

**ASA 2017-2**  
(May 2017)

# **Explanatory Statement**

## ***ASA 2017-2 Amendments to Australian Auditing Standards***

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



**Australian Government**

**Auditing and Assurance Standards Board**

Authorised Version Explanatory Statement registered 13/09/2017 to F2017L01179

## **Obtaining a Copy of this Explanatory Statement**

This Explanatory Statement is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au)

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## **Reasons for Issuing Auditing Standard ASA 2017-2**

The AUASB issues Auditing Standard ASA 2017-2 *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 *Legislative Instruments 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.

## **Purpose of Auditing Standard ASA 2017-2 Amendments to Australian Auditing Standards**

The purpose of the Auditing Standard is to make amendments to the following Auditing Standards:

ASQC 1	<i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements (27 October 2009)</i>
ASA 210	<i>Agreeing the Terms of Audit Engagements (27 October 2009)</i>
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Information (27 October 2009)</i>
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (27 October 2009)</i>
ASA 260	<i>Communication with Those Charged with Governance (1 December 2015)</i>
ASA 450	<i>Evaluation of Misstatements Identified During the Audit (27 October 2009)</i>
ASA 500	<i>Audit Evidence (27 October 2009)</i>

## **Operative Date**

ASA 2017-2 *Amendments to Australian Auditing Standards* is operative for financial reporting periods beginning on or after 1 January 2018 with early adoption permitted.

## **Process of making Australian Auditing Standards**

The AUASB's Strategic Direction, *inter alia*, provides that the AUASB develop Australian Auditing Standards that:

- have a clear public interest focus and are of the highest quality;
- use the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- conform with the Australian regulatory environment; and
- are capable of enforcement.

## **Consultation Process prior to issuing the Auditing Standard**

The AUASB has consulted publicly as part of its due process in developing the Auditing Standard.

Exposure Draft ED 06/16 *Amendments to Australian Auditing Standards* was issued on 23 December 2016 with a comment period closing 15 March 2017.

Submissions were received by the AUASB and these were considered as part of the development and finalisation of the Auditing Standard.

## **Regulatory Impact Statement**

A Preliminary Assessment Form has been prepared in connection with the preparation of ASA 2017-2 *Amendments to Australian Auditing Standards* and lodged with the Office of Best Practice Regulation (OBPR).

The OBPR have advised the AUASB Technical Group that a Regulatory Impact Statement (RIS) is not required in relation to this standard.

## STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

**Legislative Instrument:**            **Auditing Standard ASA 2017- 2 *Amendments to Australian Auditing Standards***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview of the Legislative Instrument**

#### *Background*

The AUASB is a Non Corporate Commonwealth Entity 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 *Legislative Instruments Act 2003*.

#### *Purpose of Auditing Standard ASA 2017-2*

The purpose of ASA 2017-2 is to make amendments to various Australian Auditing Standards.

#### *Main Features*

ASA 2017-2 makes amendments to various Australian Auditing Standards as a result of conforming amendments issued by the International Auditing and Assurance Standards Board in respect of changes to the IESBA Code that have been included in the APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board (APESB).

### **Human Rights Implications**

The Auditing Standards are issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standards do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

#### *Conclusion*

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.