

**ASA 2021-5**  
(November 2021)

# **Auditing Standard ASA 2021-5** *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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## PREFACE

### Reasons for Issuing ASA 2021-5

The AUASB issues Auditing Standard ASA 2021-5 *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:

ASA 101	<i>Preamble to AUASB Standards</i> (Issued 7 September 2021)
ASA 200	<i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards</i> (Issued 27 October 2009 and amended to 7 September 2021)
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</i> (Issued 27 October 2009 and amended to 30 June 2020)
ASA 330	<i>The Auditor's Responses to Assessed Risks</i> (Issued 27 October 2009 and amended to 1 December 2015)
ASA 502	<i>Audit Evidence — Specific Considerations for Litigation and Claims</i> (Issued 27 October 2009 and amended to 1 July 2013)
ASA 540	<i>Auditing Accounting Estimates and Related Disclosures</i> (Issued 5 December 2018)
ASA 550	<i>Related Parties</i> (Issued 27 October 2009 and amended to 11 November 2013)
ASA 560	<i>Subsequent Events</i> (Issued 27 October 2009 and amended to 7 September 2021)
ASA 570	<i>Going Concern</i> (Issued 1 December 2015 and amended to 30 June 2020)
ASA 610	<i>Using the Work of Internal Auditors</i> (Issued 11 November 2013)
ASA 620	<i>Using the Work of an Auditor's Expert</i> (Issued 27 October 2009 and amended to 30 June 2020)
ASA 710	<i>Comparative Information—Corresponding Figures and Comparative Financial Reports</i> (Issued 27 October 2009 and amended to 30 June 2020)
ASRE 2415	<i>Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation</i> (Issued 30 June 2010 and amended to 1 July 2013)

The amendments represent editorial corrections to revise minor inaccuracies, including misspellings and numbering or grammatical mistakes.

**AUTHORITY STATEMENT**

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 2021-5 *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: 5 November 2021

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 2021-5**

### *Amendments to Australian Auditing Standards*

#### **Application**

1. This Auditing Standard applies to:
  - an audit or a review of a financial report for a financial year, or an audit or a review of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
  - an audit or a review 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 or a review of other historical financial information.

#### **Operative Date**

3. This Auditing Standard is operative for financial reporting periods commencing on or after 15 December 2021.

#### **Introduction**

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

4. This Auditing Standard makes amendments to Australian Auditing Standards. The amendments represent editorial corrections to revise minor inaccuracies, including misspellings and numbering or grammatical mistakes.

#### **Objective**

5. The objective of this Auditing Standard is to make amendments to the following Auditing Standards:
  - (a) ASA 101 *Preamble to AUASB Standards* (Issued 7 September 2021)
  - (b) ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards* (Issued 27 October 2009 and amended to 7 September 2021)
  - (c) ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* (Issued 27 October 2009 and amended to 30 June 2020)
  - (d) ASA 330 *The Auditor's Responses to Assessed Risks* (Issued 27 October 2009 and amended to 1 December 2015)
  - (e) ASA 502 *Audit Evidence — Specific Considerations for Litigation and Claims* (Issued 27 October 2009 and amended to 1 July 2013)
  - (f) ASA 540 *Auditing Accounting Estimates and Related Disclosures* (Issued 5 December 2018)
  - (g) ASA 550 *Related Parties* (Issued 27 October 2009 and amended to 11 November 2013)
  - (h) ASA 560 *Subsequent Events* (Issued 27 October 2009 and amended to 7 September 2021)

- (i) ASA 570 *Going Concern* (Issued 1 December 2015 and amended to 30 June 2020)
- (j) ASA 610 *Using the Work of Internal Auditors* (Issued 11 November 2013)
- (k) ASA 620 *Using the Work of an Auditor's Expert* (Issued 27 October 2009 and amended to 30 June 2020)
- (l) ASA 710 *Comparative Information-Corresponding Figures and Comparative Financial Reports* (Issued 27 October 2009 and amended to 30 June 2020)
- (m) 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 1 July 2013)

### **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 ASA 101**

9. Existing footnote 12 in paragraph A3 is amended to read as follows:
- For legislative purposes, ASRE 2410 and ASRE 2415 are included in legislation as “Auditing Standards”.
10. Existing footnote 25 in paragraph A16 is amended to read as follows:
- The term “professional judgement” is defined in the AUASB Glossary in the context of different types of AUASB Standards. For assurance engagements, see *Framework for Assurance Engagements*, paragraphs 56-60. For related services engagements, see ~~ASRE~~ASRS 4400, paragraphs 13(j) and 18.
11. Existing paragraph A31 is amended to read as follows:
- The “Application” paragraph in each Auditing Standard that refers to audits or reviews conducted in accordance with the Corporations Act applies specifically to:
- ~~(d)~~(a) an audit or a review conducted under Part 2M.3 of the Act; and
  - ~~(e)~~(b) an audit conducted under Part 7.8 of the Act.



**Amendments to ASA 200**

12. Existing paragraph A3 is amended to read as follows:

For the purposes of the Australian Auditing Standards ASAs, a risk of material misstatement exists when there is a reasonable possibility of:

(a) ...

13. Existing footnote 19 in paragraph A44 is amended to read as follows:

See ASA 315 *Identifying and Assessing the Risks of Material Misstatement*.

14. Existing footnote 21 in paragraph A46 is amended to read as follows:

See ASA 330, paragraph 6.

15. Existing paragraph A64 is amended to read as follows:

Where necessary, the application and other explanatory material provides further explanation of the requirements of an Auditing Standard and guidance for carrying them out. In particular, it may:

- Explain more precisely what a requirement means or is intended to cover, including in some Auditing Standards ASAs such as ASA 315, why a procedure is required.
- Include examples of procedures that may be appropriate in the circumstances. In some Auditing Standards ASAs, such as ASA 315, examples are presented in boxes.

...

16. Existing paragraph A69 is amended to read as follows:

Scalability considerations have been included in some Auditing Standards ASAs (e.g., ASA 315), illustrating the application of the requirements to all entities regardless of whether their nature and circumstances are less complex or more complex. Less complex entities are entities for which the characteristics in paragraph A71 A66 may apply.

17. Existing paragraph A73 is amended to read as follows:

The considerations specific to “automated tools and techniques” included in some Auditing Standards ASAs (for example, ASA 315) have been developed to explain how the auditor may apply certain requirements when using automated tools and techniques in performing audit procedures.

**Amendments to ASA 240**

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

When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, the applicable financial reporting framework and the entity’s system of internal control, required by ASA 315, the auditor shall perform the procedures in paragraphs 18-25 23-43 of this Auditing Standard to obtain information for use in identifying the risks of material misstatement due to fraud.

**Amendments to ASA 330**

19. As a result of the paragraph insertions by ASA 2020-1 *Amendments to Australian Auditing Standards*, subsequent paragraphs of this Auditing Standard are re-numbered and references to these paragraphs are updated accordingly.

**Amendments to ASA 502**

20. The existing paragraph following existing sub-heading “Effective Date” is re-numbered and as a result, subsequent paragraphs of this Auditing Standard are re-numbered and references to these paragraphs are updated accordingly.
21. Existing paragraph 5 is amended to read as follows:
- If:
- (a) management refuses to give the auditor permission to communicate or meet with the entity’s external legal counsel, or the entity’s external legal counsel refuses to respond appropriately to the letter of enquiry, or is prohibited from responding; and (Ref: Para. Aus A8.7-Aus A8.8)
  - (b) ...

**Amendments to ASA 540**

22. Existing paragraph 4 is amended to read as follows:
- This Auditing Standard requires a separate assessment of inherent risk for identified risks of material misstatement at the assertion level.<sup>5</sup> In the context of ASA 540 (~~Revised~~), and depending on the nature of a particular accounting estimate, the susceptibility of an assertion to a misstatement that could be material may be subject to or affected by estimation uncertainty, complexity, subjectivity or other inherent risk factors, and the interrelationship among them. As explained in ASA 200,<sup>6</sup> inherent risk is higher for some assertions and related classes of transactions, account balances and disclosures than for others. Accordingly, the assessment of inherent risk depends on the degree to which the inherent risk factors affect the likelihood or magnitude of misstatement, and varies on a scale that is referred to in this Auditing Standard as the spectrum of inherent risk. (Ref: Para. A8–A9, A65–A66, Appendix 1)

**Amendments to ASA 550**

23. Existing footnote 11 in paragraph 23 is amended to read as follows:
- See ASA 240, paragraph ~~333~~(c).

**Amendments to ASA 560**

24. As a result of the deletion of paragraph Aus A3.1 by paragraph 160 of ASA 2015-1 *Amendments to Australian Auditing Standards*, references to this paragraph are updated accordingly.

**Amendments to ASA 570**

*Amendments to ASA 570 Appendix 2: [Aus] Illustration 4A*

25. [Aus] Illustration 4A: Example Auditor’s Report for Disclaimer of Opinion (Limitation of Scope) Single listed Company-*Corporations Act 2001* (Fair Presentation Framework), is amended as follows:

INDEPENDENT AUDITOR’S REPORT

...

**Auditor’s Responsibilities for the Audit of the Financial Report**

*[Reporting in accordance with ASA ~~700~~705 – see [Aus] Illustration ~~4A~~5 in ASA ~~700~~705.]*

**Amendments to ASA 610**

26. Existing footnote 1 in paragraph 3 is amended to read as follows:  
*See ASA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment (as amended).*
27. Existing footnote 3 in paragraph 7 is amended to read as follows:  
See ASA 315 ~~(as amended)~~, paragraph A118.
28. Existing footnote 13 in paragraph A4 is amended to read as follows:  
See ASA 315 ~~(as amended)~~, paragraph 14(a).
29. Existing footnote 25 in paragraph A26 is amended to read as follows:  
See ASA 315 ~~(as amended)~~, paragraph A118.
30. Existing footnote 26 in paragraph A26 is amended to read as follows:  
See ASA 315 ~~(as amended)~~, paragraph A11 in relation to ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*.

**Amendments to ASA 620**

31. Existing paragraph A4 is amended to read as follows:  
An auditor's expert may be needed to assist the auditor in one or more of the following:
- Obtaining an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control.

**Amendments to ASA 710**

32. Existing footnote 5 in paragraph 16 is amended to read as follows:  
See ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*, paragraphs 8 and Aus A8.1 ~~Aus 8.1~~.

**Amendments to ASRE 2415**

33. Existing paragraph 11 and footnote 4 are deleted.

## **Commencement of the legislative instrument**

For legal purposes, each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>
The whole of this instrument	14 December 2021.	14 December 2021.

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.