

Compiled Auditing Standard

ASA 560
(September 2021)

Auditing Standard ASA 560

Subsequent Events

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



Australian Government

Auditing and Assurance Standards Board

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COMPILATION DETAILS

Auditing Standard ASA 560 *Subsequent Events* (as Amended)

This compilation takes into account amendments made up to and including 7 September 2021 and was prepared on 21 September 2021 by the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 560 (October 2009) as amended by other Auditing Standards which are listed in the Table below.

Table of Standards

Standard	Date made	Operative Date
ASA 560 [A]	27 October 2009	Financial reporting periods commencing on or after 1 January 2010
ASA 2011-1 [B]	27 June 2011	Financial reporting periods commencing on or after 1 July 2011
ASA 2015-1 [C]	1 December 2015	Financial reporting periods ending on or after 15 December 2016
ASA 2021-2 [D]	7 September 2021	Financial reporting periods commencing on or after 15 December 2021*

[A] Federal Register of Legislation – registration number F2009L04094, 11 November 2009

[B] Federal Register of Legislation – registration number F2011L01379, 30 June 2011

[C] Federal Register of Legislation – registration number F2015L02032, 16 December 2015

[D] Federal Register of Legislation – registration number F2021L01300, 20 September 2021

Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
10(b)	Amended	ASA 2011-1 [41]
1	Amended	ASA 2015-1 [157]
New Footnote 1	Addition	ASA 2015-1 [158]
A1	Amended	ASA 2015-1 [159]
Aus A3.1	Deleted	ASA 2015-1 [160]

* Early adoption permitted.

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Paragraph affected	How affected	By ... [paragraph]
New heading after paragraph A10	Addition	ASA 2015-1 [161]
A11 new paragraph	Addition	ASA 2015-1 [162-163]
New heading after paragraph A17	Addition	ASA 2015-1 [164]
A18 new paragraph	Addition	ASA 2015-1 [165-166]
14	Deleted	ASA 2021-2 [8]
Aus 14.1	Addition	ASA 2021-2 [9]
17	Amended	ASA 2021-2 [10]
Aus A20.1	Addition	ASA 2021-2 [11]

AUTHORITY STATEMENT

Auditing Standard ASA 560 *Subsequent Events* (as amended to 7 September 2021) is set out in paragraphs Aus 0.1 to Aus A20.1.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the Australian Auditing Standards, operative for financial reporting periods commencing on or after 1 January 2010, are to be understood, interpreted and applied. This Auditing Standard is to be read also in conjunction with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

Conformity with International Standards on Auditing

This Auditing Standard conforms with International Standard on Auditing ISA 560 *Subsequent Events* issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Paragraphs that have been added to this Auditing Standard (and do not appear in the text of the equivalent ISA) are identified with the prefix “Aus”.

The following requirement is additional to ISA 560:

- Paragraph Aus 12.1: For an audit engagement conducted under the *Corporations Act 2001*, management, and those charged with governance, are prohibited from restricting an amendment of the financial report to the effects of the subsequent event or events causing that amendment. Consequently, the auditor is prohibited from restricting audit procedures as required under paragraph 11(b)(i) of this Auditing Standard to such an amendment.
[Ref: Para. Aus 12.1]
- Paragraph Aus 14.1 clarifies the timing of communications the auditor may take when facts become known to the auditor after the financial report has been issued that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report.

The following application and other explanatory material are additional to ISA 560:

- Paragraph Aus A20.1 contains application material on the possible actions the auditor may take when facts become known to the auditor after the financial report has been issued that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report.

This Auditing Standard incorporates terminology and definitions used in Australia.

The equivalent requirements and related application and other explanatory material included in ISA 560 in respect of “relevant ethical requirements”, have been included in Auditing Standard, ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. There is no international equivalent to ASA 102.

Compliance with this Auditing Standard enables compliance with ISA 560.

AUDITING STANDARD ASA 560

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 560 *Subsequent Events* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 27 October 2009.

This compiled version of ASA 560 incorporates subsequent amendments contained in other Auditing Standards made by the AUASB up to and including 7 September 2021 (see Compilation Details).

AUDITING STANDARD ASA 560

Subsequent Events

Application

- Aus 0.1 This Auditing Standard applies to:
- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
 - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- Aus 0.2 This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

- Aus 0.3 This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2010. [Note: For operative dates of paragraphs changed or added by an Amending Standard, see Compilation Details.]

Introduction

Scope of this Auditing Standard

1. This Auditing Standard deals with the auditor's responsibilities relating to subsequent events in an audit of a financial report. It does not deal with matters relating to the auditor's responsibilities for other information obtained after the date of the auditor's report, which are addressed in ASA 720.¹ However, such other information may bring to light a subsequent event that is within the scope of this Auditing Standard. (Ref: Para. A1)

Subsequent Events

2. A financial report may be affected by certain events that occur after the date of the financial report. Many financial reporting frameworks specifically refer to such events.² Such financial reporting frameworks ordinarily identify two types of events:
 - (a) Those that provide evidence of conditions that existed at the date of the financial report; and

¹ See ASA 720 *The Auditor's Responsibilities Relating to Other Information*.

² See, for example, Accounting Standard AASB 110 *Events After the Reporting Date*.

- (b) Those that provide evidence of conditions that arose after the date of the financial report.

ASA 700 explains that the date of the auditor's report informs the reader that the auditor has considered the effect of events and transactions of which the auditor becomes aware and that occurred up to that date.³

Effective Date

- 3. [Deleted by the AUASB. Refer Aus 0.3]

Objectives

- 4. The objectives of the auditor are:
 - (a) To obtain sufficient appropriate audit evidence about whether events occurring between the date of the financial report and the date of the auditor's report that require adjustment of, or disclosure in, the financial report are appropriately reflected in that financial report in accordance with the applicable financial reporting framework; and
 - (b) To respond appropriately to facts that become known to the auditor after the date of the auditor's report, that, had they been known to the auditor at that date, may have caused the auditor to amend the auditor's report.

Definitions

- 5. For the purposes of this Auditing Standard, the following terms have the meanings attributed below:
 - (a) 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. (Ref: Para. A2)
 - (b) Date of the auditor's report means the date the auditor dates the report on the financial report in accordance with ASA 700. (Ref: Para. A3-Aus A3.1)
 - (c) Date the financial report is issued means the date that the auditor's report and audited financial report are made available to third parties. (Ref: Para. A4-A5)
 - (d) Subsequent events means 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.

Requirements

Events Occurring between the Date of the Financial Report and the Date of the Auditor's Report

- 6. The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial report and the date of the auditor's report that require adjustment of, or disclosure in, the financial report have been identified. The auditor is not, however, expected to perform additional audit procedures on

³ See ASA 700 *Forming an Opinion and Reporting on a Financial Report*, paragraph A38.

matters to which previously applied audit procedures have provided satisfactory conclusions.
(Ref: Para. A6)

7. The auditor shall perform the procedures required by paragraph 6 of this Auditing Standard so that they cover the period from the date of the financial report to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which shall include the following: (Ref: Para. A7-A8)
 - (a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.
 - (b) Enquiring of management and, where appropriate, those charged with governance, as to whether any subsequent events have occurred which might affect the financial report. (Ref: Para. A9)
 - (c) Reading minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, that have been held after the date of the financial report and enquiring about matters discussed at any such meetings for which minutes are not yet available. (Ref: Para. A10)
 - (d) Reading the entity's latest subsequent interim financial report, if any.
8. If, as a result of the procedures performed as required by paragraphs 6 and 7 of this Auditing Standard, the auditor identifies events that require adjustment of, or disclosure in, the financial report, the auditor shall determine whether each such event is appropriately reflected in that financial report in accordance with the applicable financial reporting framework.

Written Representations

9. The auditor shall request management and, where appropriate, those charged with governance, to provide a written representation in accordance with ASA 580⁴ that all events occurring subsequent to the date of the financial report and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

Facts Which Become Known to the Auditor after the Date of the Auditor's Report but before the Date the Financial Report is Issued

10. The auditor has no obligation to perform any audit procedures regarding the financial report after the date of the auditor's report. However, if, after the date of the auditor's report but before the date the financial report is issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall: (Ref: Para. A11-A12)
 - (a) Discuss the matter with management and, where appropriate, those charged with governance.
 - (b) Determine whether the financial report needs amendment; and if so,
 - (c) Enquire how management intends to address the matter in the financial report.
11. If management amends the financial report, the auditor shall:
 - (a) Carry out the audit procedures necessary in the circumstances on the amendment.
 - (b) Unless the circumstances in paragraph 12 of this Auditing Standard apply:

⁴ See ASA 580 *Written Representations*.

- (i) Extend the audit procedures referred to in paragraphs 6 and 7 of this Auditing Standard to the date of the new auditor's report; and
 - (ii) Provide a new auditor's report on the amended financial report. The new auditor's report shall not be dated earlier than the date of approval of the amended financial report.
- 12. Where law, regulation or the financial reporting framework does not prohibit management from restricting the amendment of the financial report to the effects of the subsequent event, or events causing that amendment, and those responsible for approving the financial report are not prohibited from restricting their approval to that amendment, the auditor is permitted to restrict the audit procedures on subsequent events required in paragraph 11(b)(i) of this Auditing Standard to that amendment. In such cases, the auditor shall either:
 - (a) Amend the auditor's report to include an additional date restricted to that amendment that thereby indicates that the auditor's procedures on subsequent events are restricted solely to the amendment of the financial report described in the relevant note to the financial report; or (Ref: Para. A12-A13)
 - (b) Provide a new or amended auditor's report that includes a statement in an Emphasis of Matter paragraph⁵ or Other Matter paragraph that conveys that the auditor's procedures on subsequent events are restricted solely to the amendment of the financial report as described in the relevant note to the financial report.
- Aus 12.1 For an audit engagement conducted under the *Corporations Act 2001*, management, and those charged with governance, are prohibited from restricting an amendment of the financial report to the effects of the subsequent event or events causing that amendment. Consequently, the auditor is prohibited from restricting audit procedures as required under paragraph 11(b)(i) of this Auditing Standard to such an amendment.
- 13. In some jurisdictions, management may not be required by law, regulation or the financial reporting framework to issue an amended financial report and, accordingly, the auditor need not provide an amended or new auditor's report. However, if management does not amend the financial report in circumstances where the auditor believes it needs to be amended, then: (Ref: Para. A14-A15)
 - (a) If the auditor's report has not yet been provided to the entity, the auditor shall modify the opinion as required by ASA 705⁶ and then provide the auditor's report; or
 - (b) If the auditor's report has already been provided to the entity, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity, those charged with governance, not to issue the financial report to third parties before the necessary amendments have been made. If the financial report is nevertheless subsequently issued without the necessary amendments, the auditor shall take appropriate action, to seek to prevent reliance on the auditor's report. (Ref. Para: A16-A17)

Facts Which Become Known to the Auditor after the Financial Report Has Been Issued

- 14. [Deleted by the AUASB. Refer Aus 14.1.]
- Aus 14.1 After the financial report has been issued, the auditor has no obligation to perform any audit procedures regarding such financial report. However, if, after the financial report has been issued, a fact becomes known to the auditor that, had it been known to

⁵ See ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.

⁶ See ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*.

the auditor at the date of the auditor's report, may have caused the auditor to amend the auditor's report, the auditor shall, within a reasonable period of time:

- (a) Discuss the matter with management and, where appropriate, those charged with governance;
 - (b) Determine whether the financial report needs amendment and; if so,
 - (c) Enquire how management intends to address the matter in the financial report.
15. If management amends the financial report, the auditor shall: (Ref: Para. A19)
- (a) Carry out the audit procedures necessary in the circumstances on the amendment.
 - (b) Review the steps taken by management to ensure that anyone in receipt of the previously issued financial report together with the auditor's report thereon is informed of the situation.
 - (c) Unless the circumstances in paragraph 12 of this Auditing Standard apply:
 - (i) Extend the audit procedures referred to in paragraphs 6 and 7 of this Auditing Standard to the date of the new auditor's report, and date the new auditor's report no earlier than the date of approval of the amended financial report; and
 - (ii) Provide a new auditor's report on the amended financial report.
 - (d) When the circumstances in paragraph 12 of this Auditing Standard apply, amend the auditor's report, or provide a new auditor's report as required by paragraph 12 of this Auditing Standard.
16. The auditor shall include in the new or amended auditor's report an Emphasis of Matter paragraph or Other Matter(s) paragraph referring to a note in the financial report that more extensively discusses the reason for the amendment of the previously issued financial report and to the earlier report provided by the auditor.
17. If management, or those charged with governance, do not take the necessary steps to ensure that anyone in receipt of the previously issued financial report is informed of the situation and does not amend the financial report in circumstances where the auditor believes they need to be amended, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity,⁷ those charged with governance, that the auditor will seek to prevent future reliance on the auditor's report. If, despite such notification, management or those charged with governance do not take these necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.
(Ref: Para. A20-Aus A20.1)

* * *

⁷ See ASA 260 *Communication with Those Charged with Governance*, paragraph 13.

Application and Other Explanatory Material

Scope of this Auditing Standard (Ref: Para. 1)

- A1. When the audited financial report is included in other documents subsequent to the issuance of the financial report (other than annual reports that would be within the scope of ASA 720), the auditor may have additional responsibilities relating to subsequent events that the auditor may need to consider, such as legal or regulatory requirements involving the offering of securities to the public in jurisdictions in which the securities are being offered. For example, the auditor may be required to perform additional audit procedures to the date of the final offering document. These procedures may include those referred to in paragraphs 6 and 7 performed up to a date at or near the effective date of the final offering document, and reading the offering document to assess whether the other information in the offering document is consistent with the financial information with which the auditor is associated.⁸

Definitions

Date of Approval of the Financial Report (Ref: Para. 5(a))

- A2. In some jurisdictions, law or regulation identifies the individuals or bodies (for example, management or those charged with governance) that are responsible for concluding that all the financial statements that comprise the financial report, including the related notes, have been prepared, and specifies the necessary approval process. In other jurisdictions, the approval process is not prescribed in law or regulation and the entity follows its own procedures in preparing and finalising its financial report in view of its management and governance structures. In some jurisdictions, final approval of the financial report by shareholders is required. In these jurisdictions, final approval by shareholders is not necessary for the auditor to conclude that sufficient appropriate audit evidence on which to base the auditor's opinion on the financial report has been obtained. The date of approval of the financial report for the purposes of the Australian Auditing Standards is the earlier date on which those with the recognised authority determine that all the financial statements that comprise the financial report, including the related notes, have been prepared and that those with the recognised authority have asserted that they have taken responsibility for that financial report.

Date of the Auditor's Report (Ref: Para. 5(b))

- A3. The auditor's report cannot be dated earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial report including evidence that all the financial statements that comprise the financial report, including the related notes, have been prepared and that those with the recognised authority have asserted that they have taken responsibility for that financial report.⁹ Consequently, the date of the auditor's report cannot be earlier than the date of approval of the financial report as defined in paragraph 5(b). A time period may elapse due to administrative issues between the date of the auditor's report as defined in paragraph 5(c) and the date the auditor's report is provided to the entity.

Date the Financial Report Is Issued (Ref: Para. 5(c))

- A4. The date the financial report is issued generally depends on the regulatory environment of the entity. In some circumstances, the date the financial report is issued may be the date that they are filed with a regulatory authority. Since an audited financial report cannot be issued without an auditor's report, the date that the audited financial report is issued must not only be

⁸ See ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, paragraph 2.

⁹ See ASA 700, paragraph 49.

at or later than the date of the auditor's report, but must also be at or later than the date the auditor's report is provided to the entity.

Considerations Specific to Public Sector Entities

- A5. In the case of the public sector, the date the financial report is issued may be the date the audited financial report and the auditor's report thereon are presented to the legislature or otherwise made public.

Events Occurring between the Date of the Financial Report and the Date of the Auditor's Report (Ref: Para. 6-9)

- A6. Depending on the auditor's risk assessment, the audit procedures required by paragraph 6 may include procedures, necessary to obtain sufficient appropriate audit evidence, involving the review or testing of accounting records or transactions occurring between the date of the financial report and the date of the auditor's report. The audit procedures required by paragraphs 6 and 7 are in addition to procedures that the auditor may perform for other purposes that, nevertheless, may provide evidence about subsequent events (for example, to obtain audit evidence for account balances as at the date of the financial report, such as cut-off procedures or procedures in relation to subsequent receipts of accounts receivable).
- A7. Paragraph 7 stipulates certain audit procedures in this context that the auditor is required to perform pursuant to paragraph 6. The subsequent events procedures that the auditor performs may, however, depend on the information that is available and, in particular, the extent to which the accounting records have been prepared since the date of the financial report. Where the accounting records are not up-to-date, and accordingly no interim financial report (whether for internal or external purposes) has been prepared, or minutes of meetings of management or those charged with governance have not been prepared, relevant audit procedures may take the form of inspection of available books and records, including bank statements. Paragraph A8 gives examples of some of the additional matters that the auditor may consider in the course of these enquiries.
- A8. In addition to the audit procedures required by paragraph 7, the auditor may consider it necessary and appropriate to:
- Read the entity's latest available budgets, cash flow forecasts and other related management reports for periods after the date of the financial report;
 - Enquire, or extend previous oral or written enquiries, of the entity's legal counsel concerning litigation and claims; or
 - Consider whether written representations covering particular subsequent events may be necessary to support other audit evidence and thereby obtain sufficient appropriate audit evidence.

Enquiry (Ref: Para. 7(b))

- A9. In enquiring of management and, where appropriate, those charged with governance, as to whether any subsequent events have occurred that might affect the financial report, the auditor may enquire as to the current status of items that were accounted for on the basis of preliminary or inconclusive data and may make specific enquiries about the following matters:
- Whether new commitments, borrowings or guarantees have been entered into.
 - Whether sales or acquisitions of assets have occurred or are planned.
 - Whether there have been increases in capital or issuance of debt instruments, such as the issue of new shares or debentures, or an agreement to merge or liquidate has been made or is planned.

- Whether any assets have been appropriated by government or destroyed, for example, by fire or flood.
- Whether there have been any developments regarding contingencies.
- Whether any unusual accounting adjustments have been made or are contemplated.
- Whether any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial report, as would be the case, for example, if such events call into question the validity of the going concern assumption.
- Whether any events have occurred that are relevant to the measurement of estimates or provisions made in the financial report.
- Whether any events have occurred that are relevant to the recoverability of assets.

Reading Minutes (Ref. Para. 7(c))

Consideration Specific to Public Sector Entities

- A10. In the public sector, the auditor may read the official records of relevant proceedings of the legislature and enquire about matters addressed in proceedings for which official records are not yet available.

Implications of Other Information Obtained after the Date of the Auditor’s Report (Ref: Para. 10))

- A11. While the auditor has no obligation to perform any audit procedures regarding the financial report after the date of the auditor’s report but before the date the financial report is issued, ASA 720 contains requirements and guidance with respect to other information obtained after the date of the auditor’s report, which might include other information obtained after the date of the auditor’s report, but before the date the financial report is issued.

Facts Which Become Known to the Auditor after the Date of the Auditor’s Report but before the Date the Financial Report Is Issued

Management Responsibility Towards Auditor (Ref: Para. 10)

- A12. As explained in ASA 210, the terms of the audit engagement include the agreement of management to inform the auditor of facts that may affect the financial report, of which management may become aware during the period from the date of the auditor’s report to the date the financial report is issued.¹⁰

Dual Dating (Ref: Para. 12(a))

- A13. When, in the circumstances described in paragraph 12(a), the auditor amends the auditor’s report to include an additional date restricted to that amendment, the date of the auditor’s report on the financial report prior to their subsequent amendment by management remains unchanged because this date informs the reader as to when the audit work on that financial report was completed. However, an additional date is included in the auditor’s report to inform users that the auditor’s procedures subsequent to that date were restricted to the subsequent amendment of the financial report. The following is an illustration of such an additional date:

“(Date of auditor’s report), except as to Note Y, which is as of (date of completion of audit procedures restricted to amendment described in Note Y).”

¹⁰ See ASA 210 *Agreeing the Terms of Audit Engagements*, paragraph A23.

No Amendment of the Financial Report by Management (Ref: Para. 13)

- A14. In some jurisdictions, management may not be required by law, regulation or the financial reporting framework to issue an amended financial report. This is often the case when issuance of the financial report for the following period is imminent, provided appropriate disclosures are made in such a report.

Considerations Specific to Public Sector Entities

- A15. In the public sector, the actions taken in accordance with paragraph 13 when management does not amend the financial report may also include reporting separately to the legislature, or other relevant body in the reporting hierarchy, on the implications of the subsequent event for the financial report and the auditor's report.

Auditor Action to Seek to Prevent Reliance on Auditor's Report (Ref: Para. 13(b))

- A16. The auditor may need to fulfil additional legal obligations even when the auditor has notified management not to issue the financial report and management has agreed to this request.
- A17. Where management has issued the financial report despite the auditor's notification not to issue the financial report to third parties, the auditor's course of action to prevent reliance on the auditor's report on the financial report depends upon the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

Implications of Other Information Received after the Financial Report Has Been Issued

(Ref: Para. 14)

- A18. The auditor's obligations regarding other information received after the date of the auditor's report are addressed in ASA 720. While the auditor has no obligation to perform any audit procedures regarding the financial report after the financial report has been issued, ASA 720 contains requirements and guidance with respect to other information obtained after the date of the auditor's report.

Facts Which Become Known to the Auditor after the Financial Report Has Been Issued

No Amendment of the Financial Report by Management (Ref: Para. 15)

Considerations Specific to Public Sector Entities

- A19. In some jurisdictions, entities in the public sector may be prohibited from issuing an amended financial report by law or regulation. In such circumstances, the appropriate course of action for the auditor may be to report to the appropriate statutory body.

Auditor Action to Seek to Prevent Reliance on Auditor's Report (Ref: Para. 17)

- A20. Where the auditor believes that management, or those charged with governance, have failed to take the necessary steps to prevent reliance on the auditor's report on the financial report previously issued by the entity despite the auditor's prior notification that the auditor will take action to seek to prevent such reliance, the auditor's course of action depends upon the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

Aus A20.1 In addition to considering if it is appropriate to obtain legal advice in accordance with paragraph A20, other possible actions the auditor may consider include:

- (a) Notifying management and those charged with governance that the auditor's report must no longer be associated with the financial report.

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- (b) If applicable, notifying the appropriate authority having jurisdiction over the entity that the auditor's report should no longer be relied upon, and requesting the authority to take steps to provide appropriate disclosure.
- (c) Notifying users of the financial report that the auditor's report should no longer be relied upon. Such notifications could be through direct communication or by broader means such as through a public notice.