

**ASA 2022-2**  
(December 2022)

# **Auditing Standard ASA 2022-2** *Amendments to Australian Auditing Standards*

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



**Australian Government**

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**Auditing and Assurance Standards Board**

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This Auditing Standard is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au)

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## PREFACE

### **Reasons for Issuing ASA 2022-2**

The AUASB issues Auditing Standard ASA 2022-2 *Amendments to Australian Auditing Standards* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

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

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

### **Main Features**

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

ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (Issued 9 June 2020)

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* (Issued 30 June 2010 and amended to 5 November 2021)

The amendments arise from changes made by the International Auditing and Assurance Standards Board (IAASB) to ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 2 *Engagement Quality Reviews*, ISA 220 (Revised) *Quality Management for an Audit of Financial Statements* and ISA 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement*. Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the International Standards on Auditing (ISAs) and to make appropriate consequential amendments to the Australian Auditing Standards.

**AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 2022-2 *Amendments to Australian Auditing Standards* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

Dated: 13 December 2022

W R Edge  
Chair - AUASB

### **Conformity with International Standards on Auditing**

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

# AUDITING STANDARD ASA 2022-2

## *Amendments to Australian Auditing Standards*

### **Application**

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

### **Operative Date**

3. This Auditing Standard is operative for financial reporting periods commencing on or after 15 December 2022.

### **Introduction**

#### **Scope of this Auditing Standard**

4. This Auditing Standard makes amendments to Australian Auditing Standards. The amendments arise from consequential and conforming changes arising from the issuance of 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*, ASQM 2 *Engagement Quality Reviews*, ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* and ASA 315 *Identifying and Assessing the Risks of Material Misstatement*.

### **Objective**

5. The objective of this Auditing Standard is to make amendments to the following Auditing Standards:
  - (a) ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (Issued 9 June 2020)
  - (b) 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* (Issued 30 June 2010 and amended to 5 November 2021)

### **Definition**

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

### **Amendments to Auditing Standards**

7. Where relevant, this Standard uses underlining, striking out and other typographical material to identify the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that

underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

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

#### **Amendments to ASRE 2410**

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

The auditor shall implement quality ~~control~~management procedures that are applicable to the individual engagement.

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

The auditor shall obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of including its internal control, as it relates to the preparation of both the annual and interim or other financial reports, sufficient to plan and conduct the engagement so as to be able to:

...

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

In order to plan and conduct a review of a financial report, a recently appointed auditor, who has not yet performed an audit of the annual financial report in accordance with Australian Auditing Standards, shall obtain an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of including its internal control, as it relates to the preparation of both the annual and interim or other financial reports.

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

Through performing the audit of the annual financial report, the auditor obtains an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of including its internal control. When the auditor is engaged to review the financial report, under paragraph 13, the auditor needs to update this understanding through enquiries made in the course of the review, to assist the auditor in focusing the enquiries to be made and the analytical and other review procedures to be applied. A practitioner who is engaged to perform a review of a financial report, and who is not the auditor of the entity, does not perform the review in accordance with ASRE 2410<sup>\*</sup>, as the practitioner ordinarily does not have the same understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of including its internal control, as the auditor of the entity.

...

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

The elements of quality ~~control~~management that are relevant to an individual engagement include leadership responsibilities for managing and achieving quality on the engagement, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, assignment of engagement teamsengagement resources, engagement performance, and monitoring and remediation. ASQCM 1 and ASA 220<sup>6</sup> include guidance that may be helpful.

14. Existing footnote 6 in paragraph A6 is amended to read as follows:



See ASQCM 1 *Quality ~~Control~~ Management for Firms that Perform Audits ~~and~~ Reviews of Financial Reports and Other Financial Information, ~~and~~ Other Assurance or Related Services Engagements* and ASA 220 *Quality ~~Control~~ Management for an Audit of a Financial Report and Other Historical Financial Information*.

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

Under ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, the auditor who has audited the entity's financial report for one or more annual periods has obtained an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, as it relates to the preparation of the annual financial report, that was sufficient to conduct the audit. In planning a review of a financial report, the auditor needs to update this understanding. The auditor also needs to obtain a sufficient understanding of the entity's system of internal control as it relates to the preparation of the financial report subject to review, as it may differ from internal control as it relates to the preparation of the annual financial report.

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

The auditor needs to use the understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, to determine the enquiries to be made and the analytical and other review procedures to be applied, and to identify the particular events, transactions or assertions to which enquiries may be directed or analytical or other review procedures applied.

17. Existing paragraph A11 is amended to read as follows:

The procedures performed by the auditor to update the understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, ordinarily include the following:

...

- (j) enquiring of management and of other appropriate individuals within the entity about the effect of changes in the entity's business activities;

...

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

A review ordinarily does not require tests of the accounting records through inspection, observation or confirmation. Procedures for performing a review of a financial report ordinarily are limited to making enquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures, rather than corroborating information obtained concerning matters relating to the financial report. The auditor's understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, the results of the risk assessments relating to the preceding audit and the auditor's consideration of materiality as it relates to the financial report, affects the nature and extent of the enquiries made, and analytical and other review procedures applied.

19. Existing paragraph A21 is amended to read as follows:

The auditor may perform many of the review procedures before or simultaneously with the entity's preparation of the financial report. For example, it may be practicable to update the understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, and begin reading applicable minutes before the end of the period. Performing some of the review procedures earlier in the period

also permits early identification and consideration of significant accounting matters affecting the financial report.

**Amendments to ASRE 2415**

20. Existing paragraph 12 is amended to read as follows:

The auditor shall implement the firm's policies or quality control procedures that are applicable to the individual engagement.<sup>5</sup>

21. Existing footnote 5 in paragraph 12 is amended to read as follows:

See ASA 220 *Quality ~~Control~~ Management for an Audit of a Financial Report and Other Historical Financial Information*, as amended, which may be helpful in determining quality ~~control~~ management procedures appropriate to a review engagement.