

ASA 2021-3
(September 2021)

Auditing Standard ASA 2021-3 *Amendments to Australian Auditing Standards*

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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PREFACE

Reasons for Issuing ASA 2021-3

The Australian Auditing and Assurance Board (AUASB) issues Auditing Standard ASA 2021-3 *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 and other explanatory material of the following Auditing Standards:

- | | |
|---------|--|
| ASA 200 | <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards</i> (issued October 2009 and amended to June 2020) |
| ASA 700 | <i>Forming an Opinion and Reporting on a Financial Report</i> (issued December 2015 and amended to June 2020) |

These amendments are consequential and conforming amendments arising from the issuance of the revised ASA 101 *Preamble to AUASB Standards* in September 2021. Under its mandate, the AUASB is required to maintain the quality and relevance of the Auditing Standards. Accordingly, amendments to existing Auditing Standards are made whenever necessary to correct editorial issues or to resolve conflicts between standards.

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 2021-3 *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: 7 September 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 2021-3

Amendments to Australian Auditing Standards

Application

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

Operative Date

3. This Auditing Standard is operative for financial reporting periods commencing on or after 1 October 2021.

Introduction

Scope of this Auditing Standard

4. This Auditing Standard makes amendments to Australian Auditing Standards. The amendments are consequential and conforming amendments arising from the issuance of the revised ASA 101 *Preamble to AUASB Standards* (September 2021).

Objective

5. The objective of this Auditing Standard is to make amendments to the following Auditing Standards:
 - (a) *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards* (Issued October 2009 and amended to June 2020)
 - (b) *ASA 700 Forming an Opinion and Reporting on a Financial Report* (Issued December 2015 and amended to June 2020)

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. This Standard uses underlining, striking out and other typographical material to identify some of 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.

Amendments to ASA 200

8. Existing paragraph A56 is amended to read as follows:

The scope, effective date and any specific limitation of the applicability of a specific Auditing Standard is made clear in the Auditing Standard. Unless otherwise stated in the Auditing Standard, the auditor is ~~not~~ permitted to apply an Auditing Standard before the effective date specified therein.

Amendments to ASA 700

9. The existing third paragraph of “Conformity with International Standards on Auditing” is amended to read as follows:

The following requirements are additional to ISA 700:

- Paragraph Aus 28.1(c) requires the auditor to identify the relevant ethical requirements applicable within Australia when providing the basis for opinion.
- Aus 42.1 requires that when the auditor elects to early adopt an Auditing Standard made under 336 of the *Corporations Act 2001*, in accordance with section 336(4) of that Act, that election is required to be recorded in the auditor’s report.
- ...

10. The existing fourth paragraph of “Conformity with International Standards on Auditing” is amended to read as follows:

The following application and other explanatory material is additional to ISA 700:

- Paragraph Aus A57.1 identifies the *Auditing and Assurance Standards Board* and its website address when an auditor refers to a description of the auditor’s responsibilities on a website.
- Paragraph Aus A57.2 includes guidance on how the election to early adopt an Auditing Standard made under section 336 of the *Corporations Act 2001* could be reported in the auditor’s report and includes a reference to *ASA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report* for further requirements and guidance relevant to Other Matter paragraphs.
- ...

11. Following existing paragraph 42, and before the sub-heading “Other Reporting Responsibilities”, the following sub-heading is inserted:

Early adoption of Auditing Standards

12. Following the sub-heading inserted above, the following paragraph Aus 42.1 is inserted:

When the auditor elects to early adopt an Auditing Standard made under section 336 of the *Corporations Act 2001*, in accordance with section 336(4) of that Act, that election is required to be recorded in the auditor’s report.

13. Following existing paragraph Aus A57.1, and before the sub-heading “Other Reporting Responsibilities (Ref: Para. 43-45)” the following sub-heading is inserted:

Early adoption of Auditing Standards

14. Following the sub-heading inserted above, the following paragraph Aus A57.2 is inserted:

Unless otherwise stated in an Auditing Standard, the auditor is permitted to apply the standard before the operative date specified therein. Where an Auditing Standard is early adopted, all relevant conforming and consequential amendments must also be early adopted.[#] Where the auditor elects to early adopt an Auditing Standard, the election may be recorded in the auditor's report as an Other Matter paragraph. Refer to ASA 706 for requirements and guidance relevant to Other Matter paragraphs.

15. A new footnote, referenced to paragraph Aus A57.2 of this Auditing Standard, is inserted to read as follows:

[#] See ASA 200, paragraph A56 and ASA 101 *Preamble to AUASB Standards*, paragraphs A33-A35.