

## **Additional requirement paragraphs added to the Australian Standards on Auditing (ASAs) but not added to the International Standards on Auditing (New Zealand) (ISAs (NZ))**

1. At the back of each ISA (NZ) there is a comparison between the New Zealand standard to both the international standard and the Australian equivalent. This document provides an overview of all of the additional requirements added to the ASAs but not added to the ISAs (NZ).
2. The suite of Auditing standards in Australia include an additional three standards:
  - *ASA 101 Preamble to AUASB Standards*. There is no equivalent to ASA 101. As the Australian Auditing Standards are legally enforceable, the AUASB considers it necessary for an interpretative document to form part of the suite of standards.
  - *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* There is no equivalent to ASA 102. ASA 102 has been made to facilitate the enforceability of relevant ethical requirements applicable to auditing and assurance practitioners, which are issued by the APESB in Australia.
  - *ASA 502 Audit Evidence – Specific Considerations for Litigations and Claims*: There is no separate standard for ASA 502 in New Zealand. ASA 502 contains all the requirements relating to Litigation and Claims that are contained in ISA (NZ) 501 (Different structure but same requirements).
3. There are 26 additional requirements in the ASAs, not included in the International Auditing Standards or the ISAs (NZ). These differences are:
  - 12 additional requirements added in Australia to maintain existing Australian context, where the NZAuASB consider the additions clarify existing requirements in the ISAs and for which there are no compelling reasons to add in New Zealand;
  - 6 additional requirements added in Australia to maintain existing Australian context and for which the NZAuASB do not believe there to be compelling reasons to amend the ISA in New Zealand.
  - 8 additional requirements added in Australia related to legislative requirements;
4. The following 18 requirements have been added into the ASAs to maintain existing Australian context, but have not been added to the ISAs or ISAs (NZ):

ASA 200	Application of the requirement(s) would relate to classes of transactions, account balances or disclosures that the auditor has determined are immaterial. [Ref: Para. Aus 22.1]
ASA 230	The auditor shall adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the

	audit documentation. [Ref: Para Aus 16.1]
ASA 265	In circumstances when the auditor has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control; and [Ref: Para. Aus 11.1]
ASA 330	Where the auditor plans to use audit evidence from the performance of substantive procedures in a prior audit, the auditor shall perform audit procedures during the current period to establish the continuing relevance of the audit evidence. [Paragraph Aus 21.1]
ASA 502	If a response from the entity's external or internal legal counsel contains a material disagreement with management's original evaluation of a particular matter, the auditor shall seek discussions with management and the entity's legal counsel, unless management subsequently agrees with the legal counsel's evaluation. [Ref: Para. Aus 5.2]
ASA 502	The auditor shall enquire of management about new litigation and claims referred to the entity's legal counsel subsequent to the date of the request for a letter of enquiry to the entity's legal counsel and prior to signing the auditor's report. [Ref: Para. Aus 7.1]
ASA 502	If audit procedures lead to the discovery of matters of a legal nature not previously identified by management, the auditor shall consider the impact of each of the matters on the financial report. [Ref: Para. Aus 7.2]
ASA 540	The auditor shall include in the audit documentation: The auditor's evaluation of any indicators of possible management bias in making accounting estimates, including whether the circumstances giving rise to the indicators of bias represent a risk of material misstatement due to fraud. [Ref: Para. Aus 23.1]
ASA 550	If the auditor is unable to: <ul style="list-style-type: none"> <li>o obtain sufficient appropriate audit evidence regarding related parties and related party transactions; or</li> <li>o form a conclusion as to the completeness of the disclosure of related party relationships and transactions in accordance with the applicable financial reporting framework;</li> </ul> the auditor shall modify the auditor's opinion in accordance with ASA 705. [Ref: Para. Aus 27.1]
ASA 550	If the auditor concludes that the related party disclosures in the financial report do not satisfy the requirements of the applicable financial reporting framework, the auditor shall modify the auditor's opinion in accordance with ASA 705. [Ref: Para. Aus 27.2]
ASA 570	If such events or conditions are identified, the auditor shall consider whether they affect the auditor's assessment of the risks of material misstatement in accordance with ASA 315. [Ref: Para. Aus 16.1]
ASA 570	Whether management is unwilling to make or extend its assessment as described in paragraph 22 of this Auditing Standard. [Ref: Para. Aus 23.1]

ASA 600	<p>Where a component auditor issues, or intends to issue, a modified auditor's report, the group engagement partner shall consider:</p> <ul style="list-style-type: none"> <li>o the nature and significance of the modification, in relation to the financial report of the entity on which the group engagement partner is reporting; and</li> <li>o whether a modification is also required to the group engagement partner's audit report, under ASA 705. [Ref: Para. Aus 49.1]</li> </ul>
ASA 705	<p>If there is a material misstatement of the financial report that relates to the non-disclosure of information required to be disclosed, the auditor shall:</p> <ul style="list-style-type: none"> <li>o Request management and/or those charged with governance to correct the non-disclosure in the financial report. [Ref: Para. Aus 19.1] (shaded wording only)</li> </ul>
ASA 705	<p>Where, under paragraph 19(c) of this Auditing Standard, the omitted disclosures are not included in the basis of modification paragraph, the auditor shall include the reasons for the omission from the basis of modification paragraph. [Ref: Para. Aus 19.2]</p>
ASA 706	<p>In addition to the requirements in paragraph 6 of this Auditing Standard, the auditor shall include an Emphasis of Matter paragraph in the auditor's report where required by other Auditing Standards. (Ref: Appendix 1) [Ref: Para. Aus 6.1]</p>
ASA 706	<p>In addition to the requirements in paragraph 8 of this Auditing Standard, the auditor shall include an Other Matter paragraph in the auditor's report where required by other Auditing Standards. (Ref: Appendix 1) [Ref: Para. Aus 8.1]</p>
ASA 810	<p>In circumstances where the auditor's report on the audited financial report has been modified, paragraphs 17-18 of this Auditing Standard require additional elements to be included in the auditor's report on the summary financial statements. [Ref: Para. Aus 14.1]</p>

5. The following 6 requirements have been added to the Australian standards as they are legislative requirements in Australia:

ASA 260	<p>In the case of entities audited in accordance with the Corporations Act 2001, the auditor shall communicate with those charged with governance a statement that the engagement team and others in the firm as appropriate, the firm, and, when applicable network firms, have complied with the independence requirements of section 307C of the Corporations Act 2001. [Ref: Para. Aus 17.1]</p>
ASA 560	<p>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</p>

	paragraph 11(b)(i) of this Auditing Standard to such an amendment. [Ref: Para. Aus 12.1]
ASA 700	When an entity, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements has included in the notes to the financial statements, an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRSs), and the auditor agrees with the entity's statement of compliance, the auditor shall state that in the auditor's opinion, the financial report complies with IFRSs. [Ref: Para. Aus 37.1]
ASA 700	The auditor's report shall be dated as of the date the auditor signs that report. [Ref: Para. Aus 40.1]
ASA 706	<p>When the financial report has been prepared in accordance with Australian Accounting Standards but additional disclosures have been made in the financial report:</p> <ul style="list-style-type: none"> <li>o on the basis that, or which imply that, application of a particular Accounting Standard has resulted in the financial report being potentially misleading; or</li> <li>o that, in the opinion of those charged with governance, are necessary to present a true and fair view; and</li> </ul> <p>the auditor is of the opinion that:</p> <ul style="list-style-type: none"> <li>o it is likely, in the absence of the additional disclosures, that users would be misled when making evaluations or decisions about the allocation of scarce resources; and</li> <li>o the additional disclosures contain all, and only, relevant and reliable information, and are presented in such a manner as to ensure the financial report as a whole is comparable and understandable in meeting the objectives of the financial report,</li> </ul> <p>the auditor shall include in the auditor's report an Emphasis of Matter paragraph headed "Application of Australian Accounting Standard AASB ..." or an appropriate alternative which:</p> <ul style="list-style-type: none"> <li>o draws attention to the additional disclosures;</li> <li>o where relevant, states that in the auditor's opinion application of the particular Accounting Standard has, in this instance, resulted in the financial report being potentially misleading;</li> <li>o states the specific reasons why the auditor believes the additional disclosures are necessary to ensure the financial report as a whole is not misleading (the auditor's reasons are to be stated in the auditor's report itself rather than only by reference to the reasons included in the financial report); and</li> <li>o states that, in the auditor's opinion, the additional disclosures are relevant and reliable in meeting the objectives of the financial report. [Ref: Para Aus 7.1]</li> </ul>
ASA 720	Withholding the auditor's report is not permitted under the Corporations Act 2001. [Ref: Para Aus 10.1]

6. The following 2 requirements have been added to the Australian standards because the AUASB considered the changes were required in where the standards are legally enforceable:

ASA 200	<ul style="list-style-type: none"> <li>• Where in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement, the auditor shall:               <ul style="list-style-type: none"> <li>○ If possible, perform appropriate alternative audit procedures; and</li> <li>○ In accordance with ASA 230, document in the working papers:                   <ul style="list-style-type: none"> <li>○ The circumstances surrounding the inability to comply;</li> <li>○ The reasons for the inability to comply; and</li> </ul> </li> </ul> </li> </ul> <p>Justification of how alternative audit procedures achieve the objectives of the requirement. [Ref: Para. Aus 23.1]</p>
ASA 230	<p>Where, in rare and exceptional circumstances, factors outside the auditor's control prevent the auditor from complying with an essential procedure contained within a relevant requirement, the auditor shall document:</p> <ul style="list-style-type: none"> <li>○ the circumstances surrounding the inability to comply;</li> <li>○ the reasons for the inability to comply; and</li> <li>○ justification of how alternative audit procedures achieve the objectives of the requirement. [Ref: Para Aus 12.1]</li> </ul>

For information purposes