

31 March 2023

The Chairman  
Australian Auditing and Assurance Standards Board  
PO Box 204, Collins Street West  
Melbourne, VIC 8009

Dear Chairman

### Discussion Paper – Expanding Key Audit Matters beyond listed entities

Deloitte Touche Tohmatsu (Deloitte) is pleased to have the opportunity to provide feedback on whether the communication of key audit matters (KAMs) in the auditor's report should be expanded beyond listed entities. This is in response to the Australian Auditing and Assurance Standards Board's (AUASB's) considerations of the International Auditing and Assurance Standards Board's (IAASB's) Listed Entity / Public Interest Entities (PIE) Project Task Force's proposal to expand the scope of reporting of KAMs in Australia (ASA 701).

The AUASB requested feedback on three specific questions in the discussion paper, which we address overleaf. In our experience, the decision on whether to communicate KAMs should be left to the auditors and the audited entity based on their specific circumstances, including who the users are that will benefit from the additional communication.

Deloitte deems Option 1 the best option to achieve the overall principle of improved communication to the users of the financial statements. Further, Deloitte would also support the inclusion of a KAM if the auditor and the audited entity based on their specific circumstances, including who the users are that will benefit from the additional communication, determine it is appropriate to include a KAM. This however would not impact the current ASA 701 standard.

Deloitte appreciates the opportunity to provide our perspectives and would be pleased to discuss this letter with you or your staff at your convenience. If you have any questions, please contact me via email ([jqacstrydom@deloitte.com.au](mailto:jqacstrydom@deloitte.com.au)) or at 07 3308 7244.

Yours sincerely,



**Jacques Strydom**  
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## APPENDIX A

### RESPONSE TO SPECIFIC QUESTIONS FOR STAKEHOLDERS

Deloitte's response to question 1 included in the AUASB's Discussion Paper – Expanding Key Audit Matters beyond listed entities are set forth in this appendix. No responses are made to questions 2 and 3.

#### Specific Questions

##### Question 1

Do you support requiring the communication of KAMs in the auditor's report for the following:

**Option 1: Listed entities only (i.e., No amendment to ASA 701); or**

**Option 2: Listed entities plus certain other types of entities; or**

**Option 3: All audited financial reports**

Deloitte supports Option 1 – Listed entities only for the following reasons:

- Improving communication to users of financial statements of non-listed entities can be achieved through other channels for which management or those charged with governance can take greater responsibility. Auditors can support other forms of communication where appropriate if that will lead to improved communication.
- Costs are considered to exceed benefits for entities other than Listed entities.
- Potential to result in boiler plate KAM descriptions to enable auditors to be compliant with the standard, resulting in no increased benefit for the users of the financial statements.

Deloitte refers to what a KAM is not:

- Substitute for disclosure in the financial statements.
- Substitute for a modified opinion.
- Substitute for reporting a material uncertainty related to going concern.
- Separate opinion on an individual matter.
- Implication that the auditor has resolved a matter.

By expanding KAMs to other entities, Deloitte foresees there could be an increase in the expectation gap to the limited users of non-listed entities.