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AUASB provides assistance for auditors navigating the current economic conditions

To assist auditors conducting audits of financial reports in times of economic uncertainty, the Auditing and Assurance Standards Board (AUASB) today released a Bulletin, which provides an overview of the significant issues and areas auditors should consider when undertaking their work.

The AUASB Bulletin, *Auditing Considerations in an Uncertain Economic Environment*, directs the auditors' attention to some key procedures contained in the auditing and accounting standards that are of increased relevance in times of economic uncertainty. It also emphasises the importance of timely communications between the auditor and those charged with governance, throughout the audit process, of any issues that may impact on the financial report.

Merran Kelsall, AUASB Chairman, said that additional guidance is essential at this time given many aspects of an entity's financial report may be affected by the current economic conditions. Auditors may need to make significant changes to their audit processes and procedures to address financial reporting issues.

"Conditions that an auditor may identify, which may impact on an entity's ability to continue as a going concern, include changes in credit terms or the withdrawal of credit, whether valuation or trading issues have led to breaches in lending covenants and whether on-demand clauses in loans affect the classification of liabilities or the likelihood that lenders may invoke such clauses in the current economic environment," Ms Kelsall said.

The AUASB Bulletin is now available to download free at www.auasb.gov.au.

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The Auditing and Assurance Standards Board (AUASB) is an independent, national statutory board of the Australian Government, responsible for developing standards and related guidance for auditors and providers of other assurance services.