



29 June 2011

AUASB supports ASIC Audit firm Inspection Program

Merran Kelsall, Chairman of the Auditing and Assurance Standards Board (AUASB) endorsed the findings of the Australian Securities and Investments Commission (ASIC) audit inspection report for 2009-10. The inspection program is primarily concerned with practitioners' compliance with the Australian Auditing Standards in undertaking financial statement audits.

"The AUASB supports the ASIC inspection program as a very important component in the Australian regulatory framework. We have a very sound auditing base here and this program is an extremely valuable contribution to continuing improvements in audit quality and helps maintain and promote confidence and integrity in Australia's capital markets", Ms Kelsall said.

The report identifies certain areas requiring further focus by the firms:

- That audit evidence must be sufficient and appropriate particularly when experts are used, in confirming key balances, classifying loan balances, considering the risk of fraud and in making disclosures in financial statements;
- That auditors need to demonstrate professional scepticism in making key audit judgments; and
- There must be proper evidence of quality control reviews.

The AUASB encourages auditors, and their professional bodies, to implement the report's recommendations for firm leaders to:

- Continue sending strong and consistent messages regarding these areas; and
- Complement the messages with education, training, firm guidance, technical support and internal monitoring.

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