)
Emphasis of Matter paragraph means a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial report that, in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial report.	ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*	7(a)

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Terms	Source(s)	Source para.
Engagement circumstances means the broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the underlying subject matter; the measurement or evaluation criteria; the information needs of the intended users; relevant characteristics of the responsible party, the measurer or evaluator, and the engaging party and their environment; and other matters, for example events, transactions, conditions and practices, that may have a significant effect on the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(d)
Engagement circumstances means the broad context defining the particular assurance engagement, which includes: the terms of the engagement; the scope of the engagement and whether it is a reasonable assurance engagement or a limited assurance engagement; the characteristics of the sustainability matters; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity and its reporting boundary; the characteristics of the entity's management and those charged with governance; and other matters that may have a significant effect on the engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(o)
Engagement documentation means the record of work performed, results obtained, and conclusions the practitioner reached (terms such as "working papers" or "work papers" are sometimes used).	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*	16(b)
Engagement leader means the partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, when required, has the appropriate authority from a professional, legal or regulatory body. "Engagement leader" should be read as referring to its public sector equivalents where relevant.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(p)
Engagement objective (objective of the performance engagement) states the purpose of the performance engagement. The engagement objective needs to be expressed in a way that makes it possible to conclude against the objective after the engagement has been finalised.	ASAE 3500 *Performance Engagements*	18(g)

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Terms	Source(s)	Source para.
Engagement partner means the partner or other individual, appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(a)
Engagement partner means the partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. "Engagement partner" and "partner" is to be read as referring to their public sector equivalents where relevant.	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*	16(c)
Engagement partner means the partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the agreed-upon procedures report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(c)
Engagement quality review means an objective evaluation of the significant judgements made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the engagement report.	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(b)
	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*	16(d)
	ASQM 2 *Engagement Quality Reviews*	13(a)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(s)

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Terms	Source(s)	Source para.
Engagement quality reviewer means a partner, other individual in the firm, or an external individual, appointed by the firm to perform the engagement quality review.	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*	16(e)
	ASQM 2 *Engagement Quality Reviews*	13(b)
	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(c)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(c)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(t)
Engagement risk means the risk that the assurance practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(f)
Engagement risk (in the context of ASAE 3500) means the risk that the assurance practitioner expresses an inappropriate conclusion.	ASAE 3500 *Performance Engagements*	18(h)
Engagement risk (in the context of ASAE 3610) means the risk that the assurance practitioner expresses an inappropriate conclusion when the general purpose water accounting report is materially misstated.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(l)

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Terms	Source(s)	Source para.
Engagement risk (in the context of ASRE 2400) means the risk that the assurance practitioner expresses an inappropriate conclusion when the financial statements are materially misstated.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(b)
Engagement risk (in the context of ASSA 5000) means the risk that the practitioner expresses an inappropriate conclusion when the sustainability information is materially misstated.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(q)
Engagement team means all partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert.	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*	Aus 16.4
Engagement team (in the context of ASA 220) means all partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor's external expert.	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	Aus 12.1
Engagement team (in the context of ASAE 3000) means all assurance practitioners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an assurance practitioner's external expert.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(h)
Engagement team (in the context of ASSA 5000) means the engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	Aus 18.2
Engagement team (in the context of ASAE 3610) means all assurance practitioners and staff performing the assurance engagement, and any other individuals who perform procedures on the engagement excluding an assurance practitioner's external expert.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(n)

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Terms	Source(s)	Source para.
Engagement team (in the context of ASRS 4400) means all partners and staff performing the agreed-upon procedures engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(e)
Engaging party means the party(ies) that engages the assurance practitioner to perform the assurance engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(g)
	ASAE 3100 *Compliance Engagements*	17(i)
	ASAE 3150 *Assurance Engagements on Controls*	17(p)
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(m)
Engaging party (in the context of ASAE 3450) means the body or person(s) that requested the services of the assurance practitioner for the assurance engagement. The engaging party is ordinarily the responsible party, as defined in ASAE 3450. References in this ASAE to "responsible party" are taken to include the engaging party unless otherwise stated.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(h)
Engaging party (in the context of ASAE 3500) means the party(ies) that engages the assurance practitioner to perform the assurance engagement. In a performance engagement initiated by an Auditor-General there will not normally be an engaging party as the State, Territory or Federal Parliament provide the mandate for the Auditor-General to conduct performance engagements, but will not usually engage the Auditor-General to perform specific performance engagements.	ASAE 3500 *Performance Engagements*	18(i)
Engaging party (in the context of ASRS 4400) means the party(ies) that engage(s) the practitioner to perform the agreed-upon procedures engagement.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(d)
Engaging party (in the context of ASSA 5000) means management, those charged with governance, or another party, that engages the practitioner to perform the assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(r)

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Terms	Source(s)	Source para.
Enquiry means seeking information of knowledgeable persons from within or outside the entity.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(e)
Entity (in the context of ASAE 3100) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the compliance requirements relate.	ASAE 3100 *Compliance Engagements*	17(j)
Entity (in the context of ASAE 3410) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity (for example, a single factory or other form of facility, such as a land fill site), or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the emissions in the GHG statement relate.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(j)
Entity (in the context of ASAE 3450) means the entity responsible for the preparation and issuance of the public document or other document.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(i)
Entity (in the context of ASRS 4450) means the party whose financial statements or financial information is the subject of the comfort letter engagement. The entity may or may not be the Issuer.	ASRS 4450 *Comfort Letter Engagements*	10(m)
Entity (in the context of ASSA 5000) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities, to which the sustainability information relates.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(v)
Entity's system (or the system) means the policies and procedures designed and implemented by the entity to provide the functions or services covered by the assurance practitioner's report, including the control objectives which address the overall objectives relevant to those functions or services and the controls designed to mitigate the risks that threaten achievement of those objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(q)
Estimation uncertainty means susceptibility to an inherent lack of precision in measurement.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(c)

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Terms	Source(s)	Source para.
Evaluator (in the context of ASAE 3100) means the party(ies) who evaluates the underlying subject matter (compliance activities) against the criteria. The evaluator possesses expertise in the underlying subject matter.	ASAE 3100 *Compliance Engagements*	17(k)
Evaluator (in the context of ASAE 3150) means the party(ies) who evaluates the underlying subject matter against the criteria. The evaluator possesses expertise in the underlying subject matter.	ASAE 3150 *Assurance Engagements on Controls*	17(r)
Event(s) or transaction(s) means underlying event(s) or transaction(s) that is (are): (i) primarily the subject of the document; or (ii) not the subject of the document but the effect(s) of which have been reflected in the financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(j)
Evidence means information used by the assurance practitioner in arriving at the assurance practitioner's conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ASAEs: (i) Sufficiency of evidence is the measure of the quantity of evidence. (ii) Appropriateness of evidence is the measure of the quality of evidence.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(i)
Evidence (in the context of ASSA 5000) means information, after applying assurance procedures, that the practitioner uses to draw conclusions that form the basis for the practitioner's assurance conclusion and report. Sufficiency of evidence is the measure of the quantity of evidence. Appropriateness of evidence is the measure of the quality of evidence.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(w)
Exception means a response that indicates a difference between information requested to be confirmed, or contained in the entity's records, and information provided by the confirming party.	ASA 505 *External Confirmations*	6(e)
Experienced auditor means an individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of: (i) Audit processes; (ii) Australian Auditing Standards and applicable legal and regulatory requirements; (iii) The business environment in which the entity operates; and (iv) Auditing and financial reporting issues relevant to the entity's industry.	ASA 230 *Audit Documentation*	6(c)

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Terms	Source(s)	Source para.
Expertise means skills, knowledge and experience in a particular field.	ASA 620 *Using the Work of an Auditor's Expert*	6(b)
External confirmation means audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.	ASA 505 *External Confirmations*	6(a)
External information source means an external individual or organisation that provides information that has been used by the entity in preparing the financial report, or that has been obtained by the auditor as audit evidence, when such information is suitable for use by a broad range of users. When information has been provided by an individual or organisation acting in the capacity of a management's expert, service organisation, or auditor's expert the individual or organisation is not considered an external information source with respect to that particular information.	ASA 500 *Audit Evidence*	5(d)
External inspections mean inspections or investigations, undertaken by an external oversight authority, related to the firm's system of quality management or engagements performed by the firm.	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*	16(g)
Financial forecast means financial information of a predictive character prepared based on assumptions made by the entity as to future events, expected to take place on the dates described, and the actions expected to be taken at the date the financial information is prepared.	ASRS 4450 *Comfort Letter Engagements*	10(n)
Financial information means information of a financial nature prepared by the responsible party in the form of: (i) base financial information; (ii) historical financial information; (iii) pro forma historical financial information; (iv) prospective financial information; or (v) a pro forma forecast.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(k)

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Terms	Source(s)	Source para.
Financial information (in the context of ASRS 4450) means information of a historical or pro forma financial nature that is the subject matter of the comfort letter.	ASRS 4450 *Comfort Letter Engagements*	10(o)
Financial Report means, for the purpose of the *Corporations Act 2001*, financial statements for the year or the half-year and notes to the financial statements, and the directors' declaration about the statements and notes. Financial Report means, for purposes other than the *Corporations Act 2001*, a complete set of financial statements, and an assertion statement by those responsible for the financial report.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	Aus 13.2
	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 8.1 and Aus 8.2
Financial Report (in the context of ASRE 2400) means a complete set of financial statements, including the related notes, and an assertion statement by those responsible for the financial report.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(o)
Financial report (in the context of ASRE 2410) means a complete set of financial statements including the related notes and an assertion statement by those responsible for the financial report. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework determine the form and content of the financial report. For example, a financial report, as defined under section 303 of the *Corporations Act 2001* consists of financial statements for the half-year, notes to the financial statements and the directors' declaration about the statements and notes.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(b)
Financial report (in the context of ASRE 2415) means a financial report for a financial year. A financial report for a financial year may be for a period that is greater than or less than 12 months.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	8

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Terms	Source(s)	Source para.
Financial statements mean a structured representation of historical financial information, including disclosures, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term "financial statements" ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement. Disclosures comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of a financial statement, or in the notes, or incorporated therein by cross-reference.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(f)
Financial statements (in the context of ASA 800) mean a complete set of special purpose financial statements. The requirements of the applicable financial reporting framework determine the presentation, structure, and content of the financial statements, and what constitutes a complete set of financial statements. Reference to "special purpose financial statements" includes the related disclosures.	ASA 800 *Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*	7
Financial Statements (in the context of ASRE 2400) means complete set of financial statements or a financial report.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(n)
Findings mean findings are the factual results of agreed-upon procedures performed. Findings are capable of being objectively verified. References to findings in this ASRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(f)
Findings (in relation to a system of quality management) mean information about the design, implementation and operation of the system of quality management that has been accumulated from the performance of monitoring activities, external inspections and other relevant sources, which indicates that one or more deficiencies may exist.	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*	16(h)

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Terms	Source(s)	Source para.
Firm means a sole practitioner, partnership or corporation or other entity of assurance practitioners, or public sector equivalent.	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*	16(i)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(e)
Firm means a sole practitioner, partnership or corporation or other entity of individual practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(x)
Firm means a sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(j)
	ASAE 3100 *Compliance Engagements*	17(l)
	ASAE 3150 *Assurance Engagements on Controls*	17(s)
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(o)
Fraud means an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.	ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*	18(a)

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Terms	Source(s)	Source para.
	ASAE 3150 *Assurance Engagements on Controls*	17(t)
	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(k)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(y)
Fraud (in the context of ASAE 3610) means an intentional act by one or more individuals among those charged with governance, management, employees, or third parties, involving the use of deception to obtain unjust or illegal advantage.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(p)
Fraud risk factors mean events or conditions that indicate an incentive or pressure to commit fraud, or provide an opportunity to commit fraud, or an attitude or rationalisation that justifies the fraudulent action.	ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*	18(b)
Fraud risk factors (in the context of ASAE 3150) mean events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.	ASAE 3150 *Assurance Engagements on Controls*	17(u)
Further procedures mean procedures performed in response to assessed risks of material misstatement, including tests of controls (if any), tests of details and analytical procedures.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(l)
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(q)

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Terms	Source(s)	Source para.
Further procedures (in the context of ASAE 3500) mean procedures, including tests of controls and substantive procedures, performed to: (i) In a limited assurance engagement, respond to the identified areas where a significant variation in an activity's performance is likely to arise; and (ii) In a reasonable assurance engagement, respond to the risks that may cause significant variations in an activity's performance.	ASAE 3500 *Performance Engagements*	18(j)
Further procedures mean procedures, including tests of controls and substantive procedures, performed in response to assessed risks of material misstatement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(z)
General information technology (IT) controls mean controls over the entity's IT processes that support the continued proper operation of the IT environment, including the continued effective functioning of information processing controls and the integrity of information (i.e., the completeness, accuracy and validity of information) in the entity's information system. Also see the definition of IT environment.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(d)
General purpose financial report means a financial report prepared in accordance with a general purpose framework.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(a)
General purpose financial statements mean financial statements prepared in accordance with a general purpose framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(c)
General purpose framework means a financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework. The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and: (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(b)

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Terms	Source(s)	Source para.
(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.		
General purpose framework (in the context of ASRE 2400) means a financial reporting framework designed to meet the common financial needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(d)
General purpose water accounting report means a water accounting report intended to meet the information needs common to users who are unable to command the preparation of water accounting reports tailored to satisfy their information needs. A general purpose water accounting report is prepared in accordance with Australian Water Accounting Standards. AWAS 1 states that a general purpose water accounting report comprises the water accounting statements, accompanying note disclosures, accountability statement and contextual statement. This Standard deals with assurance engagements to report on the water accounting statements, note disclosures and accountability statement only. It does not cover the contextual statement, which is not subject to assurance. Accordingly, where appropriate in this Standard, the term "general purpose water accounting report" is to be read as meaning those components that are covered by the assurance engagement.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(r)
GHG statement means a statement setting out constituent elements and quantifying an entity's GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes including a summary of significant quantification and reporting policies. An entity's GHG statement may also include a categorised listing of removals or emissions deductions. Where the engagement does not cover the entire GHG statement, the term "GHG statement" is to be read as that portion that is covered by the engagement. The GHG statement is the "subject matter information" of the engagement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(m)

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Terms	Source(s)	Source para.
Greenhouse gases (GHGs) mean carbon dioxide (CO_2) and any other gases required by the applicable criteria to be included in the GHG statement, such as: methane; nitrous oxide; sulphur hexafluoride; hydro fluorocarbons; perfluorocarbons; and chlorofluorocarbons. Gases other than carbon dioxide are often expressed in terms of carbon dioxide equivalents ($CO_{2\text{-}e}$).	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(n)
Group means a reporting entity for which a group financial report is prepared.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(f)
Group means a reporting entity for which group sustainability information is prepared.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aa)
Group audit means the audit of a group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(g)
Group audit opinion means the audit opinion on the group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(i)
Group auditor means the group engagement partner and members of the engagement team other than component auditors. The group auditor is responsible for: (i) Establishing the overall group audit strategy and group audit plan; (ii) Directing and supervising component auditors and reviewing their work; (iii) Evaluating the conclusions drawn from the audit evidence obtained as the basis for forming an opinion on the group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(h)

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Terms	Source(s)	Source para.
Group engagement partner means the engagement partner who is responsible for the group audit.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(j)
Group financial report means a financial report that includes the financial information of more than one entity or business unit through a consolidation process. For purposes of this ASA, a consolidation process includes: (i) Consolidation, proportionate consolidation, or an equity method of accounting; (ii) The presentation in a combined financial report of the financial information of entities or business units that have no parent but are under common control or common management; or (iii) The aggregation of the financial information of entities or business units such as branches or divisions.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(k)
Group management means management responsible for the preparation of the group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(l)
Group performance materiality means performance materiality in relation to the group financial report as a whole, as determined by the group auditor.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(m)
Group sustainability assurance engagement means an assurance engagement on group sustainability information.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ab)
Group sustainability information means sustainability information that includes the sustainability information of more than one entity or business unit in accordance with the criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ac)

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Terms	Source(s)	Source para.
Historical financial information means information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(g)
	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(k)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ad)
Historical financial information (in the context of ASAE3450) means information expressed in financial terms in relation to a particular entity, which is derived primarily from that entity's accounting system and relates to events occurring in past time periods or about conditions or circumstances at points in time in the past.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(l)
Hypothetical assumptions mean assumptions made by the responsible party in preparing prospective financial information in the form of a projection about future events and management actions which may not necessarily be expected to take place or that may be expected to take place, and may not be based on reasonable grounds.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(m)
IFRS Accounting Standards mean the IFRS Accounting Standards issued by the International Accounting Standards Board.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 9.1
Implementation means the process of putting controls into effect by deployment or roll-out of controls to enable their operation as designed.	ASAE 3150 *Assurance Engagements on Controls*	17(v)
Inclusive method (in the context of ASAE 3150) means a method of dealing with the controls operating at a third party, which are integral to the system or control component which is subject to the assurance engagement, whereby the third party's relevant control objectives and related controls are included in the scope of the assurance practitioner's engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(w)

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Terms	Source(s)	Source para.
Inclusive method (in the context of ASAE 3402) means method of dealing with the services provided by a subservice organisation, whereby the service organisation's description of its system includes the nature of the services provided by a subservice organisation, and that subservice organisation's relevant control objectives and related controls are included in the service organisation's description of its system and in the scope of the service auditor's engagement.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(g)
Indirect controls mean controls which do not directly address the risks of a control objective not being achieved, but have an impact on the effectiveness of direct controls in detecting, preventing or correcting a failure to achieve a control objective on a timely basis.	ASAE 3150 *Assurance Engagements on Controls*	17(x)
Information processing controls mean controls relating to the processing of information in IT applications or manual information processes in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy and validity of transactions and other information).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(e)
Inherent risk factors mean characteristics of events or conditions that affect susceptibility to misstatement, whether due to fraud or error, of an assertion about a class of transactions, account balance or disclosure, before consideration of controls. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(f)
Initial assurance engagement means an engagement in which either: (i) the general purpose water accounting report has been prepared and assured for the first time; (ii) the general purpose water accounting report for the prior period was not assured; or (iii) the general purpose water accounting report for the prior period was assured by a predecessor assurance practitioner.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(s)
Initial audit engagement means an engagement in which either: (i) The financial report for the prior period was not audited; or (ii) The financial report for the prior period was audited by a predecessor auditor.	ASA 510 *Initial Audit Engagements-Opening Balances*	4(a)

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Terms	Source(s)	Source para.
Intended users mean the individual(s) or organisation(s), or group(s) thereof that the assurance practitioner expects will use the assurance report. In some cases, there may be intended users other than those to whom the assurance report is addressed.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(m)
	ASAE 3100 *Compliance Engagements*	17(m)
	ASAE 3150 *Assurance Engagements on Controls*	17(y)
Intended users (in the context of ASAE 3500) mean parliament and the responsible party(ies), as well as organisations, groups or individuals that the assurance practitioner expects will use the assurance report. If the assurance report is publicly available, intended users includes the public.	ASAE 3500 *Performance Engagements*	18(k)
Intended users (in the context of ASRS 4400) mean the individual(s) or organisation(s), or group(s) that the practitioner expects will use the agreed-upon procedures report. In some cases, there may be intended users other than those to whom the agreed-upon procedures report is addressed.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(g)
Intended users (in the context of ASSA 5000) mean the individual(s) or organisation(s), or group(s) thereof, that the practitioner expects will use the sustainability assurance report. In some cases, there may be intended users other than those to whom the sustainability assurance report is addressed.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ae)
Interim financial report means a financial report that is prepared in accordance with an applicable financial reporting framework for a period that is shorter than the entity's financial year.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(a)
Internal audit function means a function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity's governance, risk management and internal control processes.	ASA 610 *Using the Work of Internal Auditors*	14(a)
	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(l)

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Terms	Source(s)	Source para.
	ASAE 3100 *Compliance Engagements*	17(n)
	ASAE 3150 *Assurance Engagements on Controls*	17(z)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(h)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(af)
Internal auditors mean those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function, out-sourcing entity or co-sourced from both internal and out-sourced resources.	ASAE 3150 *Assurance Engagements on Controls*	17(aa)
Internal auditors (in the context of ASAE 3402) mean those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(i)
IT environment means the IT applications and supporting IT infrastructure, as well as the IT processes and personnel involved in those processes, that an entity uses to support business operations and achieve business strategies. For the purposes of this ASA: (i) An IT application is a program or a set of programs that is used in the initiation, processing, recording and reporting of transactions or information. IT applications include data warehouses and report writers. (ii) The IT infrastructure comprises the network, operating systems, and databases and their related hardware and software. (iii) The IT processes are the entity's processes to manage access to the IT environment, manage program changes or changes to the IT environment and manage IT operations.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(g)
Key audit matters mean those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report of the current period. Key audit matters are selected from matters communicated with those charged with governance.	ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*	8

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Terms	Source(s)	Source para.
Lead assurance practitioner means the individual appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. The "lead assurance practitioner" should be read as referring to its public sector equivalents where relevant.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.3
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(t)
Limited assurance means the level of assurance obtained where engagement risk is reduced to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in accordance with this ASRE. The combination of the nature, timing and extent of evidence gathering procedures is at least sufficient for the assurance practitioner to obtain a meaningful level of assurance. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the financial statements.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(f)
Limited assurance engagement (in the context of ASAE 3100) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the compliance requirements have not been met, in all material respects. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the compliance outcome to a degree that is clearly more than inconsequential.	ASAE 3100 *Compliance Engagements*	17(o)
Limited assurance engagement (in the context of ASAE 3150) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a	ASAE 3150 *Assurance Engagements on Controls*	17(bb)

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Terms	Source(s)	Source para.
reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the subject matter information or subject matter is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the subject matter information or subject matter to a degree that is clearly more than inconsequential.		
Limited assurance engagement (in the context of ASAE 3450) means an assurance engagement in which the assurance practitioner reduces the assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where the risk is greater than for a reasonable assurance engagement. The set of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement, but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement acceptable in the circumstances of the assurance engagement. An example of a limited assurance engagement is a review.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(n)
Limited assurance engagement (in the context of ASAE 3500) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe that the responsible party(ies) did not perform the activity in accordance with the identified criteria. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to	ASAE 3500 *Performance Engagements*	18(l)

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Terms	Source(s)	Source para.
enhance the intended users' confidence about the activity's performance to a degree that is clearly more than inconsequential.		
Listed entity means an entity whose shares, stock or debt are quoted or listed on a recognised stock exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.	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*	16(j)
Long-form report means assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner's conclusion. In addition to the matters required to be contained in the assurance practitioner's report, long-form reports may describe in detail matters such as: (i) the terms of the engagement; (ii) the criteria being used and the specific compliance activities designed to meet each compliance requirement; (iii) descriptions of the procedures that were performed; (iv) findings relating to the procedures that were performed or particular aspects of the engagement; (v) details of the qualifications and experience of the assurance practitioner and others involved with the engagement; (vi) disclosure of materiality levels; or (vii) recommendations. The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. Additional information is clearly separated from the assurance practitioner's conclusion and worded in such a manner as to make it clear that it is not intended to alter or detract from that conclusion.	ASAE 3100 *Compliance Engagements*	17(p)

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Terms	Source(s)	Source para.
Long-form report (in the context of ASAE 3150) means assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner's conclusion. In addition to the matters required to be contained in the assurance practitioner's report, long-form reports may describe in detail matters such as: (i) the terms of the engagement; (ii) the criteria being used, such as the specific control objectives and controls as designed to achieve each objective; (iii) descriptions of the tests of controls that were performed; (iv) findings relating to the tests of controls that were performed or particular aspects of the engagement; (v) details of the qualifications and experience of the assurance practitioner and others involved with the engagement; (vi) disclosure of materiality levels; or (vii) recommendations. The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. Additional information is clearly separated from the assurance practitioner's conclusion and worded in such a manner as make it clear that it is not intended to alter or detract from that conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(cc)
Management means the person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(h)
	ASA 260 *Communication With Those Charged with Governance*	10(b)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ag)
Management (in the context of ASA 210) means management and, where appropriate, those charged with governance.	ASA 210 *Agreeing the Terms of Audit Engagements*	5

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Terms	Source(s)	Source para.
Management (in the context of ASA 580) means management and, where appropriate, those charged with governance. Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and fair presentation of the financial report in accordance with the applicable financial reporting framework; or the preparation of a financial report that gives a true and fair view in accordance with the applicable financial reporting framework.	ASA 580 *Written Representations*	8
Management (in the context of ASAE 3450) means the person(s) with executive responsibility for the conduct of the operations or individual business units of the entity. For some entities, in some circumstances, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(o)
Management (in the context of ASAE 3610) means for the purposes of this Standard, management refers to those with executive responsibility for the preparation and presentation of the general purpose water accounting report, including water accounting and reporting, unless otherwise specified. In some instances, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(u)
Management bias means a lack of neutrality by management in the preparation of information.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(d)
Management's expert means an individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial report.	ASA 500 *Audit Evidence*	5(e)
	ASA 620 *Using the Work of an Auditor's Expert*	6(c)
Management's expert (in the context of ASAE 3610) means an individual or organisation possessing expertise in a field other than water accounting or assurance, whose work in that field is used by management or those charged with governance to assist them in preparing the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(v)
Management's expert (in the context of ASSA 5000) means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the entity to assist the entity in preparing the sustainability information.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ah)

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Terms	Source(s)	Source para.
Management's point estimate means the amount selected by management for recognition or disclosure in the financial report as an accounting estimate.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(e)
Material (in the context of a compliance engagement) means: (i) in relation to potential (for risk assessment purposes) or detected (for evaluation purposes) matter(s) of non-compliance – instance(s) of non-compliance that are significant, individually or collectively, in the context of the entity's compliance with compliance requirements, and that might influence relevant decisions of intended users or affect the assurance practitioner's conclusion; and/or (ii) in relation to the compliance framework and controls – instance(s) of deficiency that are significant in the context of the entity's control environment and that may raise the compliance engagement risk sufficiently to affect the assurance practitioner's conclusion.	ASAE 3100 *Compliance Engagements*	17(q)
Material control means a control which is necessary to mitigate the risk of a control objective not being achieved and for which there are no or insufficient compensating controls. The relevant control objectives are those at the level to be concluded on in the assurance report, whether overall or specific control objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(dd)
Material inconsistency means information within the document that materially contradicts the financial information that is the subject of the assurance report.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(q)
Material uncertainty *(Related to Going Concern)* means an uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. "May cast significant doubt" is used to refer to circumstances where the magnitude of the potential impact and likelihood of occurrence of the identified events or conditions are such that, unless management's plans for future actions mitigate their effects, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future.	ASA 570 *Going Concern*	10

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Terms	Source(s)	Source para.
Materiality (in the context of ASAE 3450) means in relation to information, that if certain information is omitted, misstated, or not disclosed, that information has the potential to affect the economic decisions of users of the document, or the discharge of accountability by management or those charged with governance of the entity (the responsible party).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(p)
Materiality (in the context of ASAE 3610) means information is material if its omission from, or misstatement in, a general purpose water accounting report has the potential to influence decisions of users of that report, or the discharge of accountability by management or those charged with governance.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(w)
Measurer or evaluator means the party(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or evaluator possesses expertise in the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(n)
Misstatement means a difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud. Where the auditor expresses an opinion on whether the financial report is presented fairly, in all material respects, or gives a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor's judgement, are necessary for the financial report to be presented fairly, in all material respects, or to give a true and fair view.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(i)
	ASA 450 *Evaluation of Misstatements Identified during the Audit*	4(a)
Misstatement (in the context of ASAE 3000) means a difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(o)
Misstatement (in the context of ASAE 3100) means for attestation engagements on compliance, a difference between the Statement and the assurance practitioner's evaluation of compliance with the compliance requirements. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3100 *Compliance Engagements*	17(r)

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Terms	Source(s)	Source para.
Misstatement (in the context of ASAE 3150) means: (i) In an attestation engagement, a difference between the responsible party or evaluator's Statement and the appropriate evaluation of the design of controls against the control objectives, and/or the description, implementation or operating effectiveness of controls against the design, which is expressed either as a misstatement in the responsible party or evaluator's Statement, or as a deficiency in the suitability of the design, misstatement in the description, deficiency in implementation or deviation in operating effectiveness of controls. (ii) In a direct engagement, a difference between the design and a design suitable to achieve the control objectives and/or a difference between the description, implementation or operating effectiveness of controls and the design, in so far as it is suitable, which is expressed as a deficiency in the suitability of the design of controls to achieve the control objectives, misstatement in the description, deficiency in the implementation or deviation in the operating effectiveness of controls as designed. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3150 *Assurance Engagements on Controls*	17(ee)
Misstatement (in the context of ASAE 3610) means a difference between the general purpose water accounting report and the appropriate measurement or evaluation of the underlying subject matter against the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(x)
Misstatement (in the context of ASSA 5000) means a difference between the disclosure(s) and the appropriate measurement or evaluation of the sustainability matters in accordance with the applicable criteria. Misstatements can arise from error or fraud, may be qualitative or quantitative, and include omitted information or information that obscures the presentation of the disclosures.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ai)
Misstatement in the description of the system means an inaccuracy, inadequacy or omission in the description, including in the identification of the boundaries and other identifying characteristics of the system, the control components described, the areas of activity encompassed and the controls as designed and/or implemented.	ASAE 3150 *Assurance Engagements on Controls*	17(ff)

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Terms	Source(s)	Source para.
Misstatement of fact (in the context of ASAE 3450) means information that is incorrectly stated or presented in the document. A material misstatement of fact may undermine the credibility of financial information that is the subject of the assurance report.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(r)
Misstatement of fact (with respect to other information) means other information that is unrelated to matters appearing in the subject matter information or the assurance report that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the subject matter information.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(p)
Misstatement of the other information means a misstatement of the other information exists when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(b)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aj)
Modified opinion means a qualified opinion, an adverse opinion or a disclaimer of opinion on the financial report.	ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*	5(b)
Multiple types of financial information mean financial information that involves more than one type.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(s)
Negative confirmation request means a request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.	ASA 505 *External Confirmations*	6(c)
Network means a larger structure: (i) That is aimed at cooperation, and (ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality management policies or procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.	ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information,*	16(l)

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Terms	Source(s)	Source para.
	or Other Assurance or Related Services Engagements	
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(g)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ak)
Network firm means a firm or entity that belongs to the firm's network.	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*	16(k)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(f)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(al)
Non-compliance means acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.	ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report*	12

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Terms	Source(s)	Source para.
Non-compliance (in the context of ASAE 3100) means for both attestation and direct engagements on compliance, a failure to meet a compliance requirement in whole or in part.	ASAE 3100 *Compliance Engagements*	17(s)
Non-compliance with laws and regulations means acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(am)
Non-IFRS financial information is financial information that is presented other than in accordance with all relevant accounting standards.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(t)
Non-public document means a document in relation to a fundraising or a document containing prospective financial information, which is not a public document. It is not prepared in accordance with the *Corporations Act 2001*.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(u)
Non-response means a failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.	ASA 505 *External Confirmations*	6(d)
Non-sampling risk means the risk that the auditor reaches an erroneous conclusion for any reason not related to sampling risk.	ASA 530 *Audit Sampling*	5(d)
Offering means the making available of an entity's equity or debt securities to parties (who may be in overseas jurisdictions) ordinarily through: (i) the sale of securities to the public under a prospectus; (ii) foreign offerings; (iii) an exempt transaction or offering (for example, a private placement of equity or debt securities to a limited number of investors, or an offering of debt securities issued or backed by public sector entities); (iv) certain securities transactions covered by specific laws or regulations (for example, exchange of shares in merger transactions); or (v) acquisition transactions in which there is an exchange of equity.	ASRS 4450 *Comfort Letter Engagements*	10(p)

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Terms	Source(s)	Source para.
Opening balances mean those account balances that exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.	ASA 510 *Initial Audit Engagements-Opening Balances*	4(b)
Opening balances (in the context of ASAE 3610) mean account balances that exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(y)
Organisational boundary means the boundary that determines which operations to include in the entity's GHG statement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(o)
Other financial information means historical financial information and information other than historical financial information (for example, prospective financial information).	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*	Aus 16.5
Other information means financial or nonfinancial information (other than the financial report and the auditor's report thereon) included in an entity's annual report.	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(c)
Other information (in the context of ASAE 3000) means information (other than the subject matter information and the assurance report thereon) which is included, either by law, regulation or custom, in a document containing the subject matter information and the assurance report thereon.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(q)
Other information (in the context of ASSA 5000) means information not subject to the assurance engagement included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(an)

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Terms	Source(s)	Source para.
Other Matter paragraph means a paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial report that, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.	ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*	7(b)
Outcome of an accounting estimate means the actual monetary amount that results from the resolution of the transaction(s), event(s) or condition(s) addressed by an accounting estimate.	ASA 540 *Auditing Accounting Estimates and Related Disclosures*	12(f)
Overall control objectives mean explicit or implicit assertions by the responsible party with respect to the subject matter, that in an assurance engagement on controls, represent the broad objectives or purpose of the controls, in the context of the control component and system included in the scope of the engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(gg)
Partner means any individual with authority to bind the firm with respect to the performance of an audit, review, other assurance engagement or related services engagement.	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*	Aus 16.6
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	Aus 12.2
Partner means any individual with authority to bind the firm with respect to the performance of a professional services engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ao)

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Terms	Source(s)	Source para.
Performance engagement means an assurance engagement that concludes on all or a part of an activity's performance as evaluated against identified criteria. Performance engagements generally focus on one or more performance principle. Performance engagements seek to provide new information, analysis or insights and, where appropriate, recommendations for improvement.	ASAE 3500 *Performance Engagements*	18(m)
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. 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.	ASA 320 *Materiality in Planning and Performing an Audit*	9(a)
Performance materiality (in the context of ASAE 3410) means the amount or amounts set by the assurance practitioner at less than materiality for the GHG statement to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the GHG statement. If applicable, performance materiality also refers to the amount or amounts set by the assurance practitioner at less than the materiality level or levels for particular types of emissions or disclosures.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(p)
Performance materiality (in the context of ASAE 3610) means the amount or amounts set by the assurance practitioner at less than materiality for the general purpose water accounting report to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(z)
Performance materiality (in the context of ASSA 5000) means the amount or amounts set by the practitioner at less than the amount or amounts determined to be material for a quantitative disclosure to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in that disclosure is material.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ap)

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Terms	Source(s)	Source para.
Performance principle means the specific aspect of performance being evaluated against the engagement objective. Performance engagements generally focus on one or more of the principles of economy, efficiency, effectiveness, and/or ethics; however, may also focus on performance principles such as equity, probity and sustainability, amongst others.	ASAE 3500 *Performance Engagements*	18(n)
Personnel mean partners and staff in the firm.	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*	16(n)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(i)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aq)
Pervasive means a term used, in the context of misstatements, to describe the effects on the financial report of misstatements or the possible effects on the financial report of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial report are those that, in the auditor's judgement: (i) Are not confined to specific elements, accounts or items of the financial report; (ii) If so confined, represent or could represent a substantial proportion of the financial report; or (iii) In relation to disclosures, are fundamental to users' understanding of the financial report.	ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*	5(a)

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Terms	Source(s)	Source para.
Pervasive (in the context of ASAE 3150) means the effect or possible effect on the system of controls of, identified or undetected, deficiencies in the design of controls, misstatements in the description, deficiencies in implementation as designed or deviations in operating effectiveness as designed. Pervasive effects on the controls system are those that, in the assurance practitioner's judgement: (i) Are not confined to certain overall or specific control objectives, areas of activity, components of controls or controls; or (ii) If so confined, represent or could represent a substantial proportion of the system of controls included in the scope of the engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(ii)
Population means the entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions.	ASA 530 *Audit Sampling*	5(b)
Population (in the context of ASAE 3150) means the entire set of instances of a particular control from which a sample is selected and about which the assurance practitioner wishes to draw conclusions.	ASAE 3150 *Assurance Engagements on Controls*	17(hh)
Positive confirmation request means a request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.	ASA 505 *External Confirmations*	6(b)
Practitioner means the individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ASRS expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "practitioner" is used.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(h)
Practitioner (in the context of ASSA 5000) means the individual(s) conducting the engagement (usually the engagement leader or other members of the engagement team, or, as applicable, the firm). Where this ASSA expressly intends that a requirement or responsibility be fulfilled by the engagement leader, the term "engagement leader" rather than "practitioner" is used.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ar)
Practitioner's expert means an individual or organisation possessing expertise in a field other than assurance and related services, whose work in that field is used to assist the practitioner in fulfilling the practitioner's responsibilities for the agreed-upon procedures engagement. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff,	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(i)

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Terms	Source(s)	Source para.
including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external expert.		
Practitioner's expert (in the context of ASSA 5000) means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm), or a practitioner's external expert.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(as)
Preconditions for an audit means the use by management of an acceptable financial reporting framework in the preparation of the financial report and the agreement of management and, where appropriate, those charged with governance to the premise on which an audit is conducted.	ASA 210 *Agreeing the Terms of Audit Engagements*	4
Predecessor assurance practitioner means the assurance practitioner from a different firm who conducted the assurance engagement on the general purpose water accounting report in the prior period and who has been replaced by the assurance practitioner for the current period.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(aa)
Predecessor auditor means the auditor from a different audit firm, who audited the financial report of an entity in the prior period and who has been replaced by the current auditor.	ASA 510 *Initial Audit Engagements-Opening Balances*	4(c)

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Terms	Source(s)	Source para.
Premise (relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted) means that management and, where appropriate, those charged with governance have acknowledged and understand that they have the following responsibilities that are fundamental to the conduct of an audit in accordance with Australian Auditing Standards. That is, responsibility: (i) For the preparation of a financial report in accordance with the applicable financial reporting framework, including where relevant, their fair presentation; (ii) For such internal control as management and, where appropriate, those charged with governance determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error, and (iii) To provide the auditor with: (a) Access to all information, of which management and, where appropriate, those charged with governance are aware that is relevant to the preparation of a financial report such as records, documentation and other matters; (b) Additional information that the auditor may request from management and, where appropriate, those charged with governance, for the purpose of the audit; and (c) Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence. In the case of a fair presentation framework, (i) above may be restated as "for the preparation and fair presentation of a financial report in accordance with the financial reporting framework", or "for the preparation of a financial report *that gives a true and fair view* in accordance with the financial reporting framework." The "premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted" may also be referred to as the "premise."	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(j)
Private placement means securities offered for sale or issue in a prospectus to a limited number of investors, which are exempt, by law or regulation from certain content, distribution or registration requests in certain jurisdictions ("exempt offering").	ASRS 4450 *Comfort Letter Engagements*	10(q)

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Terms	Source(s)	Source para.
Pro forma adjustments (in the context of ASAE 3420) mean in relation to unadjusted financial information, these include: (i) Adjustments to unadjusted financial information that illustrate the impact of a significant event(s) or transaction(s) ("events" or "transactions") as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration; and (ii) Adjustments to unadjusted financial information that are necessary for the pro forma financial information to be compiled on a basis consistent with the applicable financial reporting framework of the reporting entity ("entity") and its accounting policies under that framework. Pro forma adjustments include the relevant financial information of a business that has been, or is to be, acquired ("acquiree"), or a business that has been, or is to be, divested ("divestee"), to the extent that such information is used in compiling the pro forma financial information ("acquiree or divestee financial information").	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(b)
Pro forma adjustments (in the context of ASAE 3450) mean adjustments selected by the responsible party in accordance with the stated basis of preparation to make to base financial information (historical or prospective) to: (i) illustrate the impact of a significant event or transaction ("event" or "transaction") as if the event had occurred or the transaction had been undertaken at an earlier date than actually occurred, or as if it had not occurred at all; and/or (ii) eliminate the effects of unusual or non-recurring event(s) or transaction(s) that are not part of the normal operations of the entity; and/or (iii) exclude certain event(s) or transaction(s), or present transactions or balances on a different recognition and measurement basis from that required or permitted by Australian Accounting Standards; and/or (iv) correct errors or uncertainties.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(v)
Pro forma financial information (in the context of ASAE 3420) means historical financial information shown together with adjustments to illustrate the impact of an event(s) or transaction(s) on unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. In	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information*	Aus 11.1

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Terms	Source(s)	Source para.
this ASAE, it is assumed that pro forma financial information is presented in columnar format consisting of (a) the unadjusted historical financial information; (b) the pro forma adjustments; and (c) the resulting pro forma column.	*included in a Prospectus or other Document*	
Pro forma financial information (in the context of ASAE 3450) means base financial information adjusted for pro forma adjustments in accordance with the stated basis of preparation, resulting in non-IFRS financial information that is not prepared in accordance with Australian Accounting Standards. It is subject to the assumptions inherent in the responsible party's stated basis of preparation.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(w)
Pro forma financial information (in the context of ASRS 4450) means non-IFRS financial information that is intended to show the effects of proposed or completed transactions for illustrative purposes. The non-IFRS financial information is adjusted by pro forma adjustments to illustrate the impact of an event(s) or transaction(s) in the financial information as if the event had occurred, or the transaction had been undertaken at an earlier date selected for the purposes of the illustration, ordinarily the beginning of the reporting period.	ASRS 4450 *Comfort Letter Engagements*	10(s)
Procedures mean procedures performed by the auditor which are specified by the requesting parties. The auditor does not determine whether the extent of such procedures is sufficient for the purposes of the requesting parties. Procedures may also be referred to as agreed-upon procedures.	ASRS 4450 *Comfort Letter Engagements*	10(r)
Professional judgement means the application of relevant training, knowledge and experience, within the context of AUASB standards, in making informed decisions about the courses of action that are appropriate in the design, implementation and operation of the firm's system of quality management.	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*	16(o)
Professional judgement (in the context of ASA 200) means the application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(k)

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Terms	Source(s)	Source para.
Professional judgement (in the context of ASRE 2400) means the application of relevant training, knowledge and experience, within the context provided by assurance, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the review engagement.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(h)
Professional judgement (in the context of ASAE 3000, ASAE 3100 and ASSA 5000) means the application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(t)
	ASAE 3100 *Compliance Engagements*	17(t)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(at)
Professional judgement (in the context of ASAE 3610) means the application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the assurance engagement.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(bb)
Professional judgement means the application of relevant training, knowledge and experience, within the context provided by this ASRS and relevant ethical requirements, in making informed decisions about the courses of action that are appropriate in the circumstances of the agreed-upon procedures engagement.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(j)
Professional scepticism means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(l)
Professional scepticism (in the context of ASAE 3000 and ASAE 3610) means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(u)

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Terms	Source(s)	Source para.
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(cc)
Professional scepticism (in the context of ASAE 3100) means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement or non-compliance, and a critical assessment of evidence.	ASAE 3100 *Compliance Engagements*	17(u)
Professional scepticism (in the context of ASAE 3500) means an attitude that includes a questioning mind, being alert to the validity of evidence obtained and critically assessing evidence that contradicts or brings into question the reliability of information obtained. Information may include data, documents and responses to enquiries.	ASAE 3500 *Performance Engagements*	18(o)
Professional scepticism means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(au)
Professional standards mean Australian Standards on Sustainability Assurance (ASSAs) and relevant ethical requirements.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(av)
Prospective financial information means financial information of a predictive character prepared based on assumptions made by the responsible party, in accordance with the stated basis of preparation. Prospective financial information may be either: (i) a forecast which is prepared based on the responsible party's assumptions as to future events expected to take place on the dates, or in the period, described and the actions expected to be taken at the date the financial information is prepared. It is commonly referred to as a "directors' forecast"; or (ii) a projection which is prepared based on the responsible party's material hypothetical assumptions, or a mixture of assumptions and material hypothetical assumptions as to future events which are not necessarily expected to take place on the dates, or in the period, described and the actions not necessarily expected to be taken at the date the financial information is prepared (a "what-if" scenario).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(x)

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Terms	Source(s)	Source para.
Prospectus means a document issued pursuant to applicable law or regulation relating to the entity's securities on which it is intended that a third party should make an investment decision.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(d)
Public document (in the context of ASAE 3420) means a disclosure document, product disclosure statement or other documentation provided to shareholders, unit holders, or holders of a relevant interest in an entity (or which is provided to management of any entity) in relation to a scheme of arrangement under the Part 5.1 of the *Corporations Act 2001*, or a takeover or compulsory acquisition under Chapter 6 of the *Corporations Act 2001*.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	Aus 11.2
Public document (in the context of ASAE 3450) means a disclosure document, product disclosure statement or other documentation provided to shareholders, unit holders, or holders of a relevant interest in an entity (or which is provided to management of an entity) in relation to a scheme of arrangement under Part 5.1 of the *Corporations Act 2001*, or a takeover or compulsory acquisition under Chapter 6 of the *Corporations Act 2001*. Examples include: (i) A prospectus prepared by an entity that is a corporation in accordance with relevant sections of the *Corporations Act 2001*. (ii) A Short-Form Prospectus; lodged with the Australian Securities and Investments Commission (ASIC), instead of including in the body of the prospectus the relevant information discussed in such materials. (iii) Scheme Booklets. (iv) Target Statements. (v) Bidder Statements. (vi) Profile Statements; this is a brief statement that may be sent out with offers, with ASIC's approval, instead of a prospectus. (vii) Offer Information Statements; this is a document that may be used instead of a prospectus under certain criteria set by the *Corporations Act 2001*. (viii) Product Disclosure Statements (PDS) used where the entity is a trust or other type of managed investment scheme.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(y)

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Terms	Source(s)	Source para.
Published financial information means financial information of the entity or of an acquiree or a divestee that is made available publicly.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(e)
Purchased offset means an emissions deduction in which the entity pays for the lowering of another entity's emissions (emissions reductions) or the increasing of another entity's removals (removal enhancements), compared to a hypothetical baseline.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(q)
Quality objectives mean the desired outcomes in relation to the components of the system of quality management to be achieved by the firm.	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*	16(q)
Quality risk means a risk that has a reasonable possibility of: (i) Occurring; and (ii) Individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.	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*	16(r)
Quantification means the process of determining the quantity of GHGs that relate to the entity, either directly or indirectly, as emitted (or removed) by particular sources (or sinks).	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(r)
Reasonable assurance, in the context of the ASQMs, means a high, but not absolute, level of assurance.	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*	16(s)

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Terms	Source(s)	Source para.
Reasonable assurance means, in the context of an audit of a financial report, a high, but not absolute, level of assurance.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(m)
Reasonable assurance engagement means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the evaluation of the compliance activities against compliance requirements.	ASAE 3100 *Compliance Engagements*	17(v)
Reasonable assurance engagement (in the context of ASAE 3150) means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.	ASAE 3150 *Assurance Engagements on Controls*	17(jj)
Reasonable assurance engagement (in the context of ASAE 3450) means an assurance engagement where the assurance practitioner reduces the assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement as the basis for the assurance practitioner's conclusion.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(z)
Reasonable assurance engagement (in the context of ASAE 3500) means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's conclusion on the outcome of the evaluation of the activity's performance against the identified criteria.	ASAE 3500 *Performance Engagements*	18(p)

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Terms	Source(s)	Source para.
Reasonable grounds mean, in relation to a statement made, that there must be a sufficient objective foundation for that statement.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(aa)
Registered company auditor includes an individual who meets the requirements of section 324BE of the Act.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	6(b)
Related party means a party that is either: (i) A related party as defined in the applicable financial reporting framework; or (ii) Where the applicable financial reporting framework establishes minimal or no related party requirements: a. A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity; b. Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or c. Another entity that is under common control with the reporting entity through having: i. Common controlling ownership; ii. Owners who are close family members; or iii. Common key management. However, entities that are under common control by a state (that is, a national, regional or local government) are not considered related unless they engage in significant transactions or share resources to a significant extent with one another.	ASA 550 *Related Parties*	10(b)
Relevant assertions mean an assertion about a class of transactions, account balance or disclosure is relevant when it has an identified risk of material misstatement. The determination of whether an assertion is a relevant assertion is made before consideration of any related controls (i.e., the inherent risk).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(h)

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Terms	Source(s)	Source para.
Relevant Date means as applicable: (i) the allotment date; (ii) the effective date of the relevant proposed fundraising; (iii) the implementation date of the relevant proposed merger transaction; or (iv) in the case of a scheme of arrangement, the date of the shareholders or unit-holders meeting to vote on the scheme.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(bb)
Relevant ethical requirements mean ethical requirements that apply to the auditor, assurance practitioner, engagement quality reviewer and firm. In Australia, these include the applicable requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, issued by the Accounting Professional & Ethical Standards Board Limited (APESB) (November 2018 incorporating all amendments to July 2025) (APES 110), the applicable provisions of the C*orporations Act 2001* and other applicable law or regulation.	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(d)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	Aus 12.4
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(p)
Relevant ethical requirements mean principles of professional ethics and ethical requirements that are applicable to the engagement team when undertaking agreed-upon procedures engagements. Relevant ethical requirements ordinarily comprise the provisions of Accounting Professional & Ethical Standards Board (APESB)'s *Code of Ethics for Professional Accountants (including Independence Standards)* (APESB Code), together with national requirements that are more restrictive.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(k)
Relevant ethical requirements (in the context of ASQM 1 and ASQM 2) mean: (i) for sustainability assurance engagements, 'relevant ethical requirements' as defined in ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000); and	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*	Aus 16.8

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Terms	Source(s)	Source para.
(ii) for engagements other than sustainability assurance engagements, 'relevant ethical requirements' as defined in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.	ASQM 2 *Engagement Quality Reviews*	Aus 13.1(d)
Relevant ethical requirements (in the context of ASSA 5000) mean principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. Relevant ethical requirements comprise the Code related to sustainability assurance engagements, together with applicable legislative or other requirements that are more restrictive, or professional requirements or requirements in law or regulation that an appropriate authority has determined to be at least as demanding as the provisions of the Code, including the relevant requirements in Chapter 2M of the *Corporations Act 2001* in the case of an engagement for assurance over information in a sustainability report under that Act.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	Aus 18.3
Removal means the GHGs that the entity has, during the period, removed from the atmosphere, or that would have been emitted to the atmosphere had they not been captured and channelled to a sink.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(s)
Re-performance means the assurance practitioner's independent execution of procedures or controls that were originally performed by the responsible party.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(dd)
Report on the description and design of controls at a service organisation (referred to in ASA 402 as a type 1 report) means a report that comprises: (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls that have been designed and implemented as at a specified date; and (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service organisation's system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(b)

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Terms	Source(s)	Source para.
Report on the description and design of controls at a service organisation (referred to in ASAE 3402 as a "type 1 report") means a report that comprises: (i) The service organisation's description of its system; (ii) A written statement by the service organisation that, in all material respects, and based on suitable criteria: a. The description fairly presents the service organisation's system as designed and implemented as at the specified date; and b. The controls related to the control objectives stated in the service organisation's description of its system were suitably designed as at the specified date; and (iii) A service auditor's assurance report that conveys a reasonable assurance conclusion about the matters in (ii)a.-b. above.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(j)
Report on the description, design, and operating effectiveness of controls at a service organisation (referred to in ASA 402 as a type 2 report) means a report that comprises: (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes: a. The service auditor's opinion on the description of the service organisation's system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and b. A description of the service auditor's tests of the controls and the results thereof.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(c)

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Terms	Source(s)	Source para.
Report on the description, design and operating effectiveness of controls at a service organisation (referred to in ASAE 3402 as a "type 2 report") means a report that comprises: (i) The service organisation's description of its system; (ii) A written statement by the service organisation that, in all material respects, and based on suitable criteria: a. The description fairly presents the service organisation's system as designed and implemented throughout the specified period; b. The controls related to the control objectives stated in the service organisation's description of its system were suitably designed throughout the specified period; and c. The controls related to the control objectives stated in the service organisation's description of its system operated effectively throughout the specified period; and (iii) A service auditor's assurance report that: a. Conveys a reasonable assurance conclusion about the matters in (ii)a.-c. above; and b. Includes a description of the tests of controls and the results thereof.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(k)
Reporting boundary means activities, operations, relationships or resources to be included in the entity's sustainability information. For purposes of the ASSAs, the reporting boundary is determined in accordance with the applicable criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ax)
Reporting period means the period for which a water accounting report is prepared.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(ee)
Representation means statement by the responsible party, either oral or written, provided to the assurance practitioner to confirm certain matters or to support other evidence. A representation is additional to but may be provided in combination with the responsible party's or evaluator's Statement provided in an attestation engagement.	ASAE 3100 *Compliance Engagements*	17(w)
	ASAE 3150 *Assurance Engagements on Controls*	17(kk)
Representation (in the context of ASAE 3500) means statement by the responsible party(ies), either oral or written, provided to the assurance practitioner to confirm certain matters or to support other evidence.	ASAE 3500 *Performance Engagements*	18(q)

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Terms	Source(s)	Source para.
Representation letter means a letter prepared by the entity at the request of the auditor that confirms to the auditor specific matters relating to the comfort letter engagement.	ASRS 4450 *Comfort Letter Engagements*	10(t)
Requesting parties means third party underwriter(s) and/or other parties involved with the entity's securities offering (such as financial intermediaries, buyers, sellers, brokers or selling agents or group or component auditors) that have agreed to be bound by the auditor's engagement letter (including by authorising the lead manager to sign on their behalf) in order to request the auditor's comfort letter, and may receive the comfort letter if they sign the auditor's engagement letter.	ASRS 4450 *Comfort Letter Engagements*	10(u)
Response (in relation to a system of quality management) means policies or procedures designed and implemented by the firm to address one or more quality risk(s): (i) Policies are statements of what should, or should not, be done to address a quality risk(s). Such statements may be documented, explicitly stated in communications or implied through actions and decisions. (ii) Procedures are actions to implement policies.	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*	16(u)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(l)
Responsible party means the party(ies) responsible for the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(v)
Responsible party (in the context of ASAE 3100) means the party(ies) responsible for the underlying subject matter, being the compliance activity(ies) in a compliance engagement.	ASAE 3100 *Compliance Engagements*	17(x)
Responsible party (in the context of ASAE 3150) means the party responsible for the underlying subject matter, being the design, description, implementation or operating effectiveness of controls in an assurance engagement on controls.	ASAE 3150 *Assurance Engagements on Controls*	17(ll)

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Terms	Source(s)	Source para.
Responsible party (in the context of ASAE 3450) means those charged with governance of the entity (ordinarily the Board of Directors), who are also responsible for the preparation and issuance of the financial information included in the document. It may also mean the management of the entity in circumstances where the assurance practitioner has been requested to provide assurance to those charged with governance in relation to financial information prepared by management. Alternatively it may also mean the party responsible for the preparation of the financial information. The responsible party may be different from the party that is the engaging party.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(cc)
Responsible party (in the context of ASAE 3500) means the party or parties responsible for the performance of all or part of the activity, which is the subject matter of the performance engagement.	ASAE 3500 *Performance Engagements*	18(r)
Responsible party (in the context of ASAE 3610) means those charged with governance or management, as appropriate, responsible for the preparation and presentation of the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(ff)
Responsible party (in the context of ASRS 4400) means the party(ies) responsible for the subject matter on which the agreed-upon procedures are performed.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(l)
Responsible party of the entity means those charged with governance of the entity (ordinarily the Board of Directors) who are responsible for the preparation of the offering document, and who engage the auditor to issue a comfort letter to the requesting parties and provide a copy to the responsible party.	ASRS 4450 *Comfort Letter Engagements*	10(v)
Revised Legislation means *Corporations Amendment (Corporate Reporting Reform) Act 2010*.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	6(c)
Risk assessment procedures mean the audit procedures designed and performed to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial report and assertion levels.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(j)

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Terms	Source(s)	Source para.
Risk assessment procedures (in the context of ASSA 5000) mean the procedures designed and performed to: (i) In a limited assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level; and (ii) In a reasonable assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, of the disclosures at the assertion level.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(az)
Risk of material misstatement means the risk that the financial report is materially misstated prior to audit. This consists of two components, described as follows at the assertion level: (i) Inherent risk means the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls. (ii) Control risk means the risk that a misstatement that could occur in an assertion about a class of transactions, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's controls.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(n)
Risk of material misstatement (in the context of ASAE 3000) means the risk that the subject matter information is materially misstated prior to the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(w)
Risk of material misstatement (in the context of ASSA 5000) means the risk that the sustainability information is materially misstated prior to the engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ay)
Risk procedures mean procedures designed and performed to: (i) In a limited assurance engagement, identify areas where a significant variation in an activity's performance is likely to arise; and (ii) In a reasonable assurance engagement, identify and assess the risks that may cause significant variations in an activity's performance.	ASAE 3500 *Performance Engagements*	18(s)

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Terms	Source(s)	Source para.
Risks arising from the use of IT mean susceptibility of information processing controls to ineffective design or operation, or risks to the integrity of information (i.e., the completeness, accuracy and validity of transactions and other information) in the entity's information system, due to ineffective design or operation of controls in the entity's IT processes (see IT environment).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(i)
Sampling means the application of assurance procedures to less than 100% of items within a population of relevance to the engagement such that all sampling units have a chance of selection in order to provide the assurance practitioner with a reasonable basis on which to draw conclusions about the entire population.	ASAE 3150 *Assurance Engagements on Controls*	17(mm)
Sampling risk means the risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. Sampling risk can lead to two types of erroneous conclusions: (i) In the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material misstatement does not exist when in fact it does. The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion. (ii) In the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.	ASA 530 *Audit Sampling*	5(c)
Sampling risk (in the context of ASAE 3150) means the risk that the assurance practitioner's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same assurance procedure. Sampling risk can lead to two types of erroneous conclusions: (i) That the controls are designed more suitably, the description is presented more fairly or the controls are operating more effectively than they actually are. The assurance practitioner is primarily concerned with this type of erroneous conclusion because it affects the engagement's effectiveness and is more likely to lead to an inappropriate assurance conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(nn)

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Terms	Source(s)	Source para.
(ii) That controls are less effective than they actually are. This type of erroneous conclusion affects the engagement's efficiency as it would usually lead to additional work to draw a conclusion.		
Sampling unit means the individual items constituting a population.	ASA 530 *Audit Sampling*	5(f)
Service auditor means an auditor who, at the request of the service organisation, provides an assurance report on the controls of a service organisation.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(d)
Service auditor (in the context of ASAE 3402) means an assurance practitioner who, at the request of the service organisation, provides an assurance report on controls at a service organisation.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(l)
Service organisation means a third-party organisation (or segment of a third-party organisation) that provides services to user entities that are part of those entities' information systems relevant to financial reporting.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(e)
Service organisation (in the context of ASAE 3150) means a third-party organisation (or segment of a third-party organisation) that provides services to user entities that are likely to be relevant to user entities' internal control as it relates to relevant external reporting, whether financial, emissions and energy, carbon offsets, compliance or other reporting.	ASAE 3150 *Assurance Engagements on Controls*	17(oo)
Service organisation (in the context of ASAE 3402) means a third-party organisation (or segment of a third-party organisation) that provides services to user entities that are likely to be relevant to user entities' internal control as it relates to financial reporting.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(m)
Service organisation's statement means the written statement about the matters referred to in paragraph 9(k)(ii) (or paragraph 9(j)(ii) in the case of a type 1 report).	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(o)

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Terms	Source(s)	Source para.
Service organisation's system means the policies and procedures designed, implemented and maintained by the service organisation to provide user entities with the services covered by the service auditor's report.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(f)
Service organisation's system (or the system) (in the context of ASAE 3402) means the policies and procedures designed and implemented by the service organisation to provide user entities with the services covered by the service auditor's assurance report. The service organisation's description of its system includes identification of: the services covered; the period, or in the case of a type 1 report, the date, to which the description relates; control objectives; and related controls.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(n)
Service provider (in the context of this ASQM) means an individual or organisation external to the firm that provides a resource that is used in the system of quality management or in the performance of engagements. Service providers exclude the firm's network, other network firms or other structures or organisations in the network.	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*	16(v)
Short-form report (jn the context of ASAE 3100) means assurance report including only the matters required under paragraph 56 of this ASAE.	ASAE 3100 *Compliance Engagements*	17(y)
Short-form report (in the context of ASAE 3150) means assurance report including only the matters required under paragraph 89 of this ASAE.	ASAE 3150 *Assurance Engagements on Controls*	17(pp)
Significance means the relative importance of a matter, within the context in which it is being considered, that could potentially influence the decisions of the intended users of the assurance report.	ASAE 3500 *Performance Engagements*	18(t)
Significant class of transactions, account balance or disclosure means a class of transactions, account balance or disclosure for which there is one or more relevant assertions.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(k)
Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance.	ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*	6(b)

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Terms	Source(s)	Source para.
Significant facility means a facility that is of individual significance due to the size of its emissions relative to the aggregate emissions included in the GHG statement or its specific nature or circumstances which give rise to particular risks of material misstatement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(t)
Significant risk means an identified risk of material misstatement: (i) For which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or (ii) That is to be treated as a significant risk in accordance with the requirements of other ASAs.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(l)
Single financial statement or specific element of a financial statement (in the context of ASA 805) includes the related disclosures.	ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*	6(c)
Sink means a physical unit or process that removes GHGs from the atmosphere.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(u)
Source means a physical unit or process that releases GHGs into the atmosphere.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(v)
Special purpose financial report means a complete set of financial statements, including an assertion statement by those responsible for the financial report, prepared in accordance with a special purpose framework.	ASA 800 *Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*	Aus 6.1
Special purpose financial statements mean financial statements prepared in accordance with a special purpose framework.	ASA 800 *Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*	6(a)

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Terms	Source(s)	Source para.
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(j)
Special purpose framework means a financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework.	ASA 800 *Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*	6(b)
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(k)
Special purpose water accounting report means a water accounting report tailored to the information needs of a user able to command this information.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(gg)
Specific control objective means control objective expressed in sufficient detail such that controls can be designed to achieve that objective directly without further breakdown.	ASAE 3150 *Assurance Engagements on Controls*	17(qq)
Staff means professionals, other than partners, including any experts the firm employs.	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*	16(w)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(m)

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Terms	Source(s)	Source para.
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ba)
Stated basis of preparation means the basis on which the responsible party has chosen to prepare the financial information that is acceptable in view of the nature and objective of the document, or as required by applicable law or regulation. A stated basis of preparation may include: (i) the recognition and measurement principles contained in the Australian Accounting Standards (but not all the presentation and disclosure requirements), and the entity's adopted accounting policies; (ii) recognition and measurement principles contained in the Australian Accounting Standards adjusted by pro forma adjustments, selected for the purpose for which the pro forma financial information (i.e. non-IFRS financial information) is presented; (iii) recognition and measurement principles other than those contained in Australian Accounting Standards; or (iv) a basis selected by the responsible party, in order to present the financial information for its intended purpose.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(dd)
Statement means the outcome in writing of the responsible party or evaluator's evaluation of compliance with the compliance requirements, provided to the assurance practitioner in an attestation engagement. A Statement is the subject matter information in an attestation engagement on compliance.	ASAE 3100 *Compliance Engagements*	17(z)
Statement (in the context of ASAE 3150) means the outcome in writing of the responsible party or evaluator's evaluation of the suitability of the design of controls to achieve the control objectives, and, if included in the scope of the engagement, the fair presentation of the description of the system, implementation of controls as designed or operating effectiveness of controls as designed, provided to the assurance practitioner in an attestation engagement. A Statement is the subject matter information in an attestation engagement on controls.	ASAE 3150 *Assurance Engagements on Controls*	17(rr)

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Terms	Source(s)	Source para.
Statistical sampling means an approach to sampling that has the following characteristics: (i) Random selection of the sample items; and (ii) The use of probability theory to evaluate sample results, including measurement of sampling risk. A sampling approach that does not have characteristics (i) and (ii) is considered non-statistical sampling.	ASA 530 *Audit Sampling*	5(g)
Stratification means the process of dividing a population into sub-populations, each of which is a group of sampling units which have similar characteristics (often monetary value).	ASA 530 *Audit Sampling*	5(h)
Subject matter means the phenomenon that is measured or evaluated by applying criteria. In the context of a performance engagement the subject matter is the responsible party or parties' performance of an activity as evaluated against the identified criteria.	ASAE 3500 *Performance Engagements*	18(u)
Subject matter information means the outcome of the measurement or evaluation of the underlying subject matter against the criteria, i.e., the information that results from applying the criteria to the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(x)
Subject matter information (in the context of ASAE 3150) means the outcome of the measurement or evaluation of the underlying subject matter against the criteria. In an assurance engagement on controls the subject matter information is the Statement of the responsible party or evaluator in an attestation engagement or the assurance practitioner's conclusion in a direct engagement, providing the outcome of their evaluation.	ASAE 3150 *Assurance Engagements on Controls*	17(ss)
Subject matter information (in the context of ASAE 3610) means the information that results from applying the criteria to the underlying subject matter. The subject matter information in an engagement conducted under this Standard is the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(hh)
Subject matter or underlying subject matter means the controls within the system designed to achieve the control objectives, and, if included in the scope of the engagement, the description of the system, the controls implemented or the controls in operation.	ASAE 3150 *Assurance Engagements on Controls*	17(tt)
Subsequent events mean events occurring between the date of the financial report and the date of the auditor's report, and facts that become known to the auditor after the date of the auditor's report.	ASA 560 *Subsequent Events*	5(d)

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Terms	Source(s)	Source para.
Subsequent events (in the context of ASAE 3450) mean events or facts that become known to the assurance practitioner after the date of the assurance report and prior to the relevant date.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(ee)
Subservice organisation means a service organisation used by another service organisation to perform some of the services provided to user entities that are part of those user entities' information systems relevant to financial reporting.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(g)
Subservice organisation (in the context of ASAE 3402) means a service organisation used by another service organisation to perform some of the services provided to user entities that are likely to be relevant to user entities' internal control as it relates to financial reporting.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(p)
Substantive procedure means an audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise: (i) Tests of details (of classes of transactions, account balances, and disclosures); and (ii) Substantive analytical procedures.	ASA 330 *The Auditor's Responses to Assessed Risks*	4(a)
Substantive procedures mean procedures designed to detect material misstatements. Substantive procedures comprise tests of details and analytical procedures.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bb)
Sufficiency (of audit evidence) means the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.	ASA 500 *Audit Evidence*	5(f)
Summary financial statements mean historical financial information that is derived from a financial report, or complete set of financial statements, but that contains less detail than the financial report, while still providing a structured representation consistent with that provided by the financial report of the entity's economic resources or obligations at a point in time or the changes therein for a period of time. Different jurisdictions may use different terminology to describe such historical financial information.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(c)
Sustainability competence means competence in the sustainability matters that are the subject of the sustainability assurance engagement and in their measurement or evaluation.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bc)

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Terms	Source(s)	Source para.
Sustainability information means information about sustainability matters. For purposes of the ASSAs: (a) Sustainability information results from measuring or evaluating sustainability matters against the criteria. (b) Sustainability information that is the subject of the assurance engagement is the equivalent of "subject matter information" in other AUASB assurance standards. (c) References to "sustainability information to be reported" are intended to relate to the entirety of the sustainability information to be reported by the entity, and are used primarily in the context of the practitioner's preliminary knowledge of the engagement circumstances. (d) If the assurance engagement does not cover the entirety of the sustainability information reported by the entity, the term "sustainability information" is to be read as the information that is subject to assurance.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bd)
Sustainability matters mean environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting sustainability information. For purposes of the ASSAs, sustainability matters being measured or evaluated in accordance with the criteria are the equivalent of "underlying subject matter" in other AUASB assurance standards.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(be)
Sustainability Report means a sustainability report required under section 292A of the Act (see section 9 of the Act).	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(j)
Sustainability Standards mean those standards made for the purposes of the Act pursuant to section 336A of the Act.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(k)
System means the function or service at the entity, location or operational facility for which the controls are being reported upon by the assurance practitioner.	ASAE 3150 *Assurance Engagements on Controls*	17(uu)

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Terms	Source(s)	Source para.
System of internal control means the system designed, implemented and maintained by those charged with governance, management and other personnel, to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. For the purposes of the ASAs, the system of internal control consists of five inter-related components: (i) Control environment; (ii) The entity's risk assessment process; (iii) The entity's process to monitor the system of internal control; (iv) The information system and communication; and (v) Control activities.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(m)
System of internal control means the system designed, implemented and maintained by those charged with governance, management and other entity personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to sustainable business activities and the reliability of sustainability reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations related to sustainability matters. The term "controls" refers to policies or procedures that an entity establishes to achieve the control objectives of management or those charged with governance, relating to any aspects of one or more of the components of the system of internal control.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bf)
System of quality management means a system designed, implemented and operated by a firm to provide the firm with reasonable assurance that: (i) The firm and its personnel fulfill their responsibilities in accordance with AUASB standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and (ii) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.	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*	16(x)

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Terms	Source(s)	Source para.
Takeover means the acquisition of control of listed or unlisted entities conducted in accordance with Chapter 6 of the *Corporations Act 2001*.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(ff)
Test of controls means an audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.	ASA 330 *The Auditor's Responses to Assessed Risks*	4(b)
Test of controls (in the context of ASAE 3150) means a procedure designed to evaluate the design, description, implementation or operating effectiveness of controls in achieving the identified control objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(vv)
Test of controls (in the context of ASAE 3402) means a procedure designed to evaluate the operating effectiveness of controls in achieving the control objectives stated in the service organisation's description of its system.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(q)
The Code means: (a) for sustainability assurance engagements, 'the Code' as defined in ASSA 5000; and (b) for engagements other than sustainability assurance engagements, APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board.	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*	Aus 16.9
	ASQM 2 *Engagement Quality Reviews*	Aus 13.2(e)
The Code refers to the following applicable version of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited in November 2018 (APES 110): (a) APES 110 incorporating all amendments to June 2024 for: (i) Information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* – For periods beginning 1 January 2025 to 31 December 2025 and as at the end of that period;	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(i) and Aus 18.1

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Terms	Source(s)	Source para.
(ii) All other engagements – As at 31 December 2025 and for periods ending on that date, except where the period commenced before 1 January 2025; (b) APES 110 incorporating all amendments to July 2025 for: (i) Information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* – For periods beginning on or after 1 January 2026 and as at the end of that period; (ii) For all other engagements – As at a specific date on or after 1 January 2026 and for periods ending on that date, except where the period commenced before 1 January 2025, except that any later effective dates and any transitional provisions in APES 110 continue to apply.		
Those charged with governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(o)
	ASA 260 *Communication With Those Charged with Governance*	10(a)
Those charged with governance (in the context of ASAE 3610) means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of an entity and obligations related to the accountability of the entity. For the purposes of this Standard, those charged with governance refers to those with overall responsibility for, and obligations related to, the preparation and presentation of the general purpose water accounting report, including overseeing the water accounting and reporting process. For some entities, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(ii)

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Terms	Source(s)	Source para.
Those charged with governance (in the context of ASSA 5000) means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the sustainability reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner–manager.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bg)
Tolerable misstatement means a monetary amount set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the monetary amount set by the auditor is not exceeded by the actual misstatement in the population.	ASA 530 *Audit Sampling*	5(i)
Tolerable rate of deviation means a rate of deviation from prescribed internal control procedures set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the rate of deviation set by the auditor is not exceeded by the actual rate of deviation in the population.	ASA 530 *Audit Sampling*	5(j)
Tolerable rate of deviation (in the context of ASAE 3150) means a rate of deviation in the operation of control procedures as designed in respect of which the assurance practitioner seeks to obtain an appropriate level of assurance that the rate of deviation set by the assurance practitioner is not exceeded by the actual rate of deviation in the population.	ASAE 3150 *Assurance Engagements on Controls*	17(ww)
Type of emission means a grouping of emissions based on, for example, source of emission, type of gas, region, or facility.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(w)
Unadjusted financial information means historical financial information of the entity to which pro forma adjustments are applied by the responsible party.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	Aus 11.3
Uncorrected misstatements mean misstatements that the auditor has accumulated during the audit and that have not been corrected.	ASA 450 *Evaluation of Misstatements Identified during the Audit*	4(b)

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Terms	Source(s)	Source para.
Uncorrected misstatements (in the context of ASSA 5000) mean misstatements that the practitioner has accumulated during the assurance engagement and that have not been corrected.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bh)
Underlying subject matter means the phenomenon that is measured or evaluated by applying criteria.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(y)
Underlying subject matter (in the context of ASAE 3610) means the subject matter that is measured or evaluated by applying criteria. In an engagement conducted under this Standard the underlying subject matter is the water assets, water liabilities, changes in water assets and water liabilities, and water flows of a water report entity.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(jj)
Underwriter means any person or their agent who has purchased, or intends to purchase securities from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking. This ASRS also uses the term underwriter to refer to the managing or lead underwriter who ordinarily negotiates the underwriting agreement on behalf of a group of underwriters whose exact composition is not determined until shortly before an offering document becomes effective. The underwriters may or may not be named in the offering document, and are commonly the requesting parties.	ASRS 4450 *Comfort Letter Engagements*	10(w)
Underwriting agreement means a formal agreement between the underwriter(s) and the responsible party of the entity with respect to the entity's offering document. It may specify the form and content of the comfort letter to be requested of the auditor, or that the form and content is to be specified by the requesting parties at a later time. The auditor is not a party to the underwriting agreement.	ASRS 4450 *Comfort Letter Engagements*	10(x)
Unmodified opinion means the opinion expressed by the auditor when the auditor concludes that the financial report is prepared, in all material respects, in accordance with the applicable financial reporting framework.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(c)
User auditor means an auditor who audits and reports on the financial report of a user entity.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(h)

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Terms	Source(s)	Source para.
User auditor (in the context of ASAE 3402) means an auditor who audits and reports on the financial report/statements of a user entity. In the case of a subservice organisation, the service auditor of a service organisation that uses the services of the subservice organisation is also a user auditor.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(r) and Aus 9.1
User entity means an entity that uses a service organisation and whose financial report is being audited.	ASA 402 *Audit Considerations Relating to an Entity Using a Service Organisation*	8(i)
User entity (in the context of ASAE 3150 and ASAE 3402) means an entity that uses a service organisation.	ASAE 3150 *Assurance Engagements on Controls*	17(xx)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(s)
Variation means an instance where the actual performance of the activity varies from the identified criteria.	ASAE 3500 *Performance Engagements*	18(v)
Water means the liquid that descends from clouds as rain and forms streams, lakes, groundwater aquifers and seas. Water is a chemical compound comprising two atoms of hydrogen and one atom of oxygen. Water may exist in solid, liquid or gaseous form.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(kk)
Water accounting report means either a general purpose water accounting report or a special purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(ll)
Water accounting statements comprise the statement of water assets and water liabilities, the statement of changes in water assets and water liabilities, and the statement of water flows.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(mm)
Water asset means water, or the rights or other claims to water, which the water report entity holds or transfers, and from which the water report entity, or stakeholders of the water report entity, derive future benefits.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(nn)

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Terms	Source(s)	Source para.
Water entity means an entity that: (i) Holds or transfers water, or (ii) Holds or transfers rights or other direct or indirect claims to water, or (iii) Has inflows and/or outflows of water.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(oo)
Water liability means a present obligation of the water report entity, the discharge of which is expected to result in a decrease in the water report entity's water assets or an increase in another water liability.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(pp)
Water report entity means a water entity in respect of which it is reasonable to expect the existence of users who depend on general purpose water accounting reports for information about water, or rights or other claims to water, which will be useful to them for making and evaluating decisions about the allocation of resources.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(qq)
Written representation means a written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include the financial report, the assertions therein, or supporting books and records.	ASA 580 *Written Representations*	7

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AUASB Meeting 180
Agenda Paper 8.2

~~Last updated October 2018~~

(November 2026)

AUASB Glossary



Issued by the **Auditing and Assurance Standards Board**
~~Australian Government~~
~~Auditing and Assurance Standards Board~~

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PREFACE

Reasons for Issuing AUASB Glossary

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 227B of the ASIC Act, the AUASB may formulate pronouncements for other purposes. Accordingly, the AUASB issues the AUASB Glossary, under its powers described in section 227B of the ASIC Act.

~~**The** *AUASB Glossary* **is not issued under the** *Corporations Act 2001*.~~

Main Features

The AUASB Glossary sets out terms defined, or used in, the suite of AUASB Standards.

The AUASB Glossary does not itself establish mandatory requirements for the performance of audit, sustainability assurance, review, other assurance or related services engagements.

The source(s) of terms in this Glossary is (are) indicated beside each term using the full name of the source standard(s) and paragraph. ~~Where no source is indicated, a term has been retained in the Glossary because it provides useful guidance to the auditor, although it may not be defined in the AUASB standards.~~

A term may have more than one definition and should be read in the context of the AUASB Standard to which it applies. Such terms are notated with bracketed words indicating the relevant standard – for example, "(in the context of ~~ASQC~~ASQM 1)".

~~Operative Date~~

~~The~~This AUASB Glossary (~~***September 2018)*** is operative from 12 September 2018 and from that date replaces~~November 2026) will replace the ~~extant~~current AUASB Glossary ~~***(October 2009).***~~

~~The AUASB intends to update~~issued by the AUASB ~~***Glossary*** periodically~~in September 2018.

Other Matters

When accounting terms have not been defined in the AUASB Standards, reference should be made to the Glossary of Defined Terms published by the Australian Accounting Standards Board (AASB).

The AASB Glossary of Defined Terms is available on the AASB website: http://www.aasb.gov.au/.

The AUASB Glossary contains differences from the Glossary of Terms issued by the International Auditing and Assurance Standards Board (IAASB), which have been made to reflect the terms defined in the suite of AUASB Standards. The paragraphs indicated beside such terms are identified with the prefix "Aus".

The IAASB Glossary of Terms is available on the IAASB website: http://www.iaasb.org/.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates *AUASB Glossary* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

~~12 September 2018~~

~~R Simnett~~ Dated: 11 November 2026
D Niven
Chair - AUASB

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AUASB GLOSSARY

Terms	Source(s)	Source para.
AASB S2 means Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(a)
Access control means procedures designed to restrict access to on-line terminal devices, programs and data. Access controls consist of "user authentication" and "user authorisation". "User authentication" typically attempts to identify a user through unique logon identifications, passwords, access cards or biometric data. "User authorisation" consists of access rules to determine the computer resources each user may access. Specifically, such procedures are designed to prevent or detect: Unauthorised access to on-line terminal devices, programs and data; Entry of unauthorised transactions; Unauthorised changes to data files; The use of computer programs by unauthorised personnel; and The use of computer programs that have not been authorised.	IAASB Glossary	
Accounting estimate means an approximation of a monetary amount in for which the absence measurement, in accordance with the requirements of a the precise applicable meansfinancial ofreporting measurement. This termframework, is usedsubject for an amount measured at fair value where there isto estimation uncertainty, as well as for other amounts that require estimation. Where this Auditing Standard addresses only accounting estimates involving measurement at fair value, the term fair value accounting estimates is used.	ASA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures	712(a)
Accounting records meansmean the records of initial accounting entries and supporting records, such as cheques and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial report that are not reflected in journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.	ASA 500 *Audit Evidence*	5(a)
Activity means aan governmentaspect of an entity's operations such as the achievement of strategic objectives or privatelegislative sectorrequirements provisionor the delivery of productsa product, service or services,programme. system,An operation, function or	ASAE 3500 *Performance Engagements*	1618(a)

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~~program which~~activity may be conducted within a single entity or across multiple entities, departments, agencies, joint ventures or other organisations, within a single jurisdiction or across multiple jurisdictions.		
Activity's performance means the responsible party or parties' performance of the activity being reported on (that is, the subject matter for the performance engagement).	ASAE 3500 *Performance Engagements*	18(b)
Addressees ~~means~~mean the parties to whom the auditor addresses the comfort letter, and includes the requesting parties and the responsible party of the entity.	ASRS 4450 *Comfort Letter Engagements*	10(b)
Aggregation risk means the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial report as a whole.	ASA 320 *Materiality in Planning and Performing an Audit*	9(b)
	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(a)
Agreed-upon procedures mean procedures that have been agreed to by the practitioner and the engaging party (and if relevant, other parties).	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(a)
Agreed-upon procedures engagement means an engagement in which a practitioner is engaged to carry out procedures to which the practitioner and the engaging party (and if relevant, other parties) have agreed and to communicate the procedures performed and the related findings in an agreed-upon procedures report.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(b)
Analytical procedures *~~means~~mean evaluations of financial information through analysis of plausible relationships among both financial and ~~nonfinancial~~non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.*	ASA *520 Analytical Procedures*	4
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(a)

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Analytical procedures (in the context of ASSA 5000) mean evaluations of sustainability information through analysis of plausible relationships among both quantitative and qualitative data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(a)
Annual report means a document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial report. An annual report contains or accompanies the financial report and the auditor's report thereon and usually includes information about the entity's developments, its future outlook and risks and uncertainties, a statement by the entity's governing body, and reports covering governance matters.	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(a)
Anomaly means a misstatement or deviation that is demonstrably not representative of misstatements or deviations in a population.	ASA 530 *Audit Sampling*	5(e)
Anomaly (in the context of ASAE 3150) means a deviation in a sample that is demonstrably not representative of deviations in a population.	ASAE 3150 *Assurance Engagements on Controls*	17(b)
Another practitioner means a firm, other than the practitioner's firm, that performs work that the practitioner intends to use for purposes of the sustainability assurance engagement and the practitioner is unable to be sufficiently and appropriately involved in that work. For purposes of the ASSAs: (a) The work of another practitioner that the practitioner may intend to use for purposes of the sustainability assurance engagement is performed in the context of a separate engagement. (b) Individuals from another practitioner who perform the work are not members of the engagement team as they are not performing procedures on the sustainability assurance engagement. Such individuals are also not practitioner's experts. (c) References to using the work of another practitioner include, when applicable, work performed by individuals from that other firm.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(b)

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Applicable criteria (in the context of ASAE 3410) ~~means~~mean the criteria used by the entity to quantify and report its emissions in the ~~Greenhouse Gas (~~GHG~~)~~ statement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(a)
Applicable criteria (in the context of ASAE 3420) ~~means~~mean the criteria used by the responsible party when compiling the pro forma financial information. Criteria may be established by applicable law or regulation or in the absence of established criteria, be developed by the responsible party.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(a)
Applicable criteria (in the context of ASAE 3610) ~~means~~mean the specific criteria used by the responsible party in preparing and presenting the general purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports~~ and Australian Water Accounting Standard (AWAS 2)~~	15(a)
Applicable criteria (in the context of ASSA 5000) mean the criteria used for the particular sustainability assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(c)
Applicable financial reporting framework means the financial reporting framework adopted by management and, where appropriate, those charged with governance in the preparation of the financial report that is acceptable in view of the nature of the entity and the objective of the financial report, or that is required by law or regulation. The term "fair presentation framework" means a financial reporting framework that requires compliance with the requirements of the framework and: (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(a)

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The term "compliance framework" means a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (~~a~~i) or (~~b~~ii) above.		
Applicable financial reporting framework (in the context of ASA 600) means the financial reporting framework that applies to the group financial report.	ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)	~~10~~15
Applicable financial reporting framework *(in the context of ASRE 2410) means a financial reporting framework adopted by management, and where appropriate, those charged with governance, in the preparation of the financial report that is ~~designed~~acceptable ~~to~~in ~~achieve~~view of the nature of the entity and the objective of the financial report, or that is required by law or regulation. The financial reporting framework may be a fair presentation framework or a compliance framework*. The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and; (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of a financial report, it may be necessary for management to provide disclosures beyond those specifically required by the framework; or (ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(c)
Applicable financial reporting framework (in the context of ASRS 4450) means the financial reporting framework adopted by the entity in the preparation of general or special purpose financial information of the entity that is acceptable based on the nature of the entity or as required by applicable law or regulation. In Australia, an applicable financial reporting framework that may be used in preparing such financial information is represented by the	ASRS 4450 *Comfort Letter Engagements*	10(a)

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Australian Accounting Standards which are International Financial Reporting Standards (IFRS) compliant (as issued by the International Accounting Standards Board), or applicable law, such as the *Corporations Act 2001*. Other frameworks that may be used are the International Financial Reporting Standards, issued by the International Accounting Standards Board and the Generally Accepted Accounting Principles of the United States.		
~~***Application controls in information technology*** means manual or automated procedures that typically operate at a business process level. Application controls can be preventative or detective in nature and are designed to ensure the integrity of the accounting records. Accordingly, application controls relate to procedures used to initiate, record, process and report transactions or other financial data.~~	~~IAASB Glossary~~	
Applied criteria (in the context of ASA 810) means the criteria applied by management in the preparation of the summary financial statements.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(a)
Appropriate party(ies) (in the context of ASAE 3000) means the responsible party, the measurer or evaluator, or the engaging party, as appropriate.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	13
Appropriate party(ies) (in the context of ASSA 5000) means management or those charged with governance, as appropriate, or the engaging party, if different.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(d)
Appropriateness (of audit evidence) means the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.	ASA 500 *Audit Evidence*	5(b)
~~***Appropriateness*** (of audit evidence) means the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.~~	~~ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*~~	~~13(b)(ii)~~

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Arm's length transaction means a transaction conducted on such terms and conditions as between a willing buyer and a willing seller who are unrelated and are acting independently of each other and pursuing their own best interests.	ASA 550 *Related Parties*	10(a)
Assertions ~~means~~mean representations ~~by management and those charged with governance~~, explicit or otherwise, ~~that~~with ~~are~~respect ~~embodied~~to the recognition, measurement, presentation and disclosure of information in the financial report~~, as~~which are inherent in management representing that the financial report is prepared in accordance with the applicable financial reporting framework. Assertions are used by the auditor to consider the different types of potential misstatements that may occur when identifying, assessing and responding to the risks of material misstatement.	ASA 315 Identifying and Assessing the Risks of Material Misstatement ~~through Understanding the Entity and Its Environment~~	~~4~~12(a)
Assertions (in the context of ASAE 3410) ~~means~~mean representations by the entity, explicit or otherwise, that are embodied in the GHG statement, as used by the assurance practitioner to consider the different types of potential misstatements that may occur.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(b)
Assertions (in the context of ASAE 3610) ~~means~~mean representations by the responsible party, explicit or otherwise, that are embodied in the general purpose water accounting report, as used by the assurance practitioner to consider the different types of potential misstatements that may occur.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(b)
Assertions (in the context of ASSA 5000) mean representations by the entity, explicit or otherwise, that are embodied in the sustainability information, as used by the practitioner to consider the different types of potential misstatements that may occur.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(e)
~~***Association*** (see *Auditor association with financial information*)~~		
~~***Assess*** means to analyse identified risks to conclude on their significance. "Assess," by convention, is used only in relation to risk. (also see *Evaluate*)~~	~~IAASB Glossary~~	
Assumptions ~~means~~mean expectations made by the responsible party as to future events and actions expected to take place as at the date the prospective financial information is prepared and exclude hypothetical assumptions, unless otherwise stated.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(a)

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~~***Assurance*** (see *Limited assurance* and *Reasonable assurance*)~~		
Assurance engagement means an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria. ~~(see Reasonable assurance engagement and Limited assurance engagement).~~	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*	Aus 16.1
~~***Assurance engagement*** means an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria. (see *Reasonable assurance engagement* and *Limited assurance engagement*).~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.1~~
Assurance engagement (in the context of ASAE 3000 and ASAE 3610) means an engagement in which ~~a~~an assurance practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). Each assurance engagement is classified on two dimensions: (i) Either a reasonable assurance engagement or a limited assurance engagement: a. Reasonable assurance engagement – An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria. b. Limited assurance engagement – An assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	12(a) 15(c)

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matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential. (ii) Either an attestation engagement or a direct engagement: a. Attestation engagement – An assurance engagement in which a party other than the assurance practitioner measures or evaluates the underlying subject matter against the criteria. A party other than the assurance practitioner also often presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the assurance practitioner in the assurance report. In an attestation engagement, the assurance practitioner's conclusion addresses whether the subject matter information is free from material misstatement. The assurance practitioner's conclusion may be phrased in terms of: (i) The underlying subject matter and the applicable criteria; (ii) The subject matter information and the applicable criteria; or (iii) A statement made by the appropriate party. b. Direct engagement – An assurance engagement in which the assurance practitioner measures or evaluates the underlying subject matter against the applicable criteria and the assurance practitioner presents the resulting subject matter information as part of, or accompanying, the assurance report. In a direct engagement, the assurance practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.		
Assurance engagement (in the context of ASSA 5000) means an engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users about the sustainability information. Each assurance engagement is either a:	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(f)

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(a) Reasonable assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the sustainability matters against the applicable criteria; or (b) Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the sustainability information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential.		
~~***Assurance engagement risk*** means the risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.~~	~~IASSB Glossary~~	
Assurance practitioner means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform ~~agreedupon~~agreed-upon procedures). The term 'assurance practitioner' is referred to in ASRS 4400 as 'practitioner'.	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*	Aus 16.2
	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(a)
~~***Assurance practitioner*** means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements,~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of*~~	~~Aus 12.2~~

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~~or related services engagements (including engagements to perform agreed-upon procedures).~~	~~*Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	
Assurance practitioner (in the context of ASA ~~220~~101) means ~~a~~an ~~person~~individual, firm, or ~~an~~other organisation, whether in public practice, industry~~,~~ and commerce, or the public sector, ~~providing~~conducting assurance engagements or related services engagements.	ASA 101 *Preamble to AUASB Standards*	10(a)
~~***Assurance practitioner*** (in the context of ASA 220) means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services.~~	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~Aus 7.1~~
Assurance practitioner (in the context of ASAE 3000 and ASAE 3610) means the individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting an assurance engagement. Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the "lead assurance practitioner" rather than the "assurance practitioner" is used.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.1
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(d)
Assurance practitioner (in the context of ASAE 3500) means ~~an the~~ individual or firm or other organisation, whether in public practice, industry and commerce~~,~~ or the public sector, providing assurance services including performance engagements. ~~Where this ASAE expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term the "lead assurance practitioner" rather than "assurance practitioner" is used.~~	ASAE 3500 *Performance Engagements*	~~16~~18(~~b~~c)
Assurance practitioner (in the context of ASRE 2400) means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services. The term includes the engagement partner or other members of the engagement team, or, as applicable, the firm. Where this ASRE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(l)

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than "assurance practitioner" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.		
~~***Assurance practitioner*** (in the context of ASAE 3610) means the individual, firm or other organisation, whether in public practice, industry and commerce, or the public sector, conducting an assurance engagement. Where this Standard expressly intends that a requirement or responsibility be fulfilled by the lead assurance practitioner, the term "lead assurance practitioner" rather than "assurance practitioner" is used.~~	~~ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports and Australian Water Accounting Standard* (AWAS 2)~~	~~15(d)~~
~~***Assurance practitioner*** (in the context of ASRS 4400) means a person or an organisation, whether in public practice, industry, commerce or the public sector, involved in the provision of assurance services.~~	~~ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*~~	~~12~~
Assurance practitioner's expert means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the assurance practitioner to assist the assurance practitioner in obtaining sufficient appropriate evidence. An assurance practitioner's expert may be either an assurance practitioner's internal expert (who is a partner or staff, including temporary staff, of the assurance practitioner's firm or a network firm), or an assurance practitioner's external expert.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.2
	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(e)
Assurance report means a written report prepared by an independent assurance practitioner that provides assurance on a single type of financial information (individual assurance report) or on multiple types of financial information (either a composite assurance report or separate assurance reports for each type of financial information). When prepared in connection with a fundraising it is often referred to as an "Independent Assurance Report" or "Investigating Accountant's Report".	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(b)
Assurance skills and techniques ~~means~~mean those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(b)

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	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(f)
Assurance skills and techniques (in the context of ASSA 5000) mean planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from the expertise in sustainability matters or their evaluation or measurement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(g)
Attestation engagement means an assurance engagement in which a party other than the assurance practitioner measures or evaluates the underlying subject matter against the criteria. ~~The~~A ~~outcome~~party ~~of~~other ~~that~~than ~~measurement~~the ~~or~~assurance ~~evaluation~~practitioner ~~is~~also often ~~presented~~presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the assurance practitioner in the assurance report. In an attestation engagement, the assurance practitioner's conclusion addresses whether the subject matter information is free from material misstatement.	ASAE 3500 *Performance Engagements*	~~16~~18(~~e~~d)
Attestation engagement (in the context of ASSA 5000) means an assurance engagement in which a party other than the practitioner measures or evaluates the sustainability matters against the applicable criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(h)
Attestation engagement on compliance means a reasonable or limited assurance engagement in which a party other than the assurance practitioner, being the responsible party or evaluator evaluates compliance with the compliance requirements. The outcome of that evaluation is provided in a Statement, which may either be available to the intended users or may be presented by the assurance practitioner in the assurance report. In an attestation engagement on compliance, the assurance practitioner's conclusion addresses whether the Statement is free from material misstatement. The assurance practitioner's conclusion may be phrased in terms of: (i) The compliance outcome and the criteria; or (ii) A Statement made by the appropriate party.	ASAE 3100 *Compliance Engagements*	17(a)

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Attestation engagement on controls means a reasonable or limited assurance engagement in which a party other than the assurance practitioner, being the responsible party or evaluator, evaluates the design against the control objectives, and, if included in the scope of the engagement, the description, implementation or operating effectiveness of controls, against the design. The outcome of that evaluation is provided in a Statement, which may either be available to the intended users or may be presented by the assurance practitioner in the assurance report. The assurance practitioner's conclusion may be phrased in terms of: (i) the design, and/or description, implementation or operating effectiveness of controls and the control objectives; or (ii) the Statement of the responsible party or evaluator.	ASAE 3150 *Assurance Engagements on Controls*	17(a)
AUASB Standards means standards issued by the AUASB, comprising: (i) Australian Auditing Standards (ASAs) – as defined in paragraph 10(c); (ii) Australian Standards on Review Engagements (ASREs); (iii) Australian Standards on Assurance Engagements (ASAEs); (iv) Australian Standards on Sustainability Assurance (ASSAs). (v) Australian Standards on Related Services (ASRSs); and (vi) Australian Standards on Quality Management (ASQMs) ***AUASB Standards made under section 336 of the Act***, include: (i) 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*; (ii) ASQM 2 *Engagement Quality Reviews*; (iii) ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*; (iv) ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*; (v) ASSA 5000 *General Requirements for Sustainability Assurance Engagements*; and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.	ASA 101 *Preamble to AUASB Standards*	10(b) & 10(d)

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AUASB Standards mean standards issued by the AUASB, comprising: (a) Australian Auditing Standards, which means the suite of auditing standards issued by the AUASB, comprising: • Auditing Standards made under section 336 of the *Corporations Act 2001*; • ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and • ASA 810 *Engagements to Report on Summary Financial Statements.* (b) Australian Standards on Review Engagements; (c) Australian Standards on Assurance Engagements; (d) Australian Standards on Sustainability Assurance; and (e) Australian Standards on Related Services.	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*	Aus 16.7
AUASB Standards means standards issued by the Auditing and Assurance Standards Board (AUASB) comprising: (i) Australian Auditing Standards ~~which means the suite of auditing standards issued by the AUASB, comprising:~~ ~~ASA 810 Engagements to Report on Summary Financial Statements.~~ ~~ASA 805 Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement; and~~ ~~Auditing Standards made under section 336 of the Corporations Act 2001;~~ (ii) Standards on Review Engagements; (iii) Standards on Assurance Engagements; and (iv) Standards on Related Services.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(c)
~~***AUASB Standards*** means standards issued by the AUASB, comprising:~~ (i) ~~Australian Auditing Standards which means the suite of auditing standards issued by the AUASB, comprising:~~ (i) ~~Auditing Standards made under section 336 of the *Corporations Act 2001*;~~ (ii) ~~ASA 805 *Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.11~~

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(iii) ~~ASA 810 *Engagements to Report on Summary Financial Statements*.~~ (ii) ~~Standards on Review Engagements;~~ (iii) ~~Standards on Assurance Engagements; and~~ (iv) ~~Standards on Related Services.~~		
Audit documentation means the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "working papers" or "workpapers" are also sometimes used).	ASA 230 *Audit Documentation*	6(a)
~~***Audit engagement*** (see *Reasonable assurance engagement*)~~		
Audit evidence means information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial report and other information. For purposes of the Australian Auditing Standards: (i) Sufficiency of audit evidence is the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence. (ii) Appropriateness of audit evidence is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(b)
Audit evidence (in the context of ASA 500) means information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial report and information obtained from other sources.	ASA 500 *Audit Evidence*	5(c)
Audit file means one or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.	ASA 230 *Audit Documentation*	6(b)
~~***Audit Opinion*** (see *Modified opinion* and *Unmodified opinion*)~~		
~~***Audit firm*** (see *Firm*)~~		

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Audit risk means the risk that the auditor expresses an inappropriate audit opinion when the financial report is materially misstated. Audit risk is a function of the risks of material misstatement and detection risk.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(c)
Audit sampling *(sampling)* means the application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.	ASA 530 *Audit Sampling*	5(a)
Audited financial report means ~~a~~ financial report audited by the auditor in accordance with Australian Auditing Standards, and from which the summary financial statements are derived.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(b)
~~***Auditing Standards*** means auditing standards made under section 336 of the *Corporations Act 2001* (the "Act"), and include:~~ ~~• ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*; and~~ ~~• ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.~~ ~~(see *Australian Auditing Standards*)~~	~~ASA 101 *Preamble to Australian Auditing Standards*~~	~~8(a)~~
Auditor means the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. Where an Auditing Standard expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "auditor" is used. "Engagement partner" and "firm" are to be read as referring to their public sector equivalents where relevant.	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(b)
	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(d)

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Auditor (in the context of ASRE 2415) means a registered company auditor or an individual: (a) taken to be a registered company auditor under section 324BE of the Act; and/or (b) permitted under the ACNC Act to conduct reviews of a financial report; and/or (c) permitted to conduct reviews of a financial report under other applicable legislation or regulation.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	7
Auditor (in the context of ASRS 4450) means the person or firm appointed to audit an entity's financial report.	ASRS 4450 *Comfort Letter Engagements*	10(c)
Auditor (in the context of ASSA 5010) means the audit firm, audit company or individual auditor of the entity for the purposes of Chapter 2M of the Act.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(b)
~~***Auditor association with financial information*** means an auditor is associated with financial information when the auditor attaches a report to that information or consents to the use of the auditor's name in a professional connection.~~	~~IAASB Glossary~~	
Auditor's expert means an individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence. An auditor's expert may be either an auditor's internal expert (who is a partner or staff, including temporary staff, of the auditor's firm or a network firm), or an auditor's external expert. ~~"Partner" and "firm" should be read as referring to their public sector equivalents where relevant.~~	ASA 620 *Using the Work of an Auditor's Expert*	6(a)
Auditor's point estimate or auditor's range means ~~the~~an amount, or range of amounts, respectively, ~~derived~~developed ~~from~~by ~~audit~~the ~~evidence for use~~auditor in evaluating management's point estimate.	ASA 540 Auditing Accounting Estimates~~, Including Fair Value Accounting Estimates,~~ and Related Disclosures	~~7~~12(b)
Auditor's statement means a statement made by the auditor that based on the procedures performed, nothing has come to the auditor's attention that caused the auditor to believe that specified matters do not meet specified criteria.	ASRS 4450 *Comfort Letter Engagements*	10(d)

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Australian Accounting Standards ~~means~~mean the Australian Accounting Standards issued by the Australian Accounting Standards Board.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 9.1
	ASA 805 Special Considerations~~—~~ Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	6(b)
Australian Auditing Standards ~~means~~mean the suite of auditing standards issued by the AUASB, comprising: (i) Auditing Standards made under section 336 of the *Corporations Act 2001*; (ii) ASA 805 *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and ~~(see Auditing Standards)~~ (iii) ASA 810 *Engagements to Report on Summary Financial Statements*.	ASA 101 Preamble to ~~Australian Auditing~~AUASB Standards	~~8~~10(~~b~~c)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	Aus ~~7~~12.~~5~~3
Australian Water Accounting Standards ~~means~~mean water accounting standards issued by the Bureau of Meteorology in accordance with its functions under the Commonwealth Water Act 2007.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(g)
Base financial information means financial information that is used as the starting point for the application of pro forma adjustments by the responsible party. Base financial information is ordinarily historical in nature, however, it can also be prospective (for example a profit forecast). It may or may not have been previously audited or reviewed. Base financial information may also be referred to as unadjusted or source financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(d)
Base year means a specific year or an average over multiple years against which an entity's emissions are compared over time.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(c)

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Bring down comfort letter means a letter prepared and issued by the auditor subsequent to the issuance of the initial comfort letter, that updates and reaffirms the results of the specified procedures described in that comfort letter as at a certain date.	ASRS 4450 *Comfort Letter Engagements*	10(e)
Business risk means a risk resulting from significant conditions, events, circumstances, actions or inactions that could adversely affect an entity's ability to achieve its objectives and execute its strategies, or from the setting of inappropriate objectives and strategies.	ASA 315 Identifying and Assessing the Risks of Material Misstatement ~~through Understanding the Entity and Its Environment~~	~~4~~12(b)
Cap and trade means a system that sets overall emissions limits, allocates emissions allowances to participants, and allows them to trade allowances and emission credits with each other.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(d)
~~***Carveout***~~***Carve-out method*** (in the context of ASAE 3150) means a method of dealing with controls operating at a third party, which are integral to the system or control component which is subject to the engagement, whereby that third party's relevant control objectives and related controls are excluded from the scope of the assurance practitioner's engagement. The scope of the assurance practitioner's engagement includes controls at the entity to monitor the effectiveness of controls which form part of the entity's system, operating at the third party.	ASAE 3150 *Assurance Engagements on Controls*	17(c)
~~***Carveout***~~***Carve-out method*** (in the context of ASAE 3402) means ~~a~~ method of dealing with the services provided by a subservice organisation, whereby the service organisation's description of its system includes the nature of the services provided by a subservice organisation, but that subservice organisation's relevant control objectives and related controls are excluded from the service organisation's description of its system and from the scope of the service auditor's engagement. The service organisation's description of its system and the scope of the service auditor's engagement include controls at the service organisation to monitor the effectiveness of controls at the subservice organisation, which may include the service organisation's review of an assurance report on controls at the subservice organisation.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(a)

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Change period means the period specified by the requesting parties ending on the ~~cutoff~~cut-off date and begins for balance sheet items, immediately after the date of the latest balance sheet, and for profit and loss items, immediately after the latest period for which such items are included in, or incorporated by reference, in the offering document and does not extend beyond the day before the date of the end of the entity's next financial reporting period.	ASRS 4450 *Comfort Letter Engagements*	10(f)
Closing date means the date on which the issuer of the securities or selling security holder delivers the securities to the underwriter in exchange for the proceeds of the offering.	ASRS 4450 *Comfort Letter Engagements*	10(g)
Comfort letter means a letter issued by an auditor in accordance with this ASRS under the terms of the engagement letter to requesting parties in relation to an entity's financial information related to, and/or included in an offering document.	ASRS 4450 *Comfort Letter Engagements*	10(h)
Company limited by guarantee means a company limited by guarantee whose obligations are set out in section 285A of the ~~ACNC~~ Act.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	6(a)
Comparative financial reports ~~means~~mean comparative information where amounts and other disclosures for the prior period are included for comparison with the financial report of the current period but, if audited, are referred to in the auditor's opinion. The level of information included in those comparative financial reports is comparable with that of the financial report of the current period.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(c)
Comparative information means the amounts and disclosures included in the financial report in respect of one or more prior periods in accordance with the applicable financial reporting framework. In accordance with the applicable financial reporting framework of the *Corporations Act 2001* and Australian Accounting Standards, comparative information refers to corresponding figures.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(a) Aus 6.1

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Comparative information (in the context of ASAE 3410) means the amounts and disclosures included in the GHG statement in respect of one or more prior periods.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(e)
Comparative information (in the context of ASAE 3610) means the volumes and disclosures included in the general purpose water accounting report in respect of one or more prior periods.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(h)
Comparative information (in the context of ASSA 5000) means the sustainability information presented for one or more prior periods.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(j)
Comparison date and comparison period means the dates as of which, and periods for which, data at the ~~cutoff~~cut-off date and data for the change period are to be compared.	ASRS 4450 *Comfort Letter Engagements*	10(i)
Compensating control means a control which makes up for a deficiency in another control in mitigating the risks that threaten achievement of a control objective.	ASAE 3150 *Assurance Engagements on Controls*	17(d)
Complementary user entity controls ~~means~~mean controls that the service organisation assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives, are identified in the description of its system.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(a)
Complementary user entity controls (in the context of ASAE 3150) ~~means~~mean controls that an entity, which is a service organisation, assumes, in the design of its service, will be implemented by user entities or clients, and which, if necessary to achieve control objectives stated in the entity's description of its system, are identified in that description.	ASAE 3150 *Assurance Engagements on Controls*	17(e)
Complementary user entity controls (in the context of ASAE 3402) ~~means~~mean controls that the service organisation assumes, in the design of its service, will be implemented by user entities, and which, if necessary to achieve control objectives stated in the service organisation's description of its system, are identified in that description.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(b)

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Complete set of financial statements means financial statements and related notes as determined by the requirements of the applicable financial reporting framework. For example, a complete set of financial statements as described in Accounting Standard AASB 101 ~~Presentation of Financial Statements~~ includes: (a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period;~~ and~~ (e) notes, comprising ~~a summary of significant~~material accounting ~~policies~~policy information and other explanatory information~~.~~; and (f) comparative information in respect of the preceding period, where applicable; and (g) a statement of financial position as at the beginning of the preceding period, if required.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	Aus 13.1
Complete ~~set~~Set of ~~financial~~Financial ~~statements~~Statements (in the context of ASRE 2400) means financial statements and related notes as determined by the requirements of the applicable financial reporting framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1(m)
~~***Compliance*** means adherence by the entity to the requirements as measured by the suitable criteria.~~	~~General definition~~	
Compliance activity (*subject matter* or *underlying subject matter*) means the activity that is undertaken to meet the compliance requirement(s).	ASAE 3100 *Compliance Engagements*	17(b)
Compliance engagement means an assurance engagement in which an assurance practitioner expresses a conclusion after evaluating an entity's compliance with the compliance requirements.	ASAE 3100 *Compliance Engagements*	17(c)
Compliance framework (in the context of ASAE 3100 – not relating to financial reporting) means a framework adopted by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.	ASAE 3100 *Compliance Engagements*	17(d)
~~***Compliance framework*** (relating to financial reporting) (see *Applicable financial reporting framework* and *General purpose framework*)~~		

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Compliance outcome (*subject matter information*) means the outcome of the evaluation of the underlying subject matter (compliance activity) against the compliance requirements, using the criteria. The compliance outcome is the Statement of the responsible party or evaluator in an attestation engagement on compliance, or the assurance practitioner's conclusion in a direct engagement on compliance, providing the outcome of their evaluation.	ASAE 3100 *Compliance Engagements*	17(e)
Compliance requirement(s) means the requirements established in law, regulations, other statutory requirements (e.g. ASIC Class Orders and Regulatory Guides and APRA Prudential Standards), contractual arrangements, ministerial directives, industry or professional obligations or internally via entity policies, procedures and frameworks.	ASAE 3100 *Compliance Engagements*	17(f)
Component means an entity, business unit, function or business activity ~~for which group,~~ or ~~component~~some ~~management~~combination ~~prepares~~thereof, ~~financial~~determined ~~information that should be included in~~by the group ~~financial~~auditor ~~report~~for purposes of planning and performing audit procedures in a group audit.	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~a~~b)
Component means an entity, business unit, function or business activity, or some combination thereof, within the reporting boundary, determined by the practitioner for purposes of planning and performing the sustainability assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(k)
Component auditor means an auditor who~~, at the request of the group engagement team,~~ performs audit work ~~on financial information~~ related to a component for purposes of the group audit. A component auditor is a part of the engagement team for a group audit.	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~b~~c)
Component management means management~~, or those charged with governance,~~ responsible for ~~the preparation of the financial information of~~ a component.	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~c~~d)
~~***Component materiality*** means the materiality for a component determined by the group engagement team.~~	~~ASA 600 *Special Considerations- Audits of a Group Financial Report*~~	~~9(d)~~

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Component performance materiality means an amount set by the group auditor to reduce aggregation risk to an appropriately low level for purposes of planning and performing audit procedures in relation to a component.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(e)
Component practitioner means a firm that performs assurance work related to a component for purposes of the sustainability assurance engagement, and the practitioner is able to be sufficiently and appropriately involved in that work. References to a component practitioner include, when applicable, individuals from that firm. The individuals from a component practitioner who perform the work are members of the engagement team.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(l)
Components of control ~~means~~mean the integrated components which comprise the system of control, as defined by the control framework applied.	ASAE 3150 *Assurance Engagements on Controls*	17(f)
~~***Consolidation process*** means:~~ (iii) ~~The recognition, measurement, presentation, and disclosure of the financial information of the components in the group financial report by way of consolidation, proportionate consolidation, or the equity or cost methods of accounting; and~~ (iv) ~~The aggregation in combined financial reports of the financial information of components that have no parent but are under common control.~~	~~ASA 600 *Special Considerations—Audits of a Group Financial Report*~~	~~10~~
~~***Concise financial report*** means a financial report for the year referred to in the *Corporations Act 2001* drawn up in accordance with accounting standard AASB 1039 *Concise Financial Reports*.~~	~~General definition~~	
~~***Computer-assisted audit techniques*** means applications of auditing procedures using the computer as an audit tool (also known as CAATs).~~	~~IAASB Glossary~~	
Control activities ~~means~~mean the actions established by policies and procedures that help ensure that management directives to mitigate the risks to the achievement of objectives are carried out.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports~~ and Australian Water Accounting Standard (AWAS 2)~~	15(i)

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Control environment means the governance and management functions and the attitudes, awareness and actions of those charged with governance and management concerning ~~the entity's~~ internal control and its importance ~~in the entity~~. The control environment is a component of internal control.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(j)
Control objective (in the context of ASAE 3150) means the aim or purpose of a particular aspect of controls. Control objectives relate to risks that controls seek to mitigate and may be categorised by the framework applied, such as operational (economy, effectiveness and efficiency), reporting (statutory or management, financial or ~~nonfinancial~~non-financial) or compliance (adherence to laws and regulations or contractual obligations).	ASAE 3150 *Assurance Engagements on Controls*	17(g)
Control objective (in the context of ~~ASAE 3402~~ASAE3402) means the aim or purpose of a particular aspect of controls. Control objectives relate to risks that controls seek to mitigate.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(c)
Control or internal control (in the context of ASAE 3150) means the process designed, implemented and maintained by those charged with governance, management and other personnel to mitigate the risks which may prevent achievement of control objectives relating to the entity's system. Controls included in the scope of the assurance engagement may comprise any aspects of one or more components of control over an area(s) of activity within a defined boundary, such as the group, entity, facility or location.	ASAE 3150 *Assurance Engagements on Controls*	17(h)
~~***Control risk*** (see *Risk of material misstatement*)~~		
Controls mean policies or procedures that an entity establishes to achieve the control objectives of management or those charged with governance. In this context: (i) Policies are statements of what should, or should not, be done within the entity to effect control. Such statements may be documented, explicitly stated in communications, or implied through actions and decisions. (ii) Procedures are actions to implement policies.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(c)
Controls at a subservice organisation ~~means~~mean controls at a subservice organisation to provide reasonable assurance about the achievement of a control objective.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(e)

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Controls at the service organisation ~~means~~mean controls over the achievement of a control objective that is covered by the service auditor's assurance report.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(d)
Corporate fundraising ("fundraising") means any transaction involving shares, debentures, units or interests in a management investment scheme undertaken to raise debt or equity funds, or issue equity, and/or offer and/or respond to an offer of, cash and/or scrip consideration to effect a transaction through the issuance of a public or ~~nonpublic~~non-public document. It includes initial public offerings, fundraisings, takeovers, schemes of arrangement or other corporate restructures.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(e)
~~***Corporate governance*** (see *Governance*)~~		
Corresponding figures ~~means~~mean comparative information where amounts and other disclosures for the prior period are included as an integral part of the current period financial report, and are intended to be read only in relation to the amounts and other disclosures relating to the current period (referred to as "current period figures"). The level of detail presented in the corresponding amounts and disclosures is dictated primarily by its relevance to the current period figures.	ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports*	6(b)
Criteria means the benchmarks used to measure or evaluate the underlying subject matter. The "applicable criteria" are the criteria used for the particular engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(c)
	ASAE 3150 *Assurance Engagements on Controls*	17(i)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(f)
Criteria (in the context of ASAE 3100) means the benchmark, framework or legislation used to evaluate whether the compliance requirements have been met. The "applicable criteria" are the criteria used for the particular engagement.	ASAE 3100 *Compliance Engagements*	17(g)

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Criteria (in the context of ASAE 3500) means the benchmarks used to ~~measure or~~ evaluate the ~~underlying subject matter, which in a~~activity's performance ~~engagement is the activity~~. The "identified criteria" are the criteria used for the particular engagement.	ASAE 3500 *Performance Engagements*	~~16~~18(~~d~~e)
Criteria (in the context of ASAE 3610) means the benchmarks used to quantify or evaluate the underlying subject matter. ~~Australian Water Accounting Standard (~~AWAS 1~~)~~ provides criteria for the preparation and presentation of a general purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(k)
Criteria (in the context of ASSA 5000) means the benchmarks used to measure or evaluate the sustainability matters. Criteria comprise either framework criteria, entity-developed criteria or both. Framework criteria are either fair presentation criteria or compliance criteria. The term "fair presentation criteria" is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework and: (a) Acknowledges explicitly or implicitly that, to achieve fair presentation of the sustainability information, it may be necessary for management to provide information beyond that specifically required by the framework; or (b) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the sustainability information. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance criteria" is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgments in (a) or (b) above.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(m)
~~***Crossborder***~~***Cross-border offering*** means an offering or listing that occurs in a jurisdiction other than the entity's domicile, and which may or may not occur concurrently in the entity's domicile.	ASRS 4450 *Comfort Letter Engagements*	10(j)
~~***Cutoff***~~***Cut-off date*** means the date to which certain procedures performed on change period financial information, as described in the comfort letter, are to relate.	ASRS 4450 *Comfort Letter Engagements*	10(k)

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Date of report means the date the assurance practitioner signs the report.	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*	Aus 16.3
~~***Date of report*** means the date the assurance practitioner signs the report.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.3~~
Date of the auditor's report means the date the auditor dates the report on the financial report in accordance with ASA 700.	ASA 560 *Subsequent Events*	5(b)
Date of the financial report means the date of the end of the latest period covered by the financial report. Date of approval of the financial report means the date on which all the financial statements that comprise the financial report, including the related notes, have been prepared and those with the recognised authority have asserted that they have taken responsibility for that financial report.	ASA 560 *Subsequent Events*	5(a)
Date the financial report is issued means the date that the auditor's report and audited financial report are made available to third parties.	ASA 560 *Subsequent Events*	5(c)
Deficiency in design of controls means an inadequacy or omission in the design of a control/s that, in the assurance practitioner's professional judgement, means the control/s is not designed suitably to mitigate the risks that threaten achievement of the identified control objective/s.	ASAE 3150 *Assurance Engagements on Controls*	17(k)
Deficiency in implementation of controls means instances where a control was not implemented as designed that, in the assurance practitioner's professional judgement, mean the ~~controls~~control/s, once in operation, may not operate effectively as designed to achieve the identified control ~~objectives~~objective/s.	ASAE 3150 *Assurance Engagements on Controls*	17(l)

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Deficiency in internal control means: (i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or (ii) A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.	ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*	6(a)
Deficiency in the firm's system of quality management (referred to as "deficiency" in this ASQM) – This exists when: (i) A quality objective required to achieve the objective of the system of quality management is not established; (ii) A quality risk, or combination of quality risks, is not identified or properly assessed; (iii) A response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response(s) is not properly designed, implemented or operating effectively; or (iv) An other aspect of the system of quality management is absent, or not properly designed, implemented or operating effectively, such that a requirement of this ASQM has not been addressed.	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*	16(a)
Description of the system means a document prepared by the responsible party and provided to users, if included in the scope of the engagement, describing the entity's system, within which the controls to be concluded upon operate, including identification of: the functions or services covered; the period or date to which the description relates; control objectives and details of, or reference to documentation detailing, the controls designed to achieve those objectives. The entity's functions or services may be identified by geographic, operational or functional boundaries. A description of the system is distinct from documentation prepared by the responsible party or assurance practitioner, as the description is part of the subject matter of the engagement, which, if included in the scope of the engagement, is made available to users and concluded upon by the assurance practitioner. A description may be included in the scope of an attestation or direct engagement, however in a direct engagement no attestation is provided by the responsible party or evaluator with respect to whether the description is fairly presented.	ASAE 3150 *Assurance Engagements on Controls*	17(j)

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Detection risk means the risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(e)
Deviation in operating effectiveness of controls means instances where a control was not operating as designed.	ASAE 3150 *Assurance Engagements on Controls*	17(m)
Different elements of prospective financial information ~~means~~mean: (i) the assumptions used in the preparation of the prospective financial information; (element 1) (ii) the stated basis of preparation and the assumptions referred to in (i) above; (element 2) and (iii) its reasonableness (element 3).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(f)
Direct assistance means the use of internal auditors to perform audit procedures under the direction, supervision and review of the external auditor.	ASA 610 *Using the Work of Internal Auditors*	14(b)
Direct controls ~~means~~mean controls which directly address the risks of a control objective not being achieved, by detecting, preventing or correcting a failure to achieve a control objective on a timely basis.	ASAE 3150 *Assurance Engagements on Controls*	17(n)
Direct engagement on compliance means a reasonable or limited assurance engagement in which the assurance practitioner evaluates whether the compliance requirements have been met. The compliance outcome of the assurance practitioner's evaluation (the subject matter information) is expressed in the assurance practitioner's conclusion.	ASAE 3100 *Compliance Engagements*	17(h)
Direct engagement on controls means a reasonable or limited assurance engagement in which the assurance practitioner evaluates the design of the controls against the control objectives, and, if included in the scope of the engagement, the description, implementation and/or operating effectiveness of controls against the design. The outcome of the assurance practitioner's evaluation (the subject matter information) is expressed in the assurance practitioner's conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(o)

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Direct engagement on performance means ~~a reasonable~~an assurance engagement in which the assurance practitioner ~~evaluates~~obtains ~~the~~sufficient appropriate evidence to evaluate an activity's performance (the subject matter) against ~~the~~ identified criteria. The outcome of this evaluation, that is, the resulting subject matter information (for example, the assurance practitioner's ~~evaluation~~analysis and findings) is ~~expressed~~presented ~~in~~as part of, or accompanying, the assurance report. In a direct engagement, the assurance practitioner's conclusion addresses the reported outcome of the evaluation of the subject matter against the criteria.	ASAE 3500 *Performance Engagements*	~~16~~18(~~e~~f)
Disclosure(s) means sustainability information about an aspect of a topic.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(n)
Document means a public document or ~~nonpublic~~non-public document related to a corporate fundraising or other document containing prospective financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(g)
Domestic offering means a securities offering that occurs in Australia.	ASRS 4450 *Comfort Letter Engagements*	10(l)
~~***Efficiency*** means the performance principle relating to the minimisation of inputs employed to deliver the intended outputs in terms of quality, quantity and timing.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(h)~~
~~***Effectiveness*** means the performance principle relating to the extent to which the intended objectives at a program or entity level are achieved.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(g)~~
~~***Economy*** means the performance principle relating to the minimisation of the costs of resources, within the operational requirements of timeliness and availability of required quantity or quality.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(f)~~
Element of a financial statement ~~(~~or ***element***~~)~~ means an element, account or item of a financial statement.	ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	6(a)

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Emissions ~~means~~mean the GHGs that, during the relevant period, have been emitted into the atmosphere or would have been emitted into the atmosphere had they not been captured and channelled into a sink. Emissions can be categorised as: • Direct emissions (also known as Scope 1 emissions), which are emissions from sources that are owned or controlled by the entity. • Indirect emissions, which are emissions that are a consequence of the activities of the entity, but which occur at sources that are owned or controlled by another entity. Indirect emissions can be further categorised as: o Scope 2 emissions, which are emissions associated with energy that is transferred to and consumed by the entity. o Scope 3 emissions, which are all other indirect emissions.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(f)
Emissions deduction means any item included in the entity's GHG statement that is deducted from the total reported emissions, but which is not a removal; it commonly includes purchased offsets, but can also include a variety of other instruments or mechanisms such as performance credits and allowances that are recognised by a regulatory or other scheme of which the entity is a part.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(g)
Emissions factor means a mathematical factor or ratio for converting the measure of an activity (for example, litres of fuel consumed, kilometres travelled, the number of animals in husbandry, or tonnes of product produced) into an estimate of the quantity of GHGs associated with that activity.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(h)
Emissions trading scheme means a ~~marketbased~~market-based approach used to control greenhouse gases by providing economic incentives for achieving reductions in the emissions of such gases.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(i)
Emphasis of Matter paragraph means a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial report that, in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial report.	ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*	7(a)

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Engagement circumstances means the broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the underlying subject matter; the measurement or evaluation criteria; the information needs of the intended users; relevant characteristics of the responsible party, the measurer or evaluator, and the engaging party and their environment; and other matters, for example events, transactions, conditions and practices, that may have a significant effect on the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(d)
Engagement circumstances means the broad context defining the particular assurance engagement, which includes: the terms of the engagement; the scope of the engagement and whether it is a reasonable assurance engagement or a limited assurance engagement; the characteristics of the sustainability matters; the applicable criteria; the information needs of the intended users; relevant characteristics of the entity and its reporting boundary; the characteristics of the entity's management and those charged with governance; and other matters that may have a significant effect on the engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(o)
Engagement documentation means the record of work performed, ~~relevant evidence~~results obtained, and conclusions the~~ assurance~~ practitioner reached (terms such as "working papers" or "~~workpapers~~work papers" are sometimes used).	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*	16(b)
~~***Engagement documentation*** means the record of work performed, relevant evidence obtained, and conclusions the assurance practitioner reached (terms such as "working papers" or "workpapers" are sometimes used).~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.4~~
Engagement leader means the partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, when required, has the appropriate authority from a	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(p)

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professional, legal or regulatory body. "Engagement leader" should be read as referring to its public sector equivalents where relevant.		
~~***Engagement letter*** means the written terms of an engagement in the form of a letter.~~	~~IAASB Glossary~~	
Engagement objective (objective of the performance engagement) states the purpose of the performance engagement. The engagement objective needs to be expressed in a way that makes it possible to conclude against the objective after the engagement has been finalised.	ASAE 3500 *Performance Engagements*	18(g)
Engagement partner ~~(in the context of ASA 220)~~ means the partner or other ~~person~~individual, ~~in~~appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. ~~Engagement partner should be read as referring to a public sector equivalent where relevant.~~	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7~~12(a) ~~and Aus 7.2~~
Engagement partner means the partner or other ~~person~~individual, ~~in~~appointed by the firm, who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. "Engagement partner" ~~should~~and "partner" is to be read as referring to ~~a~~their public sector ~~equivalent~~equivalents where relevant.	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*	16(c)
~~***Engagement partner*** means the partner or other person in the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. *Engagement partner* should be read as referring to a public sector equivalent where relevant.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.5~~
Engagement partner means the partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the agreed-upon procedures report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(c)
~~***Engagement quality control reviewer*** means a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of*~~	~~12(e)~~

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~~engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgements the engagement team made and the conclusions it reached in formulating the report.~~	~~*Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	
	~~ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*~~	~~5(c)~~
~~***Engagement quality control reviewer*** (in the context of ASA 220) means a partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgements the engagement team made and the conclusions it reached in formulating the auditor's report.~~	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(c)~~
~~***Engagement quality control review*** means a process designed to provide an objective evaluation, on or before the date of the report, of the significant judgements the engagement team made and the conclusions it reached in formulating the report. The engagement quality control review process is for audits of financial reports of listed entities and those other engagements, if any, for which the firm has determined an engagement quality control review is required.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(d)~~
~~***Engagement quality control review*** (in the context of ASA 220) means a process designed to provide an objective evaluation, on or before the date of the auditor's report, of the significant judgements the engagement team made and the conclusions it reached in formulating the auditor's report. The engagement quality control review process is only for audits of financial reports of listed entities and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.~~	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(b)~~
Engagement quality review means an objective evaluation of the significant judgements made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the engagement report.	ASA 220 *Quality Management for an Audit of a Financial Report and*	12(b)

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	Other Historical Financial Information	
	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*	16(d)
	ASQM 2 *Engagement Quality Reviews*	13(a)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(s)
Engagement quality reviewer means a partner, other individual in the firm, or an external individual, appointed by the firm to perform the engagement quality review.	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*	16(e)
	ASQM 2 *Engagement Quality Reviews*	13(b)
	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(c)

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	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(c)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(t)
Engagement risk means the risk that the assurance practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(f)
Engagement risk (in the context of ASAE 3500) means the risk that the assurance practitioner expresses an inappropriate conclusion.	ASAE 3500 *Performance Engagements*	~~16(i)~~18(h)
Engagement risk (in the context of ASAE 3610) means the risk that the assurance practitioner expresses an inappropriate conclusion when the general purpose water accounting report is materially misstated.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(l)
Engagement risk (in the context of ASRE 2400) means the risk that the assurance practitioner expresses an inappropriate conclusion when the financial statements are materially misstated.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(b)
Engagement risk (in the context of ASSA 5000) means the risk that the practitioner expresses an inappropriate conclusion when the sustainability information is materially misstated.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(q)
Engagement team means all partners and staff performing the engagement, and any other individuals ~~engaged by the firm or a network firm~~ who perform procedures on the	ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and*	Aus 16.4

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engagement~~., This excludes~~excluding an ~~auditor's~~ external expert ~~engaged by the firm or by a network firm~~.	*Other Financial Information, or Other Assurance or Related Services Engagements*	
~~***Engagement team*** means all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes an auditor's external expert engaged by the firm or by a network firm.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.6~~
Engagement team (in the context of ASA 220) means all partners and staff performing the audit engagement, and any other individuals ~~engaged by the firm or a network firm~~ who perform audit procedures on the engagement~~., This excludes~~excluding an auditor's external expert ~~engaged by the firm or a network firm~~. ~~(also see Auditor's expert)~~	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7(d)~~Aus 12.1
Engagement team (in the context of ASAE 3000) means all assurance practitioners and staff performing the engagement, and any other individuals ~~engaged by the firm or a network firm~~ who perform procedures on the engagement~~., This excludes~~excluding an assurance practitioner's external expert ~~engaged by the firm or a network firm.~~	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(h)
Engagement team (in the context of ASSA 5000) means the engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	Aus 18.2
Engagement team (in the context of ASAE 3610) means all assurance practitioners and staff performing the assurance engagement, and any other individuals ~~engaged by the firm or a network firm~~ who perform procedures on the engagement~~. This excludes~~excluding an assurance practitioner's external expert ~~engaged by the firm or a network firm~~.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(n)
Engagement team (in the context of ASRS 4400) means all partners and staff performing the agreed-upon procedures engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(e)

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Engaging party means the party(ies) that engages the assurance practitioner to perform the assurance engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(g)
	ASAE 3100 *Compliance Engagements*	17(i)
	ASAE 3150 *Assurance Engagements on Controls*	17(p)
	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(m)
Engaging party (in the context of ASAE 3450) means the body or person(s) that requested the services of the assurance practitioner for the assurance engagement. The engaging party is ordinarily the responsible party, as defined in ASAE 3450. References in this ASAE to "responsible party" are taken to include the engaging party unless otherwise stated.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(h)
Engaging party (in the context of ASAE 3500) means the party(ies) that engages the assurance practitioner to perform the assurance engagement. In a performance engagement initiated by an ~~AuditorGeneral~~Auditor-General there will not normally be an engaging party as the State, Territory or Federal Parliament provide the mandate for the ~~AuditorGeneral~~Auditor-General to conduct performance engagements, but will not usually engage the ~~AuditorGeneral~~Auditor-General to perform specific performance engagements.	ASAE 3500 *Performance Engagements*	~~16~~18(~~ji~~)
Engaging party (in the context of ASRS 4400) means the party(ies) that ~~engages~~engage(s) the ~~assurance~~ practitioner to perform the ~~agreedupon~~agreed-upon procedures engagement.	ASRS 4400 Agreed-Upon Procedures Engagements ~~to Report Factual Findings~~	13(d)
Engaging party (in the context of ASSA 5000) means ~~the~~management, those charged with governance, or another party, ~~(or~~that ~~parties) engaging~~engages the ~~assurance~~ practitioner to perform the assurance engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(r)

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~~***Engaging party*** (in the context of ASAE 3610) means the party (or parties) engaging the assurance practitioner to perform the assurance engagement.~~	~~ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports and Australian Water Accounting Standard* (AWAS 2)~~	~~15(m)~~
Enquiry ~~(in the context of ASRE 2400)~~ means seeking information of knowledgeable persons from within or outside the entity.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(e)
Entity (in the context of ASAE 3100) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the compliance requirements relate.	ASAE 3100 *Compliance Engagements*	17(j)
Entity (in the context of ASAE 3410) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity (for example, a single factory or other form of facility, such as a land fill site), or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the emissions in the GHG statement relate.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(j)
Entity (in the context of ASAE 3450) means the entity responsible for the preparation and issuance of the public document or other document.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(i)
Entity (in the context of ASRS 4450) means the party whose financial statements or financial information is the subject of the comfort letter engagement. The entity may or may not be the Issuer.	ASRS 4450 *Comfort Letter Engagements*	10(m)
Entity (in the context of ASSA 5000) means the legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities, to which the sustainability information relates.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(v)

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~~***Entity's risk assessment process*** means a component of internal control that is the entity's process for identifying business risks relevant to financial reporting objectives and deciding about actions to address those risks, and the results thereof.~~	~~IAASB Glossary~~	
Entity's system (or the system) means the policies and procedures designed and implemented by the entity to provide the functions or services covered by the assurance practitioner's report, including the control objectives which address the overall objectives relevant to those functions or services and the controls designed to mitigate the risks that threaten achievement of those objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(q)
~~***Error*** means an unintentional misstatement in a financial report, including the omission of an amount or a disclosure.~~	~~IAASB Glossary~~	
~~***Environmental risk*** means in certain circumstances, factors relevant to the assessment of inherent risk for the development of the overall audit plan may include the risk of material misstatement of the financial statements due to environmental matters.~~	~~IAASB Glossary~~	
Estimation uncertainty means ~~the~~ susceptibility ~~of an accounting estimate and related disclosures~~ to an inherent lack of precision in ~~its~~ measurement.	ASA 540 Auditing Accounting Estimates~~, Including Fair Value Accounting Estimates,~~ and Related Disclosures	~~7~~12(c)
~~***Evaluate*** means to identify and analyse the relevant issues, including performing further procedures as necessary, to come to a specific conclusion on a matter. "Evaluation," by convention, is used only in relation to a range of matters, including evidence, the results of procedures and the effectiveness of management's response to a risk. (also see *Assess*)~~	~~IAASB Glossary~~	
Evaluator (in the context of ASAE 3100) means the party(ies) who evaluates the underlying subject matter (compliance activities) against the criteria. The evaluator possesses expertise in the underlying subject matter.	ASAE 3100 *Compliance Engagements*	17(k)
Evaluator (in the context of ASAE 3150) means the party(ies) who evaluates the underlying subject matter against the criteria. The evaluator possesses expertise in the underlying subject matter.	ASAE 3150 *Assurance Engagements on Controls*	17(r)

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Event(s) or transaction(s) means underlying event(s) or transaction(s) that is (are): (i) primarily the subject of the document; or (ii) not the subject of the document but the effect(s) of which have been reflected in the financial information.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(j)
Evidence means information used by the assurance practitioner in arriving at the assurance practitioner's conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ASAEs: (i) Sufficiency of evidence is the measure of the quantity of evidence. (ii) Appropriateness of evidence is the measure of the quality of evidence.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(i)
Evidence (in the context of ASSA 5000) means information, after applying assurance procedures, that the practitioner uses to draw conclusions that form the basis for the practitioner's assurance conclusion and report. Sufficiency of evidence is the measure of the quantity of evidence. Appropriateness of evidence is the measure of the quality of evidence.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(w)
Exception means a response that indicates a difference between information requested to be confirmed, or contained in the entity's records, and information provided by the confirming party.	ASA 505 *External Confirmations*	6(e)
Experienced auditor means an individual (whether internal or external to the firm) who has practical audit experience, and a reasonable understanding of: (i) Audit processes; (ii) Australian Auditing Standards and applicable legal and regulatory requirements; (iii) The business environment in which the entity operates; and (iv) Auditing and financial reporting issues relevant to the entity's industry.	ASA 230 *Audit Documentation*	6(c)
~~***Expert*** (see *Auditor's expert* and *Management's expert*)~~		
Expertise means skills, knowledge and experience in a particular field.	ASA 620 *Using the Work of an Auditor's Expert*	6(b)
External confirmation means audit evidence obtained as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium.	ASA 505 *External Confirmations*	6(a)

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External information source means an external individual or organisation that provides information that has been used by the entity in preparing the financial report, or that has been obtained by the auditor as audit evidence, when such information is suitable for use by a broad range of users. When information has been provided by an individual or organisation acting in the capacity of a management's expert, service organisation, or auditor's expert the individual or organisation is not considered an external information source with respect to that particular information.	ASA 500 *Audit Evidence*	5(d)
External inspections mean inspections or investigations, undertaken by an external oversight authority, related to the firm's system of quality management or engagements performed by the firm.	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*	16(g)
~~***Fair presentation framework*** (see *Applicable financial reporting framework* and *General purpose framework*)~~		
Financial forecast means financial information of a predictive character prepared based on assumptions made by the entity as to future events, expected to take place on the dates described, and the actions expected to be taken at the date the financial information is prepared.	ASRS 4450 *Comfort Letter Engagements*	10(n)
Financial information means information of a financial nature prepared by the responsible party in the form of: (i) base financial information; (ii) historical financial information; (iii) pro forma historical financial information; (iv) prospective financial information; or (v) a pro forma forecast.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(k)

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Financial information (in the context of ASRS 4450) means information of a historical or pro forma financial nature that is the subject matter of the comfort letter.	ASRS 4450 *Comfort Letter Engagements*	10-(o)
Financial report means, for the purpose of the Corporations Act 2001, financial statements for the year or the half-year and notes to the financial statements, and the directors' declaration about the statements and notes. Financial ~~report~~Report means, for purposes other than the Corporations Act 2001, a complete set of financial statements, and an assertion statement by those responsible for the financial report.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	Aus 13.2
	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 8.~~1Aus~~1 and Aus 8.2
Financial ~~report~~Report (in the context of ASRE 2400) means a complete set of financial statements, including the related notes, and an assertion statement by those responsible for the financial report.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1-(o)
Financial report (in the context of ASRE 2410) means a complete set of financial statements~~,~~ including the related notes~~,~~ and an assertion statement by those responsible for the financial report. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The requirements of the applicable financial reporting framework determine the form and content of the financial report. For example, a financial report, as defined under section 303 of the Corporations Act 2001 consists of financial statements for the half-year, notes to the financial statements and the ~~director's~~directors' declaration about the statements and notes.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(b)
Financial report (in the context of ASRE 2415) means a financial report for a financial year. A financial report for a financial year may be for a period that is greater than or less than 12 months.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	8

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Financial statements ~~means~~mean a structured representation of historical financial information, including disclosures, intended to communicate an entity's economic resources or obligations at a point in time~~,~~ or the changes therein for a period of time~~,~~ in accordance with a financial reporting framework. The term "financial statements" ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework, but can also refer to a single financial statement. Disclosures comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of a financial statement, or in the notes, or incorporated therein by cross-reference.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(f)
Financial statements (in the context of ASA 800) mean a complete set of special purpose financial statements. The requirements of the applicable financial reporting framework determine the presentation, structure, and content of the financial statements, and what constitutes a complete set of financial statements. Reference to "special purpose financial statements" includes the related disclosures.	ASA 800 *Special Considerations-Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks*	7
Financial statements (in the context of ASRE 2400) means ~~a~~ complete set of financial statements or a financial report.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1~~-~~(n)
Findings mean findings are the factual results of agreed-upon procedures performed. Findings are capable of being objectively verified. References to findings in this ASRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(f)
Findings (in relation to a system of quality management) mean information about the design, implementation and operation of the system of quality management that has been accumulated from the performance of monitoring activities, external inspections and other relevant sources, which indicates that one or more deficiencies may exist.	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*	16(h)

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Firm means a sole practitioner, partnership or corporation or other entity of assurance practitioners~~:~~, ~~Firm should be read as referring to a~~or public sector equivalent ~~where relevant~~.	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*	16(i)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~Aus 7.3~~12(e)
~~***Firm*** means a sole practitioner, partnership or corporation or other entity of assurance practitioners. *Firm* should be read as referring to a public sector equivalent where relevant.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.7~~
	~~ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*~~	~~5(d)~~
Firm means a sole practitioner, partnership or corporation or other entity of individual practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(x)
Firm means a sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(j)
	ASAE 3100 *Compliance Engagements*	17(l)

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	ASAE 3150 *Assurance Engagements on Controls*	17(s)
	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(o)
~~***Forecast*** (see *Prospective financial information*)~~		
Fraud means an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.	ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*	~~12~~18(a)
	ASAE 3150 *Assurance Engagements on Controls*	17(t)
	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(k)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(y)
	~~ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports and Australian Water Accounting Standard* (AWAS 2)~~	~~15(p)~~
Fraud (in the context of ASAE 3610) means an intentional act by one or more individuals among those charged with governance, management, employees, or third parties, involving the use of deception to obtain unjust or illegal advantage.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(p)

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Fraud risk factors mean events or conditions that indicate an incentive or pressure to commit fraud, or provide an opportunity to commit fraud, or an attitude or rationalisation that justifies the fraudulent action.	ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*	18(b)
Fraud risk factors ~~means~~(in the context of ASAE 3150) mean events or conditions that indicate an incentive or pressure to commit fraud ***or provide an opportunity to commit fraud.***	ASAE 3150 *Assurance Engagements on Controls*	17(u)
~~***Fraud risk factors*** means events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.~~	~~ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*~~	~~12(b)~~
~~***Fraudulent financial reporting*** means financial reporting involving intentional misstatements, including omissions of amounts or disclosures in a financial report, to deceive financial report users.~~	~~ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*~~	~~For more information refer to A2~~
Further procedures ~~means~~mean procedures performed in response to assessed risks of material misstatement, including tests of controls (if any), tests of details and analytical procedures.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(l)
	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(q)
Further procedures (in the context of ASAE 3500) mean procedures, including tests of controls and substantive procedures, performed to: (i) In a limited assurance engagement, respond to the identified areas where a significant variation in an activity's performance is likely to arise; and (ii) In a reasonable assurance engagement, respond to the risks that may cause significant variations in an activity's performance.	ASAE 3500 *Performance Engagements*	18(j)

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Further procedures mean procedures, including tests of controls and substantive procedures, performed in response to assessed risks of material misstatement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(z)
General information technology (IT) controls mean controls over the entity's IT processes that support the continued proper operation of the IT environment, including the continued effective functioning of information processing controls and the integrity of information (i.e., the completeness, accuracy and validity of information) in the entity's information system. Also see the definition of IT environment.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(d)
~~***General IT controls*** means policies and procedures that relate to many applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. General IT controls commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.~~	~~IAASB Glossary~~	
General purpose financial report means a financial report prepared in accordance with a general purpose framework.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(a)
General purpose financial statements ~~means~~mean financial statements prepared in accordance with a general purpose framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(c)
General purpose framework means a financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework. ~~(see Applicable financial reporting framework)~~ The term "fair presentation framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework and: (i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial report, it ~~me~~may be necessary for management to provide disclosures beyond those specifically required by the framework; or	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(b)

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(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial report. Such departures are expected to be necessary only in extremely rare circumstances. The term "compliance framework" is used to refer to a financial reporting framework that requires compliance with the requirements of the framework, but does not contain the acknowledgements in (i) or (ii) above.		
General purpose framework (in the context of ASRE 2400) means a financial reporting framework designed to meet the common financial ~~information~~ needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(d)
General purpose water accounting report means a water accounting report intended to meet the information needs common to users who are unable to command the preparation of water accounting reports tailored to satisfy their information needs. A general purpose water accounting report is prepared in accordance with Australian Water Accounting Standards. AWAS 1 states that a general purpose water accounting report comprises the water accounting statements, accompanying note disclosures, accountability statement and contextual statement. This Standard deals with assurance engagements to report on the water accounting statements, note disclosures and accountability statement only. It does not cover the contextual statement, which is not subject to assurance. Accordingly, where appropriate in this Standard, the term "general purpose water accounting report" is to be read as meaning those components that are covered by the assurance engagement.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(r)
GHG statement means a statement setting out constituent elements and quantifying an entity's GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes including a summary of significant quantification and reporting policies. An entity's GHG statement may also include a categorised listing of removals or emissions deductions. Where the engagement does not cover the entire GHG statement, the term "GHG statement" is to be read as that portion that is covered by the engagement. The GHG statement is the "subject matter information" of the engagement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(m)

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~~***Governance*** means the role of person(s) or organisation(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity.~~	~~IAASB Glossary~~	
Greenhouse gases (GHGs) ~~means~~mean carbon dioxide (CO2) and any other gases required by the applicable criteria to be included in the GHG statement, such as: methane; nitrous oxide; ~~sulfur~~sulphur hexafluoride; ~~hydrofluorocarbons~~hydro fluorocarbons; perfluorocarbons; and chlorofluorocarbons. Gases other than carbon dioxide are often expressed in terms of carbon dioxide equivalents (~~CO2e~~CO2-e).	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(n)
Group means ~~all~~a ~~the~~reporting ~~components~~entity ~~whose~~for ~~financial~~which ~~information is included in the~~a group financial report is prepared. ~~A group always has more than one component.~~	ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~e~~f)
Group means a reporting entity for which group sustainability information is prepared.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aa)
Group audit means the audit of a group financial report.	ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~f~~g)
Group audit opinion means the audit opinion on the group financial report.	ASA 600 Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~g~~i)
Group auditor means the group engagement partner and members of the engagement team other than component auditors. The group auditor is responsible for: (i) Establishing the overall group audit strategy and group audit plan; (ii) Directing and supervising component auditors and reviewing their work; (iii) Evaluating the conclusions drawn from the audit evidence obtained as the basis for forming an opinion on the group financial report.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(h)

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Group engagement partner means the engagement partner ~~or other person in the firm~~ who is responsible for the group audit ~~engagement and its performance, and for the auditor's report on the group financial report that is issued on behalf of the firm~~. ~~Where joint auditors conduct the group audit, the joint engagement partners and their engagement teams collectively constitute the group engagement partner and the group engagement team. This Auditing Standard does not, however, deal with the relationship between joint auditors or the work that one joint auditor performs in relation to the work of the other joint auditor.~~	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~hj~~)
~~***Group engagement team*** means partners, including the group engagement partner, and staff who establish the overall group audit strategy, communicate with component auditors, perform work on the consolidation process, and evaluate the conclusions drawn from the audit evidence as the basis for forming an opinion on the group financial report.~~	~~ASA 600 *Special Considerations- Audits of a Group Financial Report*~~	~~9(i)~~
Group financial report means a financial report that includes the financial information of more than one ~~component~~entity or business unit through a consolidation process. ~~The~~For ~~term~~purposes ~~"group~~of ~~financial~~this ~~report"~~ASA, ~~also~~a ~~refers~~consolidation ~~to~~process ~~combined financial reports aggregating the financial information prepared by components that have no parent but are under common control.~~includes: (i) Consolidation, proportionate consolidation, or an equity method of accounting; (ii) The presentation in a combined financial report of the financial information of entities or business units that have no parent but are under common control or common management; or (iii) The aggregation of the financial information of entities or business units such as branches or divisions.	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~jk~~)
Group management means management~~, or those charged with governance,~~ responsible for the preparation of the group financial report.	ASA 600 Special Considerations ~~-~~— Audits of a Group Financial Report (Including the Work of Component Auditors)	~~9~~14(~~kl~~)
Group performance materiality means performance materiality in relation to the group financial report as a whole, as determined by the group auditor.	ASA 600 *Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)*	14(m)

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Group sustainability assurance engagement means an assurance engagement on group sustainability information.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ab)
Group sustainability information means sustainability information that includes the sustainability information of more than one entity or business unit in accordance with the criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ac)
~~***Group-wide controls*** means controls designed, implemented and maintained by group management over group financial reporting.~~	~~ASA 600 *Special Considerations- Audits of a Group Financial Report*~~	~~9(l)~~
Historical financial information means information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(g)
	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(k)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ad)
Historical financial information (in the context of ~~ASAE 3450~~ASAE3450) means information expressed in financial terms in relation to a particular entity, which is derived primarily from that entity's accounting system and relates to events occurring in past time periods or about conditions or circumstances at points in time in the past.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(l)
~~***Historical financial information, other than a financial report*** means:~~ (a) ~~Specific components, elements, accounts or items of a financial report, such as:~~ (c) ~~A single financial statement, for example, an income statement or balance sheet.~~ (d) ~~Accounts receivable.~~ (e) ~~Impairment of asset accounts.~~	~~General definition~~	

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(f) ~~Inventory.~~ (g) ~~The liability for accrued benefits of a defined benefits plan.~~ (h) ~~The recorded value of identified intangible assets.~~ (i) ~~Pro-forma historical financial information and adjustments.~~ (j) ~~The liability for "incurred but not reported" claims in an insurance portfolio, including related explanatory notes.~~ (b) ~~Other information derived from financial records, such as:~~ (iii) ~~A schedule of externally managed assets and income of a private pension plan, including related explanatory notes.~~ (iv) ~~A schedule of net tangible assets, including related explanatory notes.~~ (v) ~~A schedule of disbursements in relation to a leased property, including related explanatory notes.~~ (vi) ~~A schedule of profit participation or employee bonuses, including related explanatory notes.~~ (c) ~~Financial statements prepared in accordance with a financial reporting framework that is not designed to achieve fair presentation, such as condensed financial statements and an entity's internal management accounts.~~		
Hypothetical assumptions ~~means~~mean assumptions made by the responsible party in preparing prospective financial information in the form of a projection about future events and management actions which may not necessarily be expected to take place or that may be expected to take place, and may not be based on reasonable grounds.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(m)
IFRS Accounting Standards mean the IFRS Accounting Standards issued by the International Accounting Standards Board.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	Aus 9.1
Implementation means the process of putting controls into effect by deployment or ~~rollout~~roll-out of controls to enable their operation as designed.	ASAE 3150 *Assurance Engagements on Controls*	17(v)
Inclusive method (in the context of ASAE 3150) means a method of dealing with the controls operating at a third party, which are integral to the system or control component which is subject to the assurance engagement, whereby the third party's relevant control objectives and related controls are included in the scope of the assurance practitioner's engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(w)

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Inclusive method (in the context of ASAE 3402) means method of dealing with the services provided by a subservice organisation, whereby the service organisation's description of its system includes the nature of the services provided by a subservice organisation, and that subservice organisation's relevant control objectives and related controls are included in the service organisation's description of its system and in the scope of the service auditor's engagement.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(g)
Indirect controls ~~means~~mean controls which do not directly address the risks of a control objective not being achieved, but have an impact on the effectiveness of direct controls in detecting, preventing or correcting a failure to achieve a control objective on a timely basis.	ASAE 3150 *Assurance Engagements on Controls*	17(x)
Information processing controls mean controls relating to the processing of information in IT applications or manual information processes in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy and validity of transactions and other information).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(e)
~~***Inherent risk*** (see *Risk of material misstatement*)~~		
~~***Information system relevant to financial reporting*** means a component of internal control that includes the financial reporting system, and consists of the procedures and records established to initiate, record, process and report entity transactions (as well as events and conditions) and to maintain accountability for the related assets, liabilities and equity.~~	~~IAASB Glossary~~	
Inherent risk factors mean characteristics of events or conditions that affect susceptibility to misstatement, whether due to fraud or error, of an assertion about a class of transactions, account balance or disclosure, before consideration of controls. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(f)
Initial assurance engagement means an engagement in which either: (i) the general purpose water accounting report has been prepared and assured for the first time; (ii) the general purpose water accounting report for the prior period was not assured; or	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(s)

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(iii) the general purpose water accounting report for the prior period was assured by a predecessor assurance practitioner.		
Initial audit engagement means an engagement in which either: (i) The financial report for the prior period was not audited; or (ii) The financial report for the prior period was audited by a predecessor auditor.	ASA 510 Initial Audit Engagements-Opening Balances	4(a)
~~***Inspection*** (as an audit procedure) means examining records or documents, whether internal or external, in paper form, electronic form, or other media, or a physical examination of an asset.~~	~~ASA 500 *Audit Evidence*~~	~~For more information refer to A14~~
~~***Inspection*** means in relation to completed engagements, procedures designed to provide evidence of compliance by engagement teams with the firm's quality control policies and procedures.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(h)~~
~~***Inspection*** (In the context of ASA 220) means in relation to completed audit engagements, procedures designed to provide evidence of compliance by engagement teams with the firm's quality control policies and procedures.~~	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(f)~~
Intended users ~~means~~mean the individual(s) or organisation(s), or group(s) thereof that the assurance practitioner expects will use the assurance report. In some cases, there may be intended users other than those to whom the assurance report is addressed.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(m)
	ASAE 3100 *Compliance Engagements*	17(m)
	ASAE 3150 *Assurance Engagements on Controls*	17(y)

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Intended users (in the context of ASAE 3500) ~~means~~mean parliament~~,~~ and the responsible party(ies), ~~individual(s)~~as well as organisations, groups or ~~organisation(s), or group(s) thereof~~individuals that the assurance practitioner expects will use the assurance report. ~~In some cases, there may be intended users other than those to whom~~If the assurance report is ~~addressed~~publicly available, ~~such~~intended ~~as~~users includes the ~~general~~ public ~~if the assurance report is made publicly available~~.	ASAE 3500 *Performance Engagements*	~~16~~18(k)
Intended users (in the context of ASRS 4400) ~~means~~mean the individual(s) or organisation(s), or ~~class~~ group(~~es~~s) ~~thereof~~that ~~for~~the practitioner expects will use the agreed-upon procedures report. In some cases, there may be intended users other than those to whom the ~~assurance~~agreed-upon ~~practitioner prepares the~~procedures report ~~of~~is ~~factual findings~~addressed.	ASRS 4400 Agreed-Upon Procedures Engagements ~~to Report Factual Findings~~	~~14~~13(g)
Intended users (in the context of ASSA 5000) mean the individual(s) or organisation(s), or group(s) thereof, that the practitioner expects will use the sustainability assurance report. In some cases, there may be intended users other than those to whom the sustainability assurance report is addressed.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ae)
~~***Interim financial information or statements*** means financial information (which may be less than a complete set of financial statements as defined above) issued at interim dates (usually half-yearly or quarterly) in respect of a financial period.~~	~~IAASB Glossary~~	
Interim financial report means a financial report that is prepared in accordance with an applicable financial reporting framework for a period that is shorter than the entity's financial year.	ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*	5(a)
Internal audit function means a function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity's governance, risk management and internal control processes.	ASA 610 *Using the Work of Internal Auditors*	14(a)
	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(l)

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	ASAE 3100 *Compliance Engagements*	17(n)
	ASAE 3150 *Assurance Engagements on Controls*	17(z)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(h)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(af)
Internal auditors ~~means~~mean those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function, ~~outsourcing~~out-sourcing entity or ~~cosourced~~co-sourced from both internal and ~~outsourced~~out-sourced resources.	ASAE 3150 *Assurance Engagements on Controls*	17(aa)
Internal auditors (in the context of ASAE 3402) ~~means~~mean those individuals who perform the activities of the internal audit function. Internal auditors may belong to an internal audit department or equivalent function.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(i)
~~***Investigate*** means to enquire into matters arising from other procedures to resolve them.~~	~~IAASB Glossary~~	
~~***International Public Sector Accounting Standards (IPSASs)***means the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.~~	~~IAASB Glossary~~	
~~***International Financial Reporting Standards (IFRSs)*** means the International Financial Reporting Standards issued by the International Accounting Standards Board.~~	~~ASA 700 *Forming an Opinion and Reporting on a Financial Report*~~	~~Aus 9.1~~
~~***Internal control*** means the process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with~~	~~ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*~~	~~4(c)~~

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~~applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control.~~		
IT environment means the ~~policies~~IT applications and ~~procedures~~supporting ~~that~~IT ~~the~~infrastructure, ~~entity~~as ~~implements~~well ~~and~~as the IT ~~infrastructure (hardware, operating systems, etc.)~~processes and ~~application~~personnel ~~software~~involved in those processes, that ~~it~~an entity uses to support business operations and achieve business strategies. For the purposes of this ASA: (i) An IT application is a program or a set of programs that is used in the initiation, processing, recording and reporting of transactions or information. IT applications include data warehouses and report writers. (ii) The IT infrastructure comprises the network, operating systems, and databases and their related hardware and software. (iii) The IT processes are the entity's processes to manage access to the IT environment, manage program changes or changes to the IT environment and manage IT operations.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(g)
~~***IT environment*** means the policies and procedures that the entity implements and the IT infrastructure (hardware, operating systems, etc.) and application software that it uses to support business operations and achieve business strategies.~~	~~IAASB Glossary~~	
Key audit matters ~~means~~mean those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report of the current period. Key audit matters are selected from matters communicated with those charged with governance.	ASA 701 Communicating Key Audit Matters in the Independent ~~Auditor's~~Auditor's Report	8
Lead assurance practitioner means the ~~person~~individual ~~in~~appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. The "lead assurance practitioner" should be read as referring to its public sector equivalents where relevant.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	Aus 12.3
	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(t)

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Limited assurance means the level of assurance obtained where engagement risk is reduced to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in accordance with this ASRE. The combination of the nature, timing and extent of evidence gathering procedures is at least sufficient for the assurance practitioner to obtain a meaningful level of assurance. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the financial statements.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(f)
Limited assurance engagement (in the context of ASAE 3100) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the compliance requirements have not been met, in all material respects. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the compliance outcome to a degree that is clearly more than inconsequential.	ASAE 3100 *Compliance Engagements*	17(o)
Limited assurance engagement (in the context of ASAE 3150) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe the subject matter information or subject matter is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner	ASAE 3150 *Assurance Engagements on Controls*	17(bb)

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is likely to enhance the intended users' confidence about the subject matter information or subject matter to a degree that is clearly more than inconsequential.		
Limited assurance engagement (in the context of ASAE 3450) means an assurance engagement in which the assurance practitioner reduces the assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where the risk is greater than for a reasonable assurance engagement. The set of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement, but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement acceptable in the circumstances of the assurance engagement. An example of a limited assurance engagement is a review.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(n)
Limited assurance engagement (in the context of ASAE 3500) means an assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner's attention to cause the assurance practitioner to believe that the responsible party(ies) did not perform the activity ~~has~~in ~~not been performed~~accordance with ~~respect to economy, efficiency and/or effectiveness as evaluated against~~ the identified criteria. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner's professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users' confidence about the activity's performance ~~of the activity~~ to a degree that is clearly more than inconsequential.	ASAE 3500 *Performance Engagements*	~~16~~18(l)
~~***Limited assurance engagement*** means an assurance engagement where the assurance practitioner's objective is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than that for a reasonable assurance engagement, as the basis for a negative form of expression of the assurance practitioner's conclusion. A limited assurance engagement is commonly referred to as a review.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.8~~

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Listed entity means an entity whose shares, stock or debt are quoted or listed on a recognised stock exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.	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*	16(j)
~~***Listed entity*** means an entity whose shares, stock or debt are quoted or listed on a recognised stock exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(i)~~
	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(g)~~
Long-form report means assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner's conclusion. In addition to the matters required to be contained in the assurance practitioner's report, long-form reports may describe in detail matters such as: (i) the terms of the engagement; (ii) the criteria being used and the specific compliance activities designed to meet each compliance requirement; (iii) descriptions of the procedures that were performed; (iv) findings relating to the procedures that were performed or particular aspects of the engagement; (v) details of the qualifications and experience of the assurance practitioner and others involved with the engagement; (vi) disclosure of materiality levels; or (vii) recommendations.	ASAE 3100 *Compliance Engagements*	17(p)

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The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. Additional information is clearly separated from the assurance practitioner's conclusion and worded in such a manner as to make it clear that it is not intended to alter or detract from that conclusion.		
~~***Longform***~~***Long-form*** ***report*** (in the context of ASAE 3150) means ~~an~~ assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner's conclusion. In addition to the matters required to be contained in the assurance practitioner's report, long-form reports may describe in detail matters such as: (i) the terms of the engagement; (ii) the criteria being used, such as the specific control objectives and controls as designed to achieve each objective; (iii) descriptions of the tests of controls that were performed; (iv) findings relating to ~~the~~ the tests of controls that were performed or particular aspects of the engagement; (v) details of the qualifications and experience of the assurance practitioner and others involved with the engagement; (vi) disclosure of materiality levels; or (vii) recommendations. The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. Additional information is clearly separated from the assurance practitioner's conclusion and worded in such a manner as ~~to~~ make it clear that it is not intended to alter or detract from that conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(cc)

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~~***Long-form report*** means an assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner's conclusion. In addition to the matters required to be contained in the assurance practitioner's report long-form reports may describe in detail matters such as:~~ (vi) ~~the terms of the engagement;~~ (vii) ~~the criteria being used, such as the specific control objectives and controls as designed to achieve each objective;~~ (viii) ~~descriptions of the tests of controls that were performed;~~ (ix) ~~findings relating to the the tests of controls that were performed or particular aspects of the engagement;~~ (x) ~~details of the qualifications and experience of the assurance practitioner and others involved with the engagement;~~ (xi) ~~disclosure of materiality levels; or~~ (xii) ~~recommendations.~~ ~~The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. Additional information is clearly separated from the assurance practitioner's conclusion and worded in such a manner as to make it clear that it is not intended to alter or detract from that conclusion.~~	~~ASAE 3100 *Compliance Engagements*~~	~~17(p)~~
Management means the person(s) with executive responsibility for the conduct of the entity's operations. For some entities in some jurisdictions, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(h)
	ASA 260 Communication With Those Charged ~~With~~with Governance	10(b)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ag)

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Management (in the context of ASA 210) means management and, where appropriate, those charged with governance.	ASA 210 *Agreeing the Terms of Audit Engagements*	5
Management (in the context of ASA 580) means management and, where appropriate, those charged with governance. Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and fair presentation of the financial report in accordance with the applicable financial reporting framework; or the preparation of a financial report that gives a true and fair view in accordance with the applicable financial reporting framework.	ASA 580 *Written Representations*	8
Management (in the context of ASAE 3450) means the person(s) with executive responsibility for the conduct of the operations or individual business units of the entity. For some entities, in some circumstances, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(o)
Management (in the context of ASAE 3610) means for the purposes of this Standard, management refers to those with executive responsibility for the preparation and presentation of the general purpose water accounting report, including water accounting and reporting, unless otherwise specified. In some instances, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(u)
Management bias means a lack of neutrality by management in the preparation of information.	ASA 540 Auditing Accounting Estimates~~, Including Fair Value Accounting Estimates,~~ and Related Disclosures	~~7~~12(d)
~~***Management*** (in the context of ASA 580) should be read as "management and, where appropriate, those charged with governance." Furthermore, in the case of a fair presentation framework, management is responsible for the preparation and fair presentation of the financial report in accordance with the applicable financial reporting framework; or the preparation of a financial report that gives a true and fair view in accordance with the applicable financial reporting framework.~~	~~ASA 580 *Written Representations*~~	~~8~~

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~~***Management*** ~~(in the context of ASAE 3610) for the purposes of this Standard, means those with executive responsibility for the preparation and presentation of the general purpose water accounting report, including water accounting and reporting, unless otherwise specified. In some instances, management includes some or all of those charged with governance, for example, executive members of a governance board, or an owner-manager.~~	~~ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports and Australian Water Accounting Standard* (AWAS 2)~~	~~15(u)~~
Management's expert means an individual or organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the entity to assist the entity in preparing the financial report.	ASA 500 *Audit Evidence*	5(~~d~~e)
	ASA 620 *Using the Work of an Auditor's Expert*	6(c)
Management's expert (in the context of ASAE 3610) means an individual or organisation possessing expertise in a field other than water accounting or assurance, whose work in that field is used by management or those charged with governance to assist them in preparing the general purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports~~ and Australian Water Accounting Standard (AWAS 2)~~	15(v)
Management's expert (in the context of ASSA 5000) means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the entity to assist the entity in preparing the sustainability information.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ah)
Management's point estimate means the amount selected by management for recognition or disclosure in the financial report as an accounting estimate.	ASA 540 Auditing Accounting Estimates~~, Including Fair Value Accounting Estimates,~~ and Related Disclosures	~~7~~12(e)
Material (in the context of a compliance engagement) means: (i) in relation to potential (for risk assessment purposes) or detected (for evaluation purposes) matter(s) of ~~noncompliance~~non-compliance – instance(s) of ~~noncompliance~~non-compliance that are significant, individually or collectively, in the context of the entity's compliance with compliance requirements, and that might influence relevant decisions of intended users or affect the assurance practitioner's conclusion; and/or (ii) in relation to the compliance framework and controls – instance(s) of deficiency that are significant in the context of the entity's control environment and that may raise the	ASAE 3100 *Compliance Engagements*	17(q)

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compliance engagement risk sufficiently to affect the assurance practitioner's conclusion.		
Material control means a control which is necessary to mitigate the risk of a control objective not being achieved and for which there are no or insufficient compensating controls. The relevant control objectives are those at the level to be concluded on in the assurance report, whether overall or specific control objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(dd)
Material inconsistency means information within the document that materially contradicts the financial information that is the subject of the assurance report.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(q)
Material uncertainty *(Related to Going Concern)* means an uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. "May cast significant doubt" is used to refer to circumstances where the magnitude of the potential impact and likelihood of occurrence of the identified events or conditions are such that, unless management's plans for future actions mitigate their effects, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future.	ASA 570 *Going Concern*	10
Materiality (in the context of ASAE 3450) means~~,~~ in relation to information, that if certain information is omitted, misstated, or not disclosed, that information has the potential to affect the economic decisions of users of the document, or the discharge of accountability by management or those charged with governance of the entity (the responsible party).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(p)
Materiality (in the context of ASAE 3610) means information is material if its omission from, or misstatement in, a general purpose water accounting report has the potential to influence decisions of users of that report, or the discharge of accountability by management or those charged with governance.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports~~ and Australian Water Accounting Standard (AWAS 2)~~	15(w)

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~~***Materiality*** means variations in performance of an activity evaluated against the identified criteria which, have the potential to affect the economy, efficiency and/or effectiveness of the activity and be reasonably expected to influence relevant decisions of the intended users or the discharge of accountability by the responsible party or governing body of the entity.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(m)~~
Measurer or evaluator means the party(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or evaluator possesses expertise in the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(n)
~~***Misappropriation of assets*** means the theft of an entity's assets and is often perpetrated by employees in relatively small and immaterial amounts. However, it can also involve management who are usually more capable of disguising or concealing misappropriations in ways that are difficult to detect.~~	~~ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*~~	~~For more information refer to A5~~
Misstatement means a difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud. ~~When~~Where the auditor expresses an opinion on whether the financial report is presented fairly, in all material respects, or gives a true and fair view, misstatements also include those adjustments of amounts, classifications, presentation, or disclosures that, in the auditor's judgement, are necessary for the financial report to be presented fairly, in all material respects, or to give a true and fair view.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(i)
	ASA 450 *Evaluation of Misstatements Identified during the Audit*	4(a)
Misstatement (in the context of ASAE 3000) means a difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(o)
Misstatement (in the context of ASAE 3100) means for attestation engagements on compliance, a difference between the Statement and the assurance practitioner's evaluation of compliance with the compliance requirements. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3100 *Compliance Engagements*	17(r)

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Misstatement (in the context of ASAE 3150) means: (i) In an attestation engagement, a difference between the responsible party or evaluator's Statement and the appropriate evaluation of the design of controls against the control objectives, and/or the description, implementation or operating effectiveness of controls against the design, which is expressed either as a misstatement in the responsible party or evaluator's Statement, or as a deficiency in the suitability of the design, misstatement in the description, deficiency in implementation or deviation in operating effectiveness of controls. (ii) In a direct engagement, a difference between the design and a design suitable to achieve the control objectives and/or a difference between the description, implementation or operating effectiveness of controls and the design, in so far as it is suitable, which is expressed as a deficiency in the suitability of the design of controls to achieve the control objectives, misstatement in the description, deficiency in the implementation or deviation in the operating effectiveness of controls as designed. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3150 *Assurance Engagements on Controls*	17(ee)
Misstatement (in the context of ASAE 3610) means a difference between the general purpose water accounting report and the appropriate measurement or evaluation of the underlying subject matter against the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(x)
Misstatement (in the context of ASSA 5000) means a difference between the disclosure(s) and the appropriate measurement or evaluation of the sustainability matters in accordance with the applicable criteria. Misstatements can arise from error or fraud, may be qualitative or quantitative, and include omitted information or information that obscures the presentation of the disclosures.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ai)
Misstatement in the description of the system means an inaccuracy, inadequacy or omission in the description, including in the identification of the boundaries and other identifying characteristics of the system, the control components described, the areas of activity encompassed and the controls as designed and/or implemented.	ASAE 3150 *Assurance Engagements on Controls*	17(ff)

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Misstatement of fact (in the context of ASAE 3450) means information that is incorrectly stated or presented in the document. A material misstatement of fact may undermine the credibility of financial information that is the subject of the assurance report.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(r)
Misstatement of fact (with respect to other information) means other information that is unrelated to matters appearing in the subject matter information or the assurance report that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the subject matter information.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(p)
Misstatement of the other information means a misstatement of the other information exists when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(b)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aj)
~~***Misstatement of the other information*** exists when the other information is incorrectly stated or otherwise misleading (including because it omits or obscures information necessary for a proper understanding of a matter disclosed in the other information).~~	~~ASA 720 *The Auditor's Responsibilities Relating to Other Information*~~	~~12(b)~~
Modified opinion means a qualified opinion, an adverse opinion or a disclaimer of opinion on the financial report.	ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*	5(b)
~~***Monitoring of controls*** means a process to assess the effectiveness of internal control performance over time. It includes assessing the design and operation of controls on a timely basis and taking necessary corrective actions modified for changes in conditions. Monitoring of controls is a component of internal control.~~	~~IAASB Glossary~~	
~~***Monitoring*** means a process comprising an ongoing consideration and evaluation of the firm's system of quality control, including a periodic inspection of a selection of completed~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other*~~	~~12(j)~~

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~~engagements, designed to provide the firm with reasonable assurance that its system of quality control is operating effectively.~~	~~*Assurance Engagements and Related Services Engagements*~~	
	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(h)~~
Multiple types of financial information ~~means~~mean financial information that involves more than one type.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(s)
Negative confirmation request means a request that the confirming party respond directly to the auditor only if the confirming party disagrees with the information provided in the request.	ASA 505 *External Confirmations*	6(c)
Network means a larger structure: (i) That is aimed at cooperation, and (ii) That is clearly aimed at profit or ~~costsharing~~cost-sharing or shares common ownership, control or management, common quality ~~control~~management policies ~~and~~or procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.	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*	16(l)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7~~12(~~jg~~)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ak)

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~~***Network*** means a larger structure: • That is aimed at cooperation, and • That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(l)~~
Network firm means a firm or entity that belongs to ~~a~~the firm's network.	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*	16(k)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7~~12(~~i~~f)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(al)
~~***Network firm*** means a firm or entity that belongs to a network.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(k)~~
Non-compliance means acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing	ASA 250 *Consideration of Laws and Regulations in an Audit of a Financial Report*	12

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laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.		
Non-compliance (in the context of ASAE 3100) means for both attestation and direct engagements on compliance, a failure to meet a compliance requirement in whole or in part.	ASAE 3100 *Compliance Engagements*	17(s)
Non-compliance with laws and regulations means acts of omission or commission, intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(am)
~~***NonIFRS***~~***Non-IFRS*** ***financial information*** ~~means~~is financial information that is presented other than in accordance with all relevant accounting standards.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(t)
~~***Nonpublic***~~***Non-public*** ***document*** means a document in relation to a fundraising or a document containing prospective financial information, which is not a public document. It is not prepared in accordance with the Corporations Act 2001.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(u)
~~***Nonresponse***~~***Non-response*** means a failure of the confirming party to respond, or fully respond, to a positive confirmation request, or a confirmation request returned undelivered.	ASA 505 *External Confirmations*	6(d)
~~***Nonsampling***~~***Non-sampling*** ***risk*** means the risk that the auditor reaches an erroneous conclusion for any reason not related to sampling risk.	ASA 530 *Audit Sampling*	5(d)
~~***Observation*** means looking at a process or procedure being performed by others, for example, the auditor's observation of inventory counting by the entity's personnel, or of the performance of control activities.~~	~~ASA 500 *Audit Evidence*~~	~~For more information refer to A17~~

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~~***Objective of a performance engagement*** means to evaluate the performance of an activity or activities, with respect to economy, efficiency and/or effectiveness against the identified criteria.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(n)~~
Offering means the making available of an entity's equity or debt securities to parties (who may be in overseas jurisdictions) ordinarily through: (i) the sale of securities to the public under a prospectus; (ii) foreign offerings; (iii) an exempt transaction or offering (for example, a private placement of equity or debt securities to a limited number of investors, or an offering of debt securities issued or backed by public sector entities); (iv) certain securities transactions covered by specific laws or regulations (for example, exchange of shares in merger transactions); or (v) acquisition transactions in which there is an exchange of equity.	ASRS 4450 *Comfort Letter Engagements*	10(p)
Opening balances ~~means~~mean those account balances that exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.	ASA 510 Initial Audit Engagements~~—~~-Opening Balances	4(b)
Opening balances (in the context of ASAE 3610) ~~means~~mean account balances that exist at the beginning of the period. Opening balances are based upon the closing balances of the prior period and matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports~~ and Australian Water Accounting Standard (AWAS 2)~~	15(y)
Organisational boundary means the boundary that determines which operations to include in the entity's GHG statement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(o)

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Other financial information means historical financial information and information other than historical financial information (for example, prospective financial information).	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*	Aus 16.5
~~***Other financial information*** means historical financial information and information other than historical financial information (for example prospective financial information).~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.9~~
Other information means financial or ~~non-financial~~nonfinancial information (other than the financial report and the auditor's report thereon) included in ~~the~~an entity's annual report.	ASA 720 *The Auditor's Responsibilities Relating to Other Information*	12(c)
Other information (in the context of ASAE 3000) means information (other than the subject matter information and the assurance report thereon) which is included, either by law, regulation or custom, in a document containing the subject matter information and the assurance report thereon.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(q)
Other information (in the context of ASSA 5000) means information not subject to the assurance engagement included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(an)
Other Matter paragraph means a paragraph included in the auditor's report that refers to a matter other than those presented or disclosed in the financial report that, in the auditor's judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.	ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*	7(b)
Outcome of an accounting estimate means the actual monetary amount ~~which~~that results from the resolution of the ~~underlying~~ transaction(s), event(s) or condition(s) addressed by ~~the~~an accounting estimate.	ASA 540 Auditing Accounting Estimates~~, Including Fair Value~~	~~7~~12(f)

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	~~Accounting Estimates,~~ and Related Disclosures	
Overall control objectives ~~means~~mean explicit or implicit assertions by the responsible party with respect to the subject matter, that in an assurance engagement on controls, represent the broad objectives or purpose of the controls, in the context of the control component and system included in the scope of the engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(gg)
Partner ~~(in the context of ASA 220)~~ means any individual with authority to bind the firm with respect to the performance of an audit, ~~of~~review, ~~a~~other ~~financial~~assurance ~~report~~engagement or ~~historical~~related ~~financial~~services ~~information~~engagement. ~~Partner should be read as referring to a public sector equivalent where relevant.~~	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*	Aus 16.6
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	Aus ~~7~~12.~~4~~2
Partner means any individual with authority to bind the firm with respect to the performance of ~~an~~a ~~audit, review, other assurance engagement or related~~professional services engagement. ~~Partner should be read as referring to a public sector equivalent where relevant.~~	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ao)
~~***Partner*** means any individual with authority to bind the firm with respect to the performance of an audit, review, other assurance engagement or related services engagement. Partner should be read as referring to a public sector equivalent where relevant.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.10~~

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Performance engagement means an assurance engagement ~~to~~that ~~conclude~~concludes on ~~the performance (expressed as either economy, efficiency and/or effectiveness) of~~ all or a part of ~~the activity or activities of~~ an ~~entity~~activity's ~~or across multiple entities~~performance as evaluated ~~by~~against identified criteria~~,~~. ~~commonly~~Performance ~~referred~~engagements generally focus on one or more performance principle. Performance engagements seek to ~~as~~provide ~~a~~new ~~performance~~information, ~~audit~~analysis or insights and, where appropriate, recommendations for improvement.	ASAE 3500 *Performance Engagements*	~~16~~18(~~a~~m)
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.	ASA 320 *Materiality in Planning and Performing an Audit*	9(a)
Performance materiality (in the context of ASAE 3410) means the amount or amounts set by the assurance practitioner at less than materiality for the GHG statement to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the GHG statement. If applicable, performance materiality also refers to the amount or amounts set by the assurance practitioner at less than the materiality level or levels for particular types of emissions or disclosures.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(p)
Performance materiality (in the context of ASAE 3610) means the amount or amounts set by the assurance practitioner at less than materiality for the general purpose water accounting report to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the general purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(z)
Performance materiality (in the context of ASSA 5000) means the amount or amounts set by the practitioner at less than the amount or amounts determined to be material for a quantitative disclosure to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in that disclosure is material.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ap)

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Performance principle means the specific aspect of performance being evaluated against the engagement objective. Performance engagements generally focus on one or more of the principles of economy, efficiency, effectiveness, and/or ethics; however, may also focus on performance principles such as equity, probity and sustainability, amongst others.	ASAE 3500 *Performance Engagements*	18(n)
Personnel ~~means~~mean partners and staff in the firm.	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*	16(n)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7~~12(~~i~~)
	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(aq)
~~***Personnel*** means partners and staff.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(n)~~

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Pervasive ~~(in the context of ASA 705)~~ means a term used, in the context of misstatements, to describe the effects on the financial report of misstatements or the possible effects on the financial report of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate audit evidence. Pervasive effects on the financial report are those that, in the auditor's judgement: (i) Are not confined to specific elements, accounts or items of the financial report; (ii) If so confined, represent or could represent a substantial proportion of the financial report; or (iii) In relation to disclosures, are fundamental to users' understanding of the financial report.	ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*	5(a)
Pervasive (in the context of ASAE 3150) means the effect or possible effect on the system of controls of, identified or undetected, deficiencies in the design of controls, misstatements in the description, deficiencies in implementation as designed or deviations in operating effectiveness as designed. Pervasive effects on the controls system are those that, in the assurance practitioner's judgement: (v) Are not confined to certain overall or specific control objectives, areas of activity, components of controls or controls; or (vi) If so confined, represent or could represent a substantial proportion of the system of controls included in the scope of the engagement.	ASAE 3150 *Assurance Engagements on Controls*	17(ii)
Population means the entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions.	ASA 530 *Audit Sampling*	5(b)
Population (in the context of ASAE 3150) means the entire set of instances of a particular control from which a sample is selected and about which the assurance practitioner wishes to draw conclusions.	ASAE 3150 *Assurance Engagements on Controls*	17(hh)
Positive confirmation request means a request that the confirming party respond directly to the auditor indicating whether the confirming party agrees or disagrees with the information in the request, or providing the requested information.	ASA 505 *External Confirmations*	6(b)
Practitioner means the individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ASRS expressly intends that a ~~professional~~requirement ~~accountant~~or ~~in~~responsibility	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(h)

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~~public~~be ~~practice~~fulfilled by the engagement partner, the term "engagement partner" rather than "practitioner" is used.		
~~***Practitioner*** means a professional accountant in public practice.~~	~~IAASB Glossary~~	
Practitioner (in the context of ASSA 5000) means the individual(s) conducting the engagement (usually the engagement leader or other members of the engagement team, or, as applicable, the firm). Where this ASSA expressly intends that a requirement or responsibility be fulfilled by the engagement leader, the term "engagement leader" rather than "practitioner" is used.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ar)
Practitioner's expert means an individual or organisation possessing expertise in a field other than assurance and related services, whose work in that field is used to assist the practitioner in fulfilling the practitioner's responsibilities for the agreed-upon procedures engagement. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external expert.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(i)
Practitioner's expert (in the context of ASSA 5000) means an individual or organisation possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm), or a practitioner's external expert.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(as)
Preconditions for an audit means the use by management of an acceptable financial reporting framework in the preparation of the financial report and the agreement of management and, where appropriate, those charged with governance to the premise on which an audit is conducted.	ASA 210 *Agreeing the Terms of Audit Engagements*	4
Predecessor assurance practitioner means the assurance practitioner from a different firm who conducted the assurance engagement on the general purpose water accounting report in the prior period and who has been replaced by the assurance practitioner for the current period.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and~~	15(aa)

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	~~Australian Water Accounting Standard (AWAS 2)~~	
Predecessor auditor means the auditor from a different audit firm, who audited the financial report of an entity in the prior period and who has been replaced by the current auditor.	ASA 510 Initial Audit Engagements~~—~~-Opening Balances	4(c)
Premise (relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted) means that management and, where appropriate, those charged with governance have acknowledged and understand that they have the following responsibilities that are fundamental to the conduct of an audit in accordance with Australian Auditing Standards. That is, responsibility: (iv) For the preparation of ~~the~~a financial report in accordance with the applicable financial reporting framework~~:~~, including where relevant, their fair presentation; (v) For such internal control as management and, where appropriate, those charged with governance determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error, and (vi) To provide the auditor with: (d) Access to all information, of which management and, where appropriate, those charged with governance are aware that is relevant to the preparation of ~~the~~a financial report such as records, documentation and other matters; (e) Additional information that the auditor may request from management and, where appropriate, those charged with governance, for the ~~purposes~~purpose of the audit; and (f) Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence. In the case of a fair presentation framework, (~~a~~i) above may be restated as "for the preparation and fair presentation of ~~the~~a financial report in accordance with the financial reporting framework", or "for the preparation of ~~the~~a financial report that gives a true and fair view in accordance with the financial reporting framework.~~:~~"	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(j)

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The "premise, relating to the responsibilities of management and, where appropriate, those charged with governance, on which an audit is conducted" may also be referred to as the "premise."		
Private placement means securities offered for sale or issue in a prospectus to a limited number of investors, which are exempt, by law or regulation from certain content, distribution or registration requests in certain jurisdictions ("exempt offering").	ASRS 4450 *Comfort Letter Engagements*	10(q)
Pro forma adjustments (in the context of ASAE 3420) ~~means~~mean in relation to unadjusted financial information, these include: (i) Adjustments to unadjusted financial information that illustrate the impact of a significant event(s) or transaction(s) ("events" or "transactions") as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration; and (ii) Adjustments to unadjusted financial information that are necessary for the pro forma financial information to be compiled on a basis consistent with the applicable financial reporting framework of the reporting entity ("entity") and its accounting policies under that framework. Pro forma adjustments include the relevant financial information of a business that has been, or is to be, acquired ("acquiree"), or a business that has been, or is to be, divested ("divestee"), to the extent that such information is used in compiling the pro forma financial information ("acquiree or divestee financial information").	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(b)
Pro forma adjustments (in the context of ASAE 3450) ~~means~~mean adjustments selected by the responsible party in accordance with the stated basis of preparation to make to base financial information (historical or prospective) to: (i) illustrate the impact of a significant event or transaction ("event" or "transaction~~s~~") as if the event had occurred or the transaction had been undertaken at an earlier date than actually occurred, or as if it had not occurred at all; and/or (ii) eliminate the effects of unusual or non-recurring event(s) or transaction(s) that are not part of the normal operations of the entity; and/or	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(v)

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(iii) exclude certain event(s) or transaction(s), or present transactions or balances on a different recognition and measurement basis from that required or permitted by Australian Accounting Standards; and/or (iv) correct errors or uncertainties.		
Pro forma financial information (in the context of ASAE 3420) means historical financial information shown together with adjustments to illustrate the impact of an event(s) or transaction(s) on unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. In this ASAE, it is assumed that pro forma financial information is presented in columnar format consisting of (a) the unadjusted historical financial information; (b) the pro forma adjustments; and (c) the resulting pro forma column.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	Aus 11.1
Pro forma financial information (in the context of ASAE 3450) means base financial information adjusted for pro forma adjustments in accordance with the stated basis of preparation, resulting in non-IFRS financial information that is not prepared in accordance with Australian Accounting Standards. It is subject to the assumptions inherent in the responsible party's stated basis of preparation.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(w)
Pro forma financial information (in the context of ASRS 4450) means non-IFRS financial information that is intended to show the effects of proposed or completed transactions for illustrative purposes. The non-IFRS financial information is adjusted by pro forma adjustments to illustrate the impact of an event(s) or transaction(s) in the financial information as if the event had occurred, or the transaction had been undertaken at an earlier date selected for the purposes of the illustration, ordinarily the beginning of the reporting period.	ASRS 4450 *Comfort Letter Engagements*	10(s)
Procedures ~~means~~mean procedures performed by the auditor which are specified by the requesting parties. The auditor does not determine whether the extent of such procedures is sufficient for the purposes of the requesting parties. Procedures may also be referred to as ~~agreedupon~~agreed-upon procedures.	ASRS 4450 *Comfort Letter Engagements*	10(r)

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~~***Professional accountant in public practice*** means a professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice.~~	~~IAASB Glossary~~	
~~***Professional accountant*** means an individual who is a member of an accounting professional body.~~	~~IAASB Glossary~~	
~~***Procedures of an assurance nature*** means procedures performed by an assurance practitioner which are the same or similar to procedures performed in an assurance engagement.~~	~~ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*~~	~~15~~
Professional judgement means the application of relevant training, knowledge and experience, within the context of AUASB standards, in making informed decisions about the courses of action that are appropriate in the design, implementation and operation of the firm's system of quality management.	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*	16(o)
Professional judgement (in the context of ASA 200) means the application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(k)
Professional judgement (in the context of ASRE 2400) means the application of relevant training, knowledge and experience, within the context provided by assurance, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the review engagement.	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(h)
Professional judgement (in the context of ASAE 3000, ASAE 3100 and ASSA 5000) means the application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(t)
	ASAE 3100 *Compliance Engagements*	17(t)

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	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(at)
Professional judgement (in the context of ASAE 3610) means the application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the assurance engagement.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(bb)
Professional judgement means the application of relevant training, knowledge and experience, within the context provided by this ASRS and relevant ethical requirements, in making informed decisions about the courses of action that are appropriate in the circumstances of the agreed-upon procedures engagement.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(j)
Professional scepticism means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(l)
Professional scepticism (in the context of ASAE 3000 and ASAE 3610) means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(u)
	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(cc)
Professional scepticism (in the context of ASAE 3100) means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement or non-compliance, and a critical assessment of evidence.	ASAE 3100 *Compliance Engagements*	17(u)

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Professional scepticism (in the context of ASAE 3500) means an attitude that includes a questioning mind, being alert to the validity of evidence obtained and ~~to~~ critically ~~assess~~assessing evidence that contradicts or brings into question the reliability of information obtained. Information may include data, documents and responses to enquiries ~~and other information obtained~~.	ASAE 3500 *Performance Engagements*	~~16~~18(~~p~~o)
Professional scepticism means an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(au)
Professional standards ~~means AUASB Engagement Standards, as defined in the AUASB's Preface to the~~mean Australian ~~Quality~~Standards ~~Control,~~on ~~Auditing, Review, Other~~Sustainability Assurance~~, and Related Services Pronouncements,~~(ASSAs) and relevant ethical requirements.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(av)
~~***Professional standards*** means AUASB Engagement Standards, as defined in the AUASB's *Preface to the Australian Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*, and relevant ethical requirements.~~	~~General definition~~	
Prospective financial information means financial information of a predictive character prepared based on assumptions made by the responsible party, in accordance with the stated basis of preparation. Prospective financial information may be either: (i) a forecast which is prepared based on the responsible party's assumptions as to future events expected to take place on the dates, or in the period, described and the actions expected to be taken at the date the financial information is prepared. It is commonly referred to as a "directors' forecast"; or (ii) a projection which is prepared based on the responsible party's material hypothetical assumptions, or a mixture of assumptions and material hypothetical assumptions as to future events which are not necessarily expected to take place on the dates, or in the period, described and the actions not necessarily expected to be taken at the date the financial information is prepared (a "~~whatif~~what-if" scenario).	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(x)

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Prospectus means a document issued pursuant to applicable law or regulation relating to the entity's securities on which it is intended that a third party should make an investment decision.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(d)
Public document (in the context of ASAE 3420) means a disclosure document, product disclosure statement or other documentation provided to shareholders, unit holders, or holders of a relevant interest in an entity (or which is provided to management of any entity) in relation to a scheme of arrangement under the Part 5.1 of the *Corporations Act 2001*, or a takeover or compulsory acquisition under Chapter 6 of the *Corporations Act 2001*.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	Aus 11.2
Public document (in the context of ASAE 3450) means a disclosure document, product disclosure statement or other documentation provided to shareholders, unit holders, or holders of a relevant interest in an entity (or which is provided to management of an entity) in relation to a scheme of arrangement under Part 5.1 of the *Corporations Act 2001*, or a takeover or compulsory acquisition under Chapter 6 of the *Corporations Act 2001*. Examples include: (i) A prospectus prepared by an entity that is a corporation in accordance with relevant sections of the *Corporations Act 2001*. (ii) A ~~ShortForm~~Short-Form Prospectus; lodged with the Australian Securities and Investments Commission (ASIC), instead of including in the body of the prospectus the relevant information discussed in such materials. (iii) Scheme Booklets. (iv) Target Statements. (v) Bidder Statements. (vi) Profile Statements; this is a brief statement that may be sent out with offers, with ASIC's approval, instead of a prospectus. (vii) Offer Information Statements; this is a document that may be used instead of a prospectus under certain criteria set by the *Corporations Act 2001*. (viii) Product Disclosure Statements (PDS) used where the entity is a trust or other type of managed investment scheme.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(y)

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~~***Public sector*** means national governments, regional (for example, state, provincial, territorial) governments, local (for example, city, town) governments and related governmental entities (for example, agencies. boards, commissions and enterprises).~~	~~IAASB Glossary~~	
Published financial information means financial information of the entity or of an acquiree or a divestee that is made available publicly.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	11(e)
Purchased offset means an emissions deduction in which the entity pays for the lowering of another entity's emissions (emissions reductions) or the increasing of another entity's removals (removal enhancements), compared to a hypothetical baseline.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(q)
Quality objectives mean the desired outcomes in relation to the components of the system of quality management to be achieved by the firm.	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*	16(q)
Quality risk means a risk that has a reasonable possibility of: (i) Occurring; and (ii) Individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.	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*	16(r)
Quantification means the process of determining the quantity of GHGs that relate to the entity, either directly or indirectly, as emitted (or removed) by particular sources (or sinks).	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(r)

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~~***Reasonable assurance*** means a high, but not absolute, level of assurance.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(p)~~
~~***Re-calculation*** means checking the mathematical accuracy of documents or records.~~	~~ASA 500 *Audit Evidence*~~	~~For more information refer to A19~~
Reasonable assurance, in the context of the ASQMs, means a high, but not absolute, level of assurance.	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*	16(s)
Reasonable assurance ~~(~~means, in the context of an audit of a financial report~~) means,~~ a high, but not absolute, level of assurance.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(m)
Reasonable assurance engagement ~~(in the context of ASAE 3100)~~ means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the evaluation of the compliance activities against compliance requirements.	ASAE 3100 *Compliance Engagements*	17(v)
Reasonable assurance engagement (in the context of ASAE 3150) means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that	ASAE 3150 *Assurance Engagements on Controls*	17(jj)

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conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.		
Reasonable assurance engagement (in the context of ASAE 3450) means an assurance engagement where the assurance practitioner reduces the assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement as the basis for the assurance practitioner's conclusion.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(z)
Reasonable assurance engagement (in the context of ASAE 3500) means an assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's ~~opinion~~conclusion on the outcome of the evaluation of the ~~compliance~~activity's ~~activities~~performance against ~~compliance~~the ~~requirements~~identified criteria.	ASAE 3500 *Performance Engagements*	~~16~~18(~~qp~~)
Reasonable grounds ~~means~~mean, in relation to a statement made, that there must be a sufficient objective foundation for that statement.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(aa)
~~***Registered company auditor*** means an individual who meets the requirements of section 324BE of the Act.~~	~~ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*~~	~~6(b)~~
Registered company auditor includes an individual who meets the requirements of section 324BE of the Act.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other*	6(b)

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	Applicable Legislation or Regulation	
Related party means a party that is either: (i) A related party as defined in the applicable financial reporting framework; or (ii) Where the applicable financial reporting framework establishes minimal or no related party requirements: a. A person or other entity that has control or significant influence, directly or indirectly through one or more intermediaries, over the reporting entity; b. Another entity over which the reporting entity has control or significant influence, directly or indirectly through one or more intermediaries; or c. Another entity that is under common control with the reporting entity through having: i. Common controlling ownership; ii. Owners who are close family members; or iii. Common key management. However, entities that are under common control by a state (that is, a national, regional or local government) are not considered related unless they engage in significant transactions or share resources to a significant extent with one another.	ASA 550 *Related Parties*	10(b)
~~***Related services*** means agreed-upon procedures and comfort letter.~~	~~IAASB Glossary~~	
Relevant assertions mean an assertion about a class of transactions, account balance or disclosure is relevant when it has an identified risk of material misstatement. The determination of whether an assertion is a relevant assertion is made before consideration of any related controls (i.e., the inherent risk).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(h)
Relevant Date means as applicable: (i) the allotment date; (ii) the effective date of the relevant proposed fundraising; (iii) the implementation date of the relevant proposed merger transaction; or (iv) in the case of a scheme of arrangement, the date of the shareholders or ~~unitholders~~unit-holders meeting to vote on the scheme.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(bb)

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Relevant ethical requirements ~~means~~mean ethical requirements that apply to the auditor, assurance practitioner, engagement quality ~~control~~ reviewer and firm. In Australia, these include the applicable requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards), issued by the Accounting Professional ~~and~~& Ethical Standards Board Limited (APESB) (November 2018 incorporating all amendments to July 2025) (APES 110), the applicable provisions of the Corporations Act 2001 and other applicable law or regulation.	ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*	5(~~ed~~)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	Aus ~~7~~12.~~6~~4
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	Aus 17.1~~-~~(p)
	~~*ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.12~~
Relevant ethical requirements mean principles of professional ethics and ethical requirements that are applicable to the engagement team when undertaking agreed-upon procedures engagements. Relevant ethical requirements ordinarily comprise the provisions of Accounting Professional & Ethical Standards Board (APESB)'s *Code of Ethics for Professional Accountants (including Independence Standards)* (APESB Code), together with national requirements that are more restrictive.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(k)
Relevant ethical requirements (in the context of ASQM 1 and ASQM 2) mean: (i) for sustainability assurance engagements, 'relevant ethical requirements' as defined in ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000); and	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*	Aus 16.8

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(ii) for engagements other than sustainability assurance engagements, 'relevant ethical requirements' as defined in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.	ASQM 2 *Engagement Quality Reviews*	Aus 13.1(d)
Relevant ethical requirements (in the context of ASSA 5000) mean principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. Relevant ethical requirements comprise the Code related to sustainability assurance engagements, together with applicable legislative or other requirements that are more restrictive, or professional requirements or requirements in law or regulation that an appropriate authority has determined to be at least as demanding as the provisions of the Code, including the relevant requirements in Chapter 2M of the *Corporations Act 2001* in the case of an engagement for assurance over information in a sustainability report under that Act.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	Aus 18.3
Removal means the GHGs that the entity has, during the period, removed from the atmosphere, or that would have been emitted to the atmosphere had they not been captured and channelled to a sink.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(s)
Re-performance means the assurance practitioner's independent execution of procedures or controls that were originally performed ~~as part of~~by the ~~entity's~~responsible ~~internal control~~party.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(dd)
Report on the description and design of controls at a service organisation (referred to in ASA 402 as a type 1 report) means a report that comprises: (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls that have been designed and implemented as at a specified date; and (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes the service auditor's opinion on the description of the service organisation's system, control objectives and related controls and the suitability of the design of the controls to achieve the specified control objectives.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(b)

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Report on the description and design of controls at a service organisation (referred to in ~~this~~ASAE ~~ASAE~~3402 as a "type 1 report") ~~(in the context of ASAE 3402)~~ means a report that comprises: (i) The service organisation's description of its system; (ii) A written statement by the service organisation that, in all material respects, and based on suitable criteria: a. The description fairly presents the service organisation's system as designed and implemented as at the specified date; and b. The controls related to the control objectives stated in the service organisation's description of its system were suitably designed as at the specified date; and (iii) A service auditor's assurance report that conveys a reasonable assurance conclusion about the matters in ~~ab~~(ii)a.-b. above.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(j)
Report on the description, design, and operating effectiveness of controls at a service organisation (referred to in ~~this~~ASA ~~Auditing Standard~~402 as a type 2 report) means a report that comprises: (i) A description, prepared by management of the service organisation, of the service organisation's system, control objectives and related controls, their design and implementation as at a specified date or throughout a specified period and, in some cases, their operating effectiveness throughout a specified period; and (ii) A report by the service auditor with the objective of conveying reasonable assurance that includes: a. The service auditor's opinion on the description of the service organisation's system, control objectives and related controls, the suitability of the design of the controls to achieve the specified control objectives, and the operating effectiveness of the controls; and b. A description of the service auditor's tests of the controls and the results thereof.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(c)

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Report on the description, design and operating effectiveness of controls at a service organisation (referred to in ~~this~~ASAE ~~ASAE~~3402 as a "type 2 report") ~~(in the context of ASAE 3402)~~ means a report that comprises: (i) The service organisation's description of its system; (ii) A written statement by the service organisation that, in all material respects, and based on suitable criteria: a. The description fairly presents the service organisation's system as designed and implemented throughout the specified period; b. The controls related to the control objectives stated in the service organisation's description of its system were suitably designed throughout the specified period; and c. The controls related to the control objectives stated in the service organisation's description of its system operated effectively throughout the specified period; and (iii) A service auditor's assurance report that: a. Conveys a reasonable assurance conclusion about the matters in (ii)a~~–~~. -c. above; and b. Includes a description of the tests of controls and the results thereof.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(k)
Reporting boundary means activities, operations, relationships or resources to be included in the entity's sustainability information. For purposes of the ASSAs, the reporting boundary is determined in accordance with the applicable criteria.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ax)
Reporting period means the period for which a water accounting report is prepared.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(ee)
Representation means ~~a~~ statement by the responsible party, either oral or written, provided to the assurance practitioner to confirm certain matters or to support other evidence. A representation is additional to but may be provided in combination with the responsible party's or evaluator's Statement provided in an attestation engagement.	ASAE 3100 *Compliance Engagements*	17(w)
	ASAE 3150 *Assurance Engagements on Controls*	17(kk)

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Representation (in the context of ASAE 3500) means ~~a~~ statement by the responsible party(ies), either oral or written, provided to the assurance practitioner to confirm certain matters or to support other evidence.	ASAE 3500 *Performance Engagements*	~~16~~18(~~r~~q)
Representation letter means a letter prepared by the entity at the request of the auditor that confirms to the auditor specific matters relating to the comfort letter engagement.	ASRS 4450 *Comfort Letter Engagements*	10(t)
Requesting parties means third party underwriter(s) and/or other parties involved with the entity's securities offering (such as financial intermediaries, buyers, sellers, brokers or selling agents or group or component auditors) that have agreed to be bound by the auditor's engagement letter (including by authorising the lead manager to sign on their behalf) in order to request the auditor's comfort letter, and may receive the comfort letter if they sign the auditor's engagement letter.	ASRS 4450 *Comfort Letter Engagements*	10(u)
Response (in relation to a system of quality management) means policies or procedures designed and implemented by the firm to address one or more quality risk(s): (i) Policies are statements of what should, or should not, be done to address a quality risk(s). Such statements may be documented, explicitly stated in communications or implied through actions and decisions. (ii) Procedures are actions to implement policies.	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*	16(u)
	ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*	12(l)
Responsible party means the party(ies) responsible for the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(v)
Responsible party (in the context of ASAE 3100) means the party(ies) responsible for the underlying subject matter, being the compliance activity(ies) in a compliance engagement.	ASAE 3100 *Compliance Engagements*	17(x)

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Responsible party (in the context of ASAE 3150) means the party responsible for the underlying subject matter, being the design, description, implementation or operating effectiveness of controls in an assurance engagement on controls.	ASAE 3150 *Assurance Engagements on Controls*	17(ll)
Responsible party (in the context of ASAE 3450) means those charged with governance of the entity (ordinarily the Board of Directors), who are also responsible for the preparation and issuance of the financial information included in the document. It may also mean the management of the entity in circumstances where the assurance practitioner has been requested to provide assurance to those charged with governance in relation to financial information prepared by management. Alternatively it may also mean the party responsible for the preparation of the financial information. The responsible party may be different from the party that is the engaging party.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(cc)
Responsible party (in the context of ASAE 3500) means the party or parties responsible for the performance of all or part of the activity, which is the subject matter of the performance engagement.	ASAE 3500 *Performance Engagements*	~~16~~18(~~sr~~)
Responsible party (in the context of ASAE 3610) means those charged with governance or management, as appropriate, responsible for the preparation and presentation of the general purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(ff)
Responsible party (in the context of ASRS 4400) means the party(ies) responsible for the subject matter on which the agreed-upon procedures are performed.	ASRS 4400 *Agreed-Upon Procedures Engagements*	13(l)
Responsible party of the entity means those charged with governance of the entity (ordinarily the Board of Directors) who are responsible for the preparation of the offering document, and who engage the auditor to issue a comfort letter to the requesting parties and provide a copy to the responsible party.	ASRS 4450 *Comfort Letter Engagements*	10(v)

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~~***Review procedures*** means the procedures deemed necessary to meet the objective of a review engagement, primarily enquiries of entity personnel and analytical procedures applied to financial data.~~	~~IAASB Glossary~~	
~~***Review engagement*** (see *Limited assurance engagement*)~~		
Revised Legislation means *Corporations Amendment (Corporate Reporting Reform) Act 2010*.	ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*	6(c)
Risk assessment procedures ~~means~~mean the audit procedures ~~performed to obtain an understanding of the entity~~designed and ~~its environment, including the entity's internal control,~~performed to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial report and assertion levels.	ASA 315 Identifying and Assessing the Risks of Material Misstatement ~~through Understanding the Entity and Its Environment~~	~~4~~12(~~d~~j)
Risk assessment procedures (in the context of ASSA 5000) mean the procedures designed and performed to: (i) In a limited assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level; and (ii) In a reasonable assurance engagement, identify and assess the risks of material misstatement, whether due to fraud or error, of the disclosures at the assertion level.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(az)
Risk of material misstatement means the risk that the financial report is materially misstated prior to audit. This consists of two components, described as follows at the assertion level: (i) Inherent risk means the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(n)

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(ii) Control risk means the risk that a misstatement that could occur in an assertion about a class of ~~transaction~~transactions, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's ~~internal control~~controls.		
Risk of material misstatement (in the context of ASAE 3000) means the risk that the subject matter information is materially misstated prior to the engagement.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(w)
Risk of material misstatement (in the context of ASSA 5000) means the risk that the sustainability information is materially misstated prior to the engagement.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ay)
Risk procedures mean procedures designed and performed to: (i) In a limited assurance engagement, identify areas where a significant variation in an activity's performance is likely to arise; and (ii) In a reasonable assurance engagement, identify and assess the risks that may cause significant variations in an activity's performance.	ASAE 3500 *Performance Engagements*	18(s)
Risks arising from the use of IT mean susceptibility of information processing controls to ineffective design or operation, or risks to the integrity of information (i.e., the completeness, accuracy and validity of transactions and other information) in the entity's information system, due to ineffective design or operation of controls in the entity's IT processes (see IT environment).	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(i)
Sampling means the application of assurance procedures to less than 100% of items within a population of relevance to the engagement such that all sampling units have a chance of selection in order to provide the assurance practitioner with a reasonable basis on which to draw conclusions about the entire population.	ASAE 3150 *Assurance Engagements on Controls*	17(mm)

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Sampling risk means the risk that the auditor's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same audit procedure. Sampling risk can lead to two types of erroneous conclusions: (i) In the case of a test of controls, that controls are more effective than they actually are, or in the case of a test of details, that a material misstatement does not exist when in fact it does. The auditor is primarily concerned with this type of erroneous conclusion because it affects audit effectiveness and is more likely to lead to an inappropriate audit opinion. (ii) In the case of a test of controls, that controls are less effective than they actually are, or in the case of a test of details, that a material misstatement exists when in fact it does not. This type of erroneous conclusion affects audit efficiency as it would usually lead to additional work to establish that initial conclusions were incorrect.	ASA 530 *Audit Sampling*	5(c)
Sampling risk (in the context of ASAE 3150) means the risk that the assurance practitioner's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same assurance procedure. Sampling risk can lead to two types of erroneous conclusions: (i) That the controls are designed more suitably, the description is presented more fairly or the controls are operating more effectively than they actually are. The assurance practitioner is primarily concerned with this type of erroneous conclusion because it affects the engagement's effectiveness and is more likely to lead to an inappropriate assurance conclusion. (ii) That controls are less effective than they actually are. This type of erroneous conclusion affects the engagement's efficiency as it would usually lead to additional work to draw a conclusion.	ASAE 3150 *Assurance Engagements on Controls*	17(nn)
Sampling unit means the individual items constituting a population.	ASA 530 *Audit Sampling*	5(f)
~~***Scope of review*** means the review procedures deemed necessary in the circumstances to achieve the objective of the review.~~	~~IAASB Glossary~~	
Service auditor ~~(in the context of ASA 402)~~ means an auditor who, at the request of the service organisation, provides an assurance report on the controls of a service organisation.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(d)

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Service auditor (in the context of ASAE 3402) means an assurance practitioner who, at the request of the service organisation, provides an assurance report on controls at a service organisation.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(l)
Service organisation ~~(in the context of ASA 402)~~ means a third-party organisation (or segment of a third-party organisation) that provides services to user entities that are part of those entities' information systems relevant to financial reporting.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(e)
Service organisation (in the context of ASAE 3150) means a third~~-~~-party organisation (or segment of a third~~-~~-party organisation) that provides services to user entities that are likely to be relevant to user entities' internal control as it relates to relevant external reporting, whether financial, emissions and energy, carbon offsets, compliance or other reporting.	ASAE 3150 *Assurance Engagements on Controls*	17(oo)
Service organisation (in the context of ASAE 3402) means a third-party organisation (or segment of a third-party organisation) that provides services to user entities that are likely to be relevant to user entities' internal control as it relates to financial reporting.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(m)
Service organisation's statement means the written statement about the matters referred to ~~the~~in ~~suitable~~paragraph ~~criteria~~9(k)(ii) (or paragraph 9(j)(ii) in ~~type~~the ~~2~~case ~~report~~of ~~(or~~a type 1 report).	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(o)
Service organisation's system ~~(in the context of ASA 402)~~ means the policies and procedures designed, implemented and maintained by the service organisation to provide user entities with the services covered by the service auditor's report.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(f)
Service organisation's system (or the system) (in the context of ASAE 3402) means the policies and procedures designed and implemented by the service organisation to provide user entities with the services covered by the service auditor's assurance report. The service organisation's description of its system includes identification of: the services covered; the period, or in the case of a type 1 report, the date, to which the description relates; control objectives; and related controls.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(n)

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Service provider (in the context of this ASQM) means an individual or organisation external to the firm that provides a resource that is used in the system of quality management or in the performance of engagements. Service providers exclude the firm's network, other network firms or other structures or organisations in the network.	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*	16(v)
Short-form report ~~(in the context of ASAE 3100)~~ means ~~an~~ assurance report including only the matters required under paragraph 56 of this ASAE.	ASAE 3100 *Compliance Engagements*	17(y)
Short-form report (in the context of ASAE 3150) means assurance report including only the matters required under paragraph 89 of this ASAE.	ASAE 3150 *Assurance Engagements on Controls*	17(pp)
Significance means the relative importance of a matter, ~~taken in context. The significance of a matter is judged by the practitioner in~~within the context in which it is being considered~~. This might include~~, ~~for~~that ~~example,~~could ~~the~~potentially ~~reasonable prospect of its changing or influencing~~influence the decisions of the intended users of the ~~practitioner's~~assurance report~~; or, as another example, where the context is a judgement about whether to report a matter to those charged with governance, whether the matter would be regarded as important by them in relation to their duties. Significance can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and effect on the subject matter and the expressed interests of intended users or recipients.~~	ASAE 3500 *Performance Engagements*	18(t)
~~***Significance*** means the relative importance of a matter, taken in context. The significance of a matter is judged by the practitioner in the context in which it is being considered. This might include, for example, the reasonable prospect of its changing or influencing the decisions of intended users of the practitioner's report; or, as another example, where the context is a judgement about whether to report a matter to those charged with governance, whether the matter would be regarded as important by them in relation to their duties. Significance can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and effect on the subject matter and the expressed interests of intended users or recipients.~~	~~IAASB Glossary~~	

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Significant class of transactions, account balance or disclosure means a class of transactions, account balance or disclosure for which there is one or more relevant assertions.	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(k)
~~***Significant component*** means a component identified by the group engagement team (i) that is of individual financial significance to the group, or (ii) that, due to its specific nature or circumstances, is likely to include significant risks of material misstatement of the group financial report.~~	~~ASA 600 *Special Considerations - Audits of a Group Financial Report*~~	~~9(m)~~
Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of those charged with governance.	ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*	6(b)
Significant facility means a facility that is of individual significance due to the size of its emissions relative to the aggregate emissions included in the GHG statement or its specific nature or circumstances which give rise to particular risks of material misstatement.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(t)
Significant risk means an identified ~~and assessed~~ risk of material misstatement ~~that, in the auditor's judgement, requires special audit consideration.~~: (i) For which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur; or (ii) That is to be treated as a significant risk in accordance with the requirements of other ASAs.	ASA 315 Identifying and Assessing the Risks of Material Misstatement ~~through Understanding the Entity and Its Environment~~	~~4~~12(~~el~~)
Single financial statement or specific element of a financial statement (in the context of ASA 805) includes the related ~~disclosure~~disclosures.	ASA 805 Special Considerations ~~—~~ Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	6(c)

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Sink means a physical unit or process that removes GHGs from the atmosphere.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(u)
~~***Smaller entity*** means an entity which typically possesses qualitative characteristics such as:~~ (viii) ~~Concentration of ownership and management in a small number of individuals (often a single individual – either a natural person or another enterprise that owns the entity provided the owner exhibits the relevant qualitative characteristics); and~~ (ix) ~~One or more of the following:~~ (i) ~~Straightforward or uncomplicated transactions;~~ (ii) ~~Simple record-keeping;~~ (iii) ~~Few lines of business and few products within business lines;~~ (iv) ~~Few internal controls;~~ (v) ~~Few levels of management with responsibility for a broad range of controls; or~~ (vi) ~~Few personnel, many having a wide range of duties.~~ ~~These qualitative characteristics are not exhaustive, they are not exclusive to smaller entities, and smaller entities do not necessarily display all of these characteristics.~~	~~IAASB Glossary~~	
Source means a physical unit or process that releases GHGs into the atmosphere.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(v)
Special purpose financial report means a complete set of financial statements, including an assertion statement by those responsible for the financial report, prepared in accordance with a special purpose framework.	ASA 800 Special Considerations~~=~~ Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks	Aus 6.1
Special purpose financial statements ~~means~~mean financial statements prepared in accordance with a special purpose framework.	ASA 800 Special Considerations~~=~~ Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks	6(a)

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	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(j)
Special purpose framework means a financial reporting framework designed to meet the financial information needs of specific users. The financial reporting framework may be a fair presentation framework or a compliance framework. ~~(see Applicable financial reporting framework)~~	ASA 800 Special Considerations~~—~~ Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks	6(b)
	ASRE 2400 *Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*	17(k)
Special purpose water accounting report means a water accounting report tailored to the information needs of a user able to command this information.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(gg)
Specific control objective means control objective expressed in sufficient detail such that controls can be designed to achieve that objective directly without further breakdown.	ASAE 3150 *Assurance Engagements on Controls*	17(qq)
Staff means professionals, other than partners, including any experts the firm employs.	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*	16(w)
	ASA 220 Quality ~~Control~~Management for an Audit of a Financial Report and Other Historical Financial Information	~~7~~12(~~e~~m)

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	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(ba)
~~***Staff*** means professionals, other than partners, including any experts the firm employs.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~12(r)~~
~~***Standards on review engagements*** means standards made by the AUASB which establish requirements and provide explanatory guidance on the responsibilities of an auditor, or assurance practitioner, when engaged to undertake a review engagement and on the form and content of the auditor's, or assurance practitioner's, review report.~~	~~General definition~~	
~~***Standards on assurance engagements*** means standards made by the AUASB which establish requirements and provide explanatory guidance for undertaking and reporting on assurance engagements other than audits or reviews of historical financial information covered by Australian Auditing Standards or Standards on Review Engagements.~~	~~General definition~~	
Stated basis of preparation means the basis on which the responsible party has chosen to prepare the financial information that is acceptable in view of the nature and objective of the document, or as required by applicable law or regulation. A stated basis of preparation may include: (i) the recognition and measurement principles contained in the Australian Accounting Standards (but not all the presentation and disclosure requirements), and the entity's adopted accounting policies; (ii) recognition and measurement principles contained in the Australian Accounting Standards adjusted by pro forma adjustments, selected for the purpose for which the pro forma financial information (i.e. ~~nonIFRS~~non-IFRS financial information) is presented; (iii) recognition and measurement principles other than those contained in Australian Accounting Standards; or (iv) a basis selected by the responsible party, in order to present the financial information for its intended purpose.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(dd)

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Statement ~~(in the context of ASAE 3100)~~ means the outcome in writing of the responsible party or evaluator's evaluation of compliance with the compliance requirements, provided to the assurance practitioner in an attestation engagement. A Statement is the subject matter information in an attestation engagement on compliance.	ASAE 3100 *Compliance Engagements*	17(z)
Statement (in the context of ASAE 3150) means the outcome in writing of the responsible party or evaluator's evaluation of the suitability of the design of controls to achieve the control objectives, and, if included in the scope of the engagement, the fair presentation of the description of the system, implementation of controls as designed or operating effectiveness of controls as designed, provided to the assurance practitioner in an attestation engagement. A Statement is the subject matter information in an attestation engagement on controls.	ASAE 3150 *Assurance Engagements on Controls*	17(rr)
Statistical sampling means an approach to sampling that has the following characteristics: (i) Random selection of the sample items; and (ii) The use of probability theory to evaluate sample results, including measurement of sampling risk. A sampling approach that does not have characteristics (i) and (ii) is considered ~~nonstatistical~~non-statistical sampling.	ASA 530 *Audit Sampling*	5(g)
Stratification means the process of dividing a population into ~~subpopulations~~sub-populations, each of which is a group of sampling units which have similar characteristics (often monetary value).	ASA 530 *Audit Sampling*	5(h)
Subject matter means the phenomenon that is measured or evaluated by applying criteria. In the context of a performance engagement the subject matter is the responsible party or parties' performance of an activity as evaluated against the identified criteria.	ASAE 3500 *Performance Engagements*	18(u)
Subject matter information means the outcome of the measurement or evaluation of the underlying subject matter against the criteria, i.e., the information that results from applying the criteria to the underlying subject matter.	ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*	12(x)

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Subject matter information (in the context of ASAE 3150) means the outcome of the measurement or evaluation of the underlying subject matter against the criteria. In an assurance engagement on controls the subject matter information is the Statement of the responsible party or evaluator in an attestation engagement or the assurance practitioner's conclusion in a direct engagement, providing the outcome of their evaluation.	ASAE 3150 *Assurance Engagements on Controls*	17(ss)
Subject matter information (in the context of ASAE 3610) means the information that results from applying the criteria to the underlying subject matter. The subject matter information in an engagement conducted under this Standard is the general purpose water accounting report.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(hh)
~~***Subject matter information*** (in the context of ASAE 3610) means the information that results from applying the criteria to the underlying subject matter. The subject matter information in an engagement conducted under this Standard is the general purpose water accounting report.~~	~~ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports and Australian Water Accounting Standard* (AWAS 2)~~	~~15(hh)~~
Subject matter or underlying subject matter ~~(in the context of ASAE 3150)~~ means the controls within the system designed to achieve the control objectives, and, if included in the scope of the engagement, the description of the system, the controls implemented or the controls in operation.	ASAE 3150 *Assurance Engagements on Controls*	17(tt)
~~***Subject matter or underlying subject matter*** (in the context of ASAE 3500) means the activity which is evaluated or measured against the identified criteria.~~	~~ASAE 3500 *Performance Engagements*~~	~~16(t)~~
Subsequent events ~~means~~mean events occurring between the date of the financial report and the date of the auditor's report, and facts that become known to the auditor after the date of the auditor's report.	ASA 560 *Subsequent Events*	5(d)
Subsequent events (in the context of ASAE 3450) ~~means~~mean events or facts that become known to the assurance practitioner after the date of the assurance report and prior to the relevant date.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(ee)

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Subservice organisation ~~(in the context of ASA 402)~~ means a service organisation used by another service organisation to perform some of the services provided to user entities that are part of those user entities' information systems relevant to financial reporting.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(g)
Subservice organisation (in the context of ASAE 3402) means a service organisation used by another service organisation to perform some of the services provided to user entities that are likely to be relevant to user entities' internal control as it relates to financial reporting.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(p)
Substantive procedure means an audit procedure designed to detect material misstatements at the assertion level. Substantive procedures comprise: (i) Tests of details (of classes of transactions, account balances, and disclosures); and (ii) Substantive analytical procedures.	ASA 330 *The Auditor's Responses to Assessed Risks*	4(a)
Substantive procedures mean procedures designed to detect material misstatements. Substantive procedures comprise tests of details and analytical procedures.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bb)
Sufficiency (of audit evidence) means the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.	ASA 500 *Audit Evidence*	5(~~e~~f)
~~***Sufficiency*** (of audit evidence) means the measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.~~	~~ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*~~	~~13(b)(i)~~
~~***Suitably qualified external person*** means an individual outside the firm with the competence and capabilities to act as an engagement partner. For example: a partner of another firm, or a member (with appropriate experience) of a professional accountancy body whose members may perform audits and reviews of financial reports and other financial information, other assurance engagements or related services engagements, or a member (with appropriate experience) of an organisation that provides relevant quality control services.~~	~~ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*~~	~~Aus 12.13~~

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~~***Suitably qualified external person*** (in the context of ASA 220) means an individual outside the firm with the competence and capabilities to act as an engagement partner, for example, a partner of another firm, or an employee (with appropriate experience) of a professional accountancy body whose members may perform audits of financial reports or audits of other historical financial information, or of an organisation that provides relevant quality control services.~~	~~ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*~~	~~7(p)~~
~~***Suitable criteria*** (See *Criteria*)~~		
Summary financial statements ~~means~~mean historical financial information that is derived from a financial report, or complete set of financial statements, but that contains less detail than the financial report, while still providing a structured representation consistent with that provided by the financial report~~, of the entity's economic resources or obligations at a point in time or the changes therein for a period of time. Different jurisdictions may use different terminology to describe such historical financial information.	ASA 810 *Engagements to Report on Summary Financial Statements*	4(c)
~~***Supplementary information*** means information that is presented together with the financial report that is not required by the applicable financial reporting framework used to prepare the financial report, normally presented in either supplementary schedules or as additional notes.~~	~~IAASB Glossary~~	
Sustainability competence means competence in the sustainability matters that are the subject of the sustainability assurance engagement and in their measurement or evaluation.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bc)
Sustainability information means information about sustainability matters. For purposes of the ASSAs: (a) Sustainability information results from measuring or evaluating sustainability matters against the criteria. (b) Sustainability information that is the subject of the assurance engagement is the equivalent of "subject matter information" in other AUASB assurance standards. (c) References to "sustainability information to be reported" are intended to relate to the entirety of the sustainability information to be reported by the entity, and are used	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bd)

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primarily in the context of the practitioner's preliminary knowledge of the engagement circumstances. (d) If the assurance engagement does not cover the entirety of the sustainability information reported by the entity, the term "sustainability information" is to be read as the information that is subject to assurance.		
Sustainability matters mean environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting sustainability information. For purposes of the ASSAs, sustainability matters being measured or evaluated in accordance with the criteria are the equivalent of "underlying subject matter" in other AUASB assurance standards.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(be)
Sustainability Report means a sustainability report required under section 292A of the Act (see section 9 of the Act).	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(j)
Sustainability Standards mean those standards made for the purposes of the Act pursuant to section 336A of the Act.	ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*	9(k)
System means the function or service at the entity, location or operational facility for which the controls are being reported upon by the assurance practitioner.	ASAE 3150 *Assurance Engagements on Controls*	17(uu)
System of internal control means the system designed, implemented and maintained by those charged with governance, management and other personnel, to provide reasonable assurance about the achievement of an entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. For the purposes of the ASAs, the system of internal control consists of five inter-related components: (i) Control environment;	ASA 315 *Identifying and Assessing the Risks of Material Misstatement*	12(m)

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(ii) The entity's risk assessment process; (iii) The entity's process to monitor the system of internal control; (iv) The information system and communication; and (v) Control activities.		
System of internal control means the system designed, implemented and maintained by those charged with governance, management and other entity personnel to provide reasonable assurance about the achievement of an entity's objectives with regard to sustainable business activities and the reliability of sustainability reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations related to sustainability matters. The term "controls" refers to policies or procedures that an entity establishes to achieve the control objectives of management or those charged with governance, relating to any aspects of one or more of the components of the system of internal control.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bf)
System of quality management means a system designed, implemented and operated by a firm to provide the firm with reasonable assurance that: (i) The firm and its personnel fulfill their responsibilities in accordance with AUASB standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and (ii) Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.	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*	16(x)
Takeover means the acquisition of control of listed or unlisted entities conducted in accordance with Chapter 6 of the *Corporations Act 2001*.	ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*	15(ff)
~~***Test*** means the application of procedures to some or all items in a population.~~	~~IAASB Glossary~~	
Test of controls means an audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.	ASA 330 *The Auditor's Responses to Assessed Risks*	4(b)

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Test of controls (in the context of ASAE 3150) means a procedure designed to evaluate the design, description, implementation or operating effectiveness of controls in achieving the identified control objectives.	ASAE 3150 *Assurance Engagements on Controls*	17(vv)
Test of controls (in the context of ASAE 3402) means a procedure designed to evaluate the operating effectiveness of controls in achieving the control objectives stated in the service organisation's description of its system.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(q)
The Code means: (a) for sustainability assurance engagements, 'the Code' as defined in ASSA 5000; and (b) for engagements other than sustainability assurance engagements, APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board.	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*	Aus 16.9
	ASQM 2 *Engagement Quality Reviews*	Aus 13.2(e)
The Code refers to the following applicable version of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited in November 2018 (APES 110): (a) APES 110 incorporating all amendments to June 2024 for: (i) Information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* – For periods beginning 1 January 2025 to 31 December 2025 and as at the end of that period; (ii) All other engagements – As at 31 December 2025 and for periods ending on that date, except where the period commenced before 1 January 2025; (b) APES 110 incorporating all amendments to July 2025 for: (i) Information presented in a sustainability report under Chapter 2M of the *Corporations Act 2001* – For periods beginning on or after 1 January 2026 and as at the end of that period; (ii) For all other engagements – As at a specific date on or after 1 January 2026 and for periods ending on that date, except where the period commenced before 1 January 2025,	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(i) and Aus 18.1

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except that any later effective dates and any transitional provisions in APES 110 continue to apply.		
Those charged with governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.	ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*	13(o)
	ASA 260 Communication With Those Charged ~~With~~with Governance	10(a)
Those charged with governance (in the context of ASAE 3610) means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of an entity and obligations related to the accountability of the entity. For the purposes of this Standard, those charged with governance refers to those with overall responsibility for, and obligations related to, the preparation and presentation of the general purpose water accounting report, including overseeing the water accounting and reporting process. For some entities, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(ii)
Those charged with governance (in the context of ASSA 5000) means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the sustainability reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner–manager.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bg)
Tolerable misstatement means a monetary amount set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the monetary amount set by the auditor is not exceeded by the actual misstatement in the population.	ASA 530 *Audit Sampling*	5(i)

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Tolerable rate of deviation ~~(in the context of ASA 530)~~ means a rate of deviation from prescribed internal control procedures set by the auditor in respect of which the auditor seeks to obtain an appropriate level of assurance that the rate of deviation set by the auditor is not exceeded by the actual rate of deviation in the population.	ASA 530 *Audit Sampling*	5(j)
Tolerable rate of deviation (in the context of ASAE 3150) means a rate of deviation in the operation of control procedures as designed in respect of which the assurance practitioner seeks to obtain an appropriate level of assurance that the rate of deviation set by the assurance practitioner is not exceeded by the actual rate of deviation in the population.	ASAE 3150 *Assurance Engagements on Controls*	17(ww)
Type of emission means a grouping of emissions based on, for example, source of emission, type of gas, region, or facility.	ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements*	14(w)
Unadjusted financial information means historical financial information of the entity to which pro forma adjustments are applied by the responsible party.	ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*	Aus 11.3
~~***Uncertainty*** means a matter whose outcome depends on future actions or events not under the direct control of the entity but that may affect the financial report.~~	~~IAASB Glossary~~	
Uncorrected misstatements ~~means~~mean misstatements that the auditor has accumulated during the audit and that have not been corrected.	ASA 450 *Evaluation of Misstatements Identified during the Audit*	4(b)
Uncorrected misstatements (in the context of ASSA 5000) mean misstatements that the practitioner has accumulated during the assurance engagement and that have not been corrected.	ASSA 5000 *General Requirements for Sustainability Assurance Engagements*	18(bh)
Underlying subject matter means the phenomenon that is measured or evaluated by applying criteria.	ASAE 3000 *Assurance Engagements Other than Audits or*	12(y)

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	Reviews of Historical Financial Information	
Underlying subject matter (in the context of ASAE 3610) means the subject matter that is measured or evaluated by applying criteria. In an engagement conducted under this Standard the underlying subject matter is the water assets, water liabilities, changes in water assets and water liabilities, and water flows of a water report entity.	ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*	15(jj)
Underwriter means any person or their agent who has purchased, or intends to purchase securities from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking. This ASRS also uses the term underwriter to refer to the managing or lead underwriter who ordinarily negotiates the underwriting agreement on behalf of a group of underwriters whose exact composition is not determined until shortly before an offering document becomes effective. The underwriters may or may not be named in the offering document, and are commonly the requesting parties.	ASRS 4450 *Comfort Letter Engagements*	10(w)
Underwriting agreement means a formal agreement between the underwriter(s) and the responsible party of the entity with respect to the entity's offering document. It may specify the form and content of the comfort letter to be requested of the auditor, or that the form and content is to be specified by the requesting parties at a later time. The auditor is not a party to the underwriting agreement.	ASRS 4450 *Comfort Letter Engagements*	10(x)
Unmodified opinion means the opinion expressed by the auditor when the auditor concludes that the financial report is prepared, in all material respects, in accordance with the applicable financial reporting framework.	ASA 700 *Forming an Opinion and Reporting on a Financial Report*	7(c)
User auditor ~~(in the context of ASA 402)~~ means an auditor who audits and reports on the financial report of a user entity ~~reports of a user entity~~.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(h)
User auditor (in the context of ASAE 3402) means an auditor who audits and reports on the financial report/statements of a user entity.	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(r) and Aus 9.1

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In the case of a subservice organisation, the service auditor of a service organisation that uses the services of the subservice organisation is also a user auditor.		
User entity ~~(in the context of ASA 402)~~ means an entity that uses a service organisation and whose financial report is being audited.	ASA 402 ~~Auditing~~Audit Considerations Relating to an Entity Using a Service Organisation	8(i)
User entity (in the context of ASAE 3150 and ASAE 3402) means an entity that uses a service organisation.	ASAE 3150 *Assurance Engagements on Controls*	17(xx)
	ASAE 3402 *Assurance Reports on Controls at a Service Organisation*	9(s)
Variation means an instance where the actual performance of the ~~underlying~~activity ~~subject~~varies ~~matter exceeds the identified criteria or is deficient in whole or part, as evaluated against~~from the identified criteria.	ASAE 3500 *Performance Engagements*	~~16~~18(~~tv~~)
~~***Walk-through test*** means tracing a selected number of transactions through the financial reporting system.~~	~~IAASB Glossary~~	
Water means the liquid that descends from clouds as rain and forms streams, lakes, groundwater aquifers and seas. Water is a chemical compound comprising two atoms of hydrogen and one atom of oxygen. Water may exist in solid, liquid or gaseous form.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(kk)
Water accounting report means either a general purpose water accounting report or a special purpose water accounting report.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(ll)

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ter accounting statements comprise the statement of water assets and water liabilities, the statement of changes in water assets and water liabilities, and the statement of water flows.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(mm)
Water asset means water, or the rights or other claims to water, which the water report entity holds or transfers, and from which the water report entity, or stakeholders of the water report entity, derive future benefits.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(nn)
Water entity means an entity that: (i) Holds or transfers water, or (ii) Holds or transfers rights or other direct or indirect claims to water, or (iii) Has inflows and/or outflows of water.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(oo)
Water liability means a present obligation of the water report entity, the discharge of which is expected to result in a decrease in the water report entity's water assets or an increase in another water liability.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(pp)
Water report entity means a water entity in respect of which it is reasonable to expect the existence of users who depend on general purpose water accounting reports for information about water, or rights or other claims to water, which will be useful to them for making and evaluating decisions about the allocation of resources.	ASAE 3610 Assurance Engagements on General Purpose Water Accounting Reports ~~and Australian Water Accounting Standard (AWAS 2)~~	15(qq)
Written representation means a written statement by management provided to the auditor to confirm certain matters or to support other audit evidence. Written representations in this context do not include the financial report, the assertions therein, or supporting books and records.	ASA 580 *Written Representations*	7

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Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Audit Evidence and Risk Response consultation paper (Revised ISAs 500, 330 and 520)	**Date:**	11 November 2026
Office of the AUASB:	Rene Herman, Tim Austin, Jeff Muir	**Agenda Item:**	11.0

Objective of this Agenda Item

1. The objective of this agenda item is to seek feedback from AUASB members on the key matters arising from the IAASB's proposed ISA 330 *The Auditor's Responses to Assessed Risks* (Revised) (ISA 330), ISA 500 *Audit Evidence* (Revised) (ISA 500) and ISA 520 *Analytical Procedures* (Revised) (ISA 520) (IAASB EDs). This feedback will inform the Office of the AUASB in drafting a submission to the IAASB.

Questions for AUASB Members

No.	Questions
1	Do AUASB members have any comments on the proposed removal of paragraph 18 of extant ISA 330?
2	Do AUASB members have any comments on the proposed 'controls alone' approach?
3	Do AUASB members have any comments on the proposed requirements in paragraphs 11 and 12 and related application material of ISA 500 (Revised) regarding the evaluation of the relevance and reliability of information intended to be used as audit evidence?
4	Do AUASB members have any comments on the proposed technology-related revisions, including Appendix 3 to ISA 500 and related application material relating to technology and controls in ISA 330?

Background and Previous Discussions on Topic

2. The AUASB has previously discussed the main proposals in the IAASB EDs as follows:

   (a) Agenda Paper 2.2 for the March 2026 AUASB meeting provided a high-level summary of the key proposals for the proposed standards - all of which had been discussed with the AUASB at prior meetings.

   (b) Agenda Paper 3.0 for the June 2026 AUASB meeting sought AUASB member input on the final drafts before exposure of proposed ISA 330, proposed ISA 500 and proposed ISA 520 and proposed conforming and consequential amendments.

3. At its meeting on 12 August 2026, the AUASB approved the issue of the Australian Consultation Paper on the IAASB EDs.

4. On 28 October 2026, the Office of the AUASB held a virtual roundtable. The roundtable was attended by approximately 40 representatives from a range of stakeholders. Only two of the largest six firms was present. The Office of the AUASB is analysing feedback received at the roundtable.

5. The Office of the AUASB will consider feedback received through the AUASB's consultation process, including feedback from the 28 October 2026 roundtable, submissions received on

the Australian Consultation Paper (submissions due 16 November 2026) and feedback from AUASB members, when developing the AUASB's submission to the IAASB.

Proposed removal of paragraph 18 of extant ISA 330

6. Extant ISA 330 states that "Irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance, and disclosure."

7. The IAASB proposes to remove this paragraph. At the June AUASB meeting, a straw poll was conducted and members present indicated that they support retaining the paragraph.

8. Possible reasons for retaining paragraph 18 may include:

   (a) The requirement for substantive procedures for material accounts may be considered to be fundamental and not just a fall-back;

   (b) Risk assessments are based on a high-level understanding of the business, etc, and should affect the nature and extent of substantive work, not eliminate it; and

   (c) Risk is reassessed during the audit, including based on evidence from substantive procedures.

9. The IAASB proposes to remove paragraph 18 of extant ISA 330 on the basis that:

   - A strong risk assessment should be capable of being relied upon;
   - There would be new and amended stand-backs requirements to clarify and strengthen the risk-based audit concept (ISA 315 paragraph 36 and ISA 700 paragraph 11A); and
   - New documentation requirements on the risk assessment (ISA 315 paragraph 38(e)).[1]

   See also Section 1–C: paragraphs 18–37 (pages 9–14) of ISA 330 ED; and paragraphs 18 and A43–A44 of extant ISA 330 (see pages 380 and 388).

10. Roundtable participants generally supported the removal of paragraph 18 of extant ISA 330.

Proposed inclusion of paragraph 16 of ISA 330: 'controls alone' approach

11. Paragraph 16 of proposed ISA 330 (Revised) would permit an auditor to respond to assessed risks of material misstatement at the assertion level through tests of controls alone, subject to specified conditions:

   "16. If the auditor plans to respond to assessed risks of material misstatement at the assertion level through tests of controls alone, the auditor shall only do so when:

      (a) The inherent risk related to such risks is not assessed on the higher end of the spectrum of inherent risk and no such risks are determined to be significant risks;[2]

      (b) The auditor's expectation about the operating effectiveness of the controls that address inherent risk is such that the risks of material misstatement at the assertion level are at an acceptably low level. (Ref: Para. A52)"

12. Discussion of the proposed inclusion of paragraph 16 of ISA 330 is provided in Section 1–E, paragraphs 49–56 of the IAASB Explanatory Memorandum for the ISA 330 ED, and paragraphs 16, 20, A52 and A66 of the ISA 330 ED.

13. Roundtable participants generally supported the inclusion of paragraph 16 of proposed ISA 330.

[1] See Exposure Draft for the Audit Evidence and Risk Response Project Overall, ISA 315 paragraphs 36 and 38(e) on pages 52 and 53.
[2] ISA 315 (Revised 2019), paragraphs 12(l), 31–32

Evaluating the relevance and reliability of information intended to be used as audit evidence

14. The proposed audit evidence framework strengthens the auditor's work effort by requiring the auditor to evaluate the relevance and reliability of information intended to be used as audit evidence. In evaluating reliability, the proposed standard identifies five attributes of reliability: accuracy, completeness, authenticity, absence of bias and credibility. The auditor considers which attributes are significant in the circumstances and evaluates those attributes in determining whether the information is sufficiently reliable for the auditor's purposes.

15. Roundtable participants generally supported the approach to evaluating the reliability of information intended to be used as audit evidence. However, concerns were raised regarding:

- the extent of documentation that may be required;
- the risk that the reliability attributes may be applied as a checklist, notwithstanding the application material indicating that this is not their intended use; and
- the volume of application and other explanatory material in ISA 500 (Revised).

16. The proposed framework applies the requirements relating to relevance and reliability to all information intended to be used as audit evidence. This includes information prepared by a management's expert and information produced by the entity. Overall, the revisions are expected to increase the auditor's work effort and associated documentation.

17. See Section 1–D, paragraphs 34–46 of the IAASB Explanatory Memorandum for the ISA 500 ED, and paragraphs 11–13, A4, A29–A54 of proposed ISA 500 (Revised).

Technology-related revisions (overall)

18. The key technology-related revisions include:

- retaining principles-based requirements across the three standards to support their continued application as technology evolves;
- introducing a new appendix to ISA 500 providing guidance on applying the requirements when technological tools are used in designing and performing audit procedures;
- replacing the term *automated tools and techniques* with *technological tools*, aligning the terminology more closely with the concept of technological resources used in the quality management standards and improving consistency across the standards; and
- amending the definition of substantive procedures so that they **include**, rather than **comprise**, tests of details and substantive analytical procedures, allowing for the possible development of new techniques and tools.

19. Roundtable participants generally supported appropriately addressing technology in the auditing standards and the inclusion of a technology-related appendix in ISA 500. However, concerns were raised about the adequacy of the technology guidance in Appendix 3 to ISA 500 (see Section 1–F, paragraphs 65–71, and Appendix 3 to ISA 500 on pages 63–67). Some participants indicated that the guidance may not be fit for purpose in a changing technological environment.

Australian Government
Auditing and Assurance Standards Board

AUASB Agenda Paper

Title:	Summary of Open Projects/Matters	**Date:** 11 November 2026
Office of the AUASB:	Doug Niven	**Agenda Item:** 12.0

Objective of Agenda Item

1. The objective of this Agenda Item is to seek input from AUASB members on a summary of projects/matters expected to be open at 30 November 2026.

Question for AUASB members

No.	Question
1	Do AUASB members have any comments on the preliminary draft table of projects/ matters expected to be open at 30 November 2026 (see below)?

Background

2. At the 12 August 2026 AUASB Board meeting, members agreed to prepare a listing of projects likely to be open at 30 November 2026 to inform the new Board.
3. Table 1 below provides a listing for discussion purposes at the 11 November 2026 Board meeting. Table 1 will need to be updated for developments with matters covered by other agenda items at the 11 November 2026 Board meeting.

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TABLE 1: PRELIMINARY DRAFT SUMMARY OF OPEN PROJECTS/MATTERS

No.	Matter	Details	Preliminary comments / reference
Sustainability Assurance Guidance/Standards - Domestic			
1	Illustrative Corporations Act sustainability assurance reports	Including ASSA 5000 words in conclusions/opinions	See Agenda Paper 2.0
2	Financed emissions using a data provider	Draft Information Sheet	See Agenda Paper 3.0
3	Scope 3 emissions	Information sheet on other Scope 3 emissions	-
4	Sustainability information	Information sheet on sustainability information sourced from an external information provider.	See Agenda Papers 4.0 and 4.1 for 7 October 2026 Board meeting, including initial draft and consultation matters.
5	Engagement & management representation letters	Illustrative engagement & management representation letters	-
6	Assurance phasing in	Amending ASSA 5010 for: (a) phasing for entities that change size; and (b) application for transitional directors' declaration and entity's 'reasonable steps".	See Agenda Paper 4.0
7	Treasury consultation	See Treasury consultation paper at *Improving the efficiency of climate-related financial disclosures*. Comments closed.	May affect assurance phasing in of assurance under ASSA 5010.
8	Other Guidance/Standards	Various matters.	See Agenda Paper 5.0
Financial Reporting Audit Standards – International			
9	Audit Evidence, Risk Response, Analytical Procedures	AUASB Consultation Paper issued on IAASB exposure drafts of revised ISA 500, ISA 330 and ISA 520 with comments due 16/11/26. IAASB submissions due 15/12/26.	See Agenda Paper 11.0
8	Inventories, Confirmations	IAASB developing exposure drafts for approval in	-

No.	Matter	Details	Preliminary comments / reference
		December 2026.	
9	Technology	IAASB developing guidance for firm and engagement level quality management for audit technology tools.	See Agenda Paper 11.0
10	ISA 540 Estimates (post implementation review)	IAASB considering responses to public consultation.	See AUASB Submission on the IAASB's ISA 540 (Revised) Post-Implementation Survey.
11	ISRE 2410 *Interim reviews*	AUASB and NZAuASB resourcing IAASB project. AUASB made submission on IAASB ED.	See AUASB Submission on the IAASB's Proposed ISRE 2410 (Revised) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity's Annual Financial Statements*.
12	PIE Track 2 Pt 2	IAASB to consider extending EQR and KAMs to PIEs.	-
13	IAASB work plan 2028/31	IAASB consulting on 2028/31 work plan in Q1 2027.	Opportunity to also consult on domestic work plan.
Financial Reporting Audit Guidance – Domestic			
12	Valuation of indirectly held externally managed investments through unlisted entities and RSE matters	Project commenced August 2026 for completion in December 2026 but timing is ambitious given complexity.	See Agenda Item 9
13	GS 007 *Investment service organisations*	Revised GS 007 deferred to align with publication of NZ EG Au 8 in December 2026.	• Board supports retention of minimum control objectives. • See Revision of GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services'*; and Issue Date: 'April 2025 project plan. • See Agenda Item 10
16	Going Concern & Fraud	Implementation support for new standards, including explanation of new auditor reporting requirements. Standards apply from years commencing 15/12/26.	See Agenda Paper 7.0
17	Cybersecurity	Revise information sheet.	-
18	Minor updates: • GS 015 *Associates* • GS 022 *Grant Acquittals, etc,* • GS 023 *Public Sector*	Minor updates for revised/new accounting and assurance standards.	See: - - • Agenda Paper 6.0

No.	Matter	Details	Preliminary comments / reference
	• ASRE 2405 and ASRE 2415 • Framework • Glossary		• Revision of Australian-specific Standards on Review Engagements – ASRE 2405 and ASRE 2415 project plan - • Agenda Paper 8.0
Other - Domestic			
19	Managed Investment Scheme compliance plan audits	AUASB to be given power to make mandatory MIS Compliance plan audit standard, subject to legislation (see paragraph 4.1 in *Protecting Consumers and the Promise of Superannuation in an Evolving Financial Ecosystem*).	-
20	Treasury options paper	See *Regulation of accounting, auditing and consulting firms in Australia*, including enforceability of firm quality management standards and ethical standards.	-
21	Treasury consultation on proprietary company thresholds	See *Raising the reporting threshold for large proprietary companies*.	-
22	FRC/AASB/AUASB 'merger'	See Treasury Laws Amendment (Financial Reporting System Reform) Act 2026.	-

AUASB WORK PLAN OVERVIEW (29 October 2026)

AREA		DETAILS	DOMESTIC/ INTERNATIONAL	STANDARDS/ GUIDANCE/ SUPPORT	PRIORITY	RESOURCES	TIMING
SUSTAIN-ABILITY	**1. Guidance/education – Financed Emissions using a data provider**	See next page for further information.	Domestic	Guidance	Medium	Medium	Q4 2026 onwards
	2. Treasury consultation	See Treasury consultation paper at *Improving the efficiency of climate-related financial disclosures*.	Domestic	TBD	High	High	Q3 2026
	3. Amendments to ASSA 5010	To clarify: (i) phasing for entities that change size; and (ii) application for transitional directors' declaration and entity's 'reasonable steps". Draft ED to be considered at 11 November 2026 AUASB meeting.	Domestic	Standards	High	High	Q4 2026
FINANCIAL REPORTING	**4. Audit Evidence, Risk Response, Analytical Procedures**	AUASB Consultation Paper issued on IAASB exposure drafts of revised ISA 500, ISA 330 and ISA 520 with comments due 16/11/26. Roundtable held.	International	Standards	High	Medium	2026-7
	5. Inventories, Confirmations	IAASB developing exposure drafts for approval in December 2026.	International	Standards	High	Medium	2026-7
	6. Technology	IAASB developing guidance for firm and engagement level quality management for audit technology tools.	International	Guidance	Medium	Medium	2027
	7. PIE Track 2 Pt 2	IAASB to consider extending EQR and KAMs to PIEs.	International	Standards	High	Medium	2027
	8. Valuation of investments in external unlisted MISs & RSE matters	Project commenced August 2026 for completion in December 2026.	Domestic	Guidance	High	Medium	Q4 2026
	9. GS 007 *Investment service organisations*	Revised GS 007 deferred to align with publication of NZ EG Au 8 in December 2026.	Domestic	Guidance	Medium	High	Q4 2026
	10. ISA 540 Estimates (post implementation review)	IAASB considering responses to public consultation.	International	Standards	Low	Low	2027
	11. ISRE 2410 *Interim reviews*	AUASB and NZAuASB resourcing IAASB project. AUASB made submission on IAASB ED.	International	Standards	Medium	High	2027
	12. Going Concern & Fraud	Implementation support for new standards, including explanation of new auditor reporting requirements.	International	Support	Medium	Medium	Q4 2026
	13. Cybersecurity	Revise information sheet.	Domestic	Guidance	Medium	Low	Q1 2027
	14. Minor matters - GS 015 *Associates*, GS 022 *Grant Acquittals, etc,* GS 023 *Public Sector*, ASRE 2405 and ASRE 2415, Framework, Glossary	Minor updates for updated accounting and assurance standards.	Domestic/ International	Guidance	Low	Low	Q4 2026/ Q1 2027
OTHER	**15. Managed Investment Scheme compliance plan audits**	AUASB to be given power to make mandatory MIS Compliance plan audit standard, subject to legislation (see paragraph 4.1 in *Protecting Consumers and the Promise of Superannuation in an Evolving Financial Ecosystem*).	Domestic	Guidance	High	High	2027-9
GENERAL	**16. Treasury options paper**	See *Regulation of accounting, auditing and consulting firms in Australia*, including enforceability of firm quality management standards and ethical standards.	Domestic	-	High	High	2026-7
	17. Treasury consultation on proprietary company thresholds	See *Raising the reporting threshold for large proprietary companies*.	Domestic	-	Low	Low	2026-7
	18. FRC/AASB/AUASB merger	See Treasury Laws Amendment (Financial Reporting System Reform) Act 2026.	Domestic	-	High	High	Q4 2026
	19. IAASB work plan 2028/31	IAASB consulting on 2028/31 work plan in Q1 2027.	International	-	High	High	2027

Australian Government
Auditing and Assurance Standards Board

AUASB SUSTAINABILITY ASSURANCE GUIDANCE/EDUCATION OVERVIEW (29 October 2026)

1. Standards

Completed:

- ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (Jan 2025)
- ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (Jan 2025)
- ASSA 5000 amended - ethics and effective date (May 2025)
- ASSA 5000 amended - adoption of revised APES 110 (July 2025)
- ASSA 5010 amended - voluntary early reporting under Corporations Act (Dec 2025)

In progress:

- Treasury consultation – see Improving the efficiency of climate-related financial disclosures.
- Exposure draft to amend ASSA 5010 for: (a) entities moving between reporting groups; and assurance over directors' declaration when covers entity's 'reasonable steps' (Nov 2026)
- ISA 720 - Possible changes to address communication and sharing for 'two-auditor' scenario (raised with IAASB Oct 2025)
- 2028 Government review

2. Working with others

- *IAASB & JSS* – Matters of international relevance
- *Treasury* – Upcoming consultation paper; 2028 review
- *Clean Energy Regulator* – ASSA 5000 adoption; ASAE 3410 withdrawal
- *AASB* – Reporting standards, support training
- *APESB* – Ethical requirements
- *NZAuASB* – Adoption of ISSA 5000
- *IGCC/CA* ANZ – Financed emissions

3. Overview of reporting and assurance frameworks

Completed webpage (Sept 2025, updated to Jan 2026):

Reporting

- Corporations Act mandatory climate reporting
- Reporting requirements
- AASB and ISSB education materials webpage (Sept 2025)

Assurance

- ASSA 5000 application
- Phasing of assurance for mandatory reporting
- Links to supporting assurance webpages (see 4 to 7): Key messages; FAQs; Illustrative assurance reports; Education materials

4. Key messages for auditors and preparers

Completed webpage (Sept 2025, updated Jan 2026):

- Capacity and capability building
- How preparers can support assurance quality
- Limited assurance 'myths' for preparers and auditors

5. FAQs (complex matters - local reporting framework, etc)

Completed webpage (Sept 2025, updated Jan 2026):

- Practical implications of using the same or different lead auditors or audit firms//companies (FAQ 1) (Sept 2025)– Includes: deciding on auditors; director/ management engagement; skills and expertise; use of experts; communication between auditors; using the work of another auditor; deadline implications; independence; suspected contraventions; questions at AGMs; audit fee disclosures
- Materiality for Year 1, Materiality after Year 1, Governance/strategy/metrics, NGERs, Competency, Experts (FAQs 2-7) (Jan 2026)
- Other info. And AGM FAQs (March 2026)

In progress - examples:

- Financed emissions using a data provider (Nov 2027)
- Other Scope 3 emissions (2027)
- No material risks and opportunities
- Others per table (see 11/8/25 AUASB Board papers)

Working with others:

- Consultation with AAA-PPC ESG WG, LNNDG, accounting bodies, etc.

6. Illustrative assurance reports

Completed webpage (Sept 2025, updated Jan 2026):

- ASSA 5000 Appendix 3 (Jan 2025)
- IAASB supplementary (AUASB was part of IAASB Working Group) (Nov 2025)
- Corporations Act specific (Jan 2026)

In progress:

- Legal advice re Corporations Act auditor's reports (Nov 2026)
- Reviewing listed and unlisted Group 1 reports (2026-7)

Working with others:

- Consultation with AAA-PPC ESG WG, LNNDG, accounting bodies, etc.

7. Education materials (webpages, videos, conferences, education series)

Completed webpage (Sept 2025, updated Jan 2026) - includes:

- IAASB implementation guide (Jan 2025)
- Comparison of ASSA 5000 and ASAE 3000 (Sept 2025)
- References of topic areas in ASSA 5000, etc – links to standards, guidance, FAQs, etc (Jan 2026)
- Face-to-face events in Melbourne on 5 and 6 May 2026 and Sydney on 13 July 2026
- Various external presentations

In progress:

- Illustrative engagement & management representation letters (2027)

Working with others:

- Presentations - with AASB, external bodies

8. Emerging issues identification

Ongoing:

- Own analysis of legislation, reporting standards, assurance standards, etc
- Meetings with Board, AAA-PPC ESG WG, LNNDG, firms, accounting bodies, etc

9. Capacity building, preparedness (preparers, auditors, experts)

Completed:

- Analysis of population data (Oct 2023, Feb 2024)
- Sydney University research on preparedness (June 2026)

Ongoing:

- Ongoing discussions in various for a
- Monash research forum (2027)

LEGEND
Completed
In progress
Ongoing
Working with others

This schedule provides a high-level overview only. The schedule does not provide a comprehensive list of individual matters and their timing.

ATTACHMENT: SUSTAINABILITY ASSURANCE PHASING - CORPORATIONS ACT (ASSA 5010) - SIMPLIFIED

Years commencing	Year 1	Year 2	Year 3	Year 4 onwards
Group 1	**1/1/25 to 30/6/26**	**1/7/26 to 30/6/27**	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**
Group 2	**1/7/26 to 30/6/27**	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**	**1/7/29 to 30/6/30**
Group 3	**1/7/27 to 30/6/28**	**1/7/28 to 30/6/29**	**1/7/29 to 30/6/30**	**1/7/30 to 30/6/31**
• Governance • Strategy - Risks and opportunities (AASB S2.9(a), 10(a) & 10(b)) • Scope 1 and 2 emissions	Limited	Limited	Limited	Reasonable
• Strategy – Risks and opportunities (other) • Climate resilience assessments / Scenario analysis • Transition plans • Risk management • Other metrics and targets	None	Limited	Limited	Reasonable
• Scope 3 emissions	N/A	Limited	Limited	Reasonable

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