

Hill Rogers
Spencer Steer

**AUDIT AND ASSURANCE
SERVICES POLICY**

TABLE OF CONTENTS

| | | |
|----------|--|-----------|
| 1 | INTRODUCTION..... | 2 |
| 2 | DEFINITIONS USED IN THIS POLICY | 3 |
| 3 | QUALITY CONTROL..... | 5 |
| 4 | SUPERVISION AND REVIEW..... | 7 |
| 5 | CONSULTATIONS..... | 10 |
| 6 | ENGAGEMENT PERFORMANCE | 11 |
| 7 | DOCUMENTATION | 16 |
| 8 | CLIENT COMMUNICATION | 18 |
| 9 | OPINION FORMULATION | 19 |
| | APPENDIX A | 21 |
| | APPENDIX B..... | 39 |

1 INTRODUCTION

- 1.1 This Audit & Assurance Services Policy (AASP) outlines the fundamental principles that must be adopted in the delivery of Audit & Assurance services across Hill Rogers Spencer Steer Assurance Partners (the firm). These policies and associated procedures are designed to ensure that the auditor is able to achieve the overall objectives of the audit and/or assurance engagement.
- 1.2 The AASP has been developed in line with the mandatory requirements of the AUASB Standards, relevant ethical standards and the applicable legal and regulatory requirements.
- 1.3 The principles in this AASP apply to all personnel within the firm. The ultimate responsibility for the conduct of the audit and/or assurance engagement rests with the Engagement Partner.
- 1.4 In general, the policy statements made in this document relate to the conduct of a Financial Audit in accordance with the Australian Auditing Standards. Where the Australian Auditing Standard is significantly paraphrased, the following symbol (») is used to prefix the reference.
- 1.5 Engagement Partners must have an understanding of the entire text of an applicable AUASB Standard as it pertains to the particular audit and/or assurance engagement. (*»ASA 200.19*)
- 1.6 All personnel are encouraged to provide feedback on these policies and procedures and should do so through the Managing Director.
- 1.7 Any variations to this policy require the approval of the Audit Directors.
- 1.8 This policy should be read in conjunction with other policies, in particular:
 - a. the Audit and Assurance Quality Control Policy,
 - b. the Risk Management Policy, and
 - c. the Ethical Requirements Policy.
- 1.9 Defined terms in this policy are represented in Title Case.
- 1.10 Undefined terms are taken to have their normal interpretation unless otherwise advised. For the conduct of other assurance or review engagements the relevant AUASB Standards, professional standards or legal and regulatory requirements must be observed.

2 DEFINITIONS USED IN THIS POLICY

AUASB Standards

Standards issued by the AUASB, comprising Australian Auditing Standards, Standards on Review Engagements and Standards on Assurance Engagements.

Audit and Assurance Services

Services delivered within the Framework of Assurance Engagements issued by the Auditing and Assurance Standards Board. In general this means engagements in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria.

Auditor

The person or persons conducting the audit, usually the Engagement Partner or other members of the Engagement Team.

Board

The partners responsible for overseeing the strategic direction of the firm, and its business plan, brand guardianship, risk management, legal compliance and membership.

Engagement Partner

The partner or other person in the firm who is responsible for the assurance engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. *(ASQC 1 Aus12.5)*

Engagement Quality Control Review

A process designed to provide an objective evaluation, on and before the date of the auditor's report, of the audit approach plan, and the significant judgements the engagement team made and the conclusions it reached in formulating the auditor's report.

Engagement Quality Control Reviewer

A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgements the engagement team made and the conclusions it reached in formulating the auditor's report.

Engagement Team

All partners and staff performing the engagement and any individuals engaged by the firm who perform procedures on the engagement. This excludes external experts engaged by the firm.

Financial Audit

An audit engagement which requires the auditor to obtain reasonable assurance about whether the financial report as a whole, is free from material misstatement, whether due to fraud or error. A Financial Audit must be conducted in accordance with the Australian Auditing Standards, relevant ethical standards and the applicable legal and regulatory requirements.

Managing Director

The Partner responsible for overseeing the strategic direction of the firm, and its business plan, brand guardianship, risk management, legal compliance, and partnership composition.

Public Interest Entity

Includes:

- Listed entities;
- Authorised deposit-taking institutions and authorised non-operating holding companies (NOHCs) regulated by the Australian Prudential Regulatory Authority (APRA) under the Banking Act 1959;
- Authorised insurers and authorised NOHCs regulated by APRA under Section 122 of the Insurance Act 1973;
- Life insurance companies and registered NOHCs regulated by APRA under the Life Insurance Act 1995;
- Disclosing entities as defined in Section 111AC of the Corporations Act 2001;
- Registrable superannuation entity (RSE) licensees, and RSEs under their trusteeship that have five or more members, regulated by APRA under the Superannuation Industry (Supervision) Act 1993; and
- Other issuers of debt and equity instruments to the public.

Quality Control Partner

The person responsible for implementing, monitoring and reporting on the firm's system of quality control. This will customarily be the Managing Director or an appropriately appointed delegate partner.

Significant Risk

An identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.

3 QUALITY CONTROL**Policy Statement**

The Partners recognise that Audit and Assurance Services must be performed in accordance with AUASB Standards, relevant ethical requirements and applicable legal and regulatory requirements.

To that end, all audit and assurance engagements shall be conducted within the firm's system of quality control as established by the Audit and Assurance Quality Control Policy (AAQCP).

- 3.1 In accordance with the AAQCP, the firm will adopt, as far as practicable, the policies and procedures outlined in this policy and its associated audit manuals/templates and guidelines.
- 3.2 The Engagement Partner shall take responsibility for the overall quality on each engagement to which that partner is assigned. *(ASA 220.08)*
- 3.3 Engagement Partners and Engagement Team members must comply with the ethical requirements as they pertain to each audit and assurance engagement and the policies and procedures as contained in the Independence Policy.
- 3.4 The Engagement Partner must implement quality control procedures that provide reasonable assurance that the audit (or assurance engagement) complies with AUASB Standards, relevant ethical requirements, and applicable legal and regulatory requirements; and the auditor's report issued is appropriate in the circumstances. *(» ASA 220.06)*
- 3.5 Throughout the audit engagement, the Engagement Partner shall remain alert, through observation and making enquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the Engagement Team. *(ASA 220.09)*
- 3.6 If matters come to the Engagement Partner's attention through the firm's system of quality control or otherwise that indicate that members of the Engagement Team have not complied with relevant ethical requirements, the Engagement Partner, in consultation with others in the firm, shall determine the appropriate action. *(ASA 220.10)* Refer to the AAQCP for further guidance.

- 3.7 The Engagement Partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the Engagement Partner shall:
- a. Obtain relevant information from the firm, to identify and evaluate circumstances and relationships that create threats to independence;
 - b. Evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and
 - c. Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the audit engagement, where withdrawal is possible under applicable law or regulation. The Engagement Partner shall promptly report to the firm any inability to resolve the matter for appropriate action. *(ASA 220.11)*
- 3.8 The Engagement Partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit (or assurance) engagements have been followed, and shall determine that conclusions reached in this regard are appropriate. *(ASA 220.12)*
- 3.9 The Engagement Partner must ensure that an Engagement Quality Control Reviewer is appointed where required to do so under section 4 of this policy. *(ASA 220.19 (a))*
- 3.10 The Engagement Partner shall discuss with the Engagement Quality Control Reviewer significant matters arising during the engagement, including those identified during the Engagement Quality Control Review. *(ASA 220.19 (b))*
- 3.11 The Engagement Partner shall not date the auditor's report until the completion of the Engagement Quality Control Review. *(ASA 220.19 (c) & ASQC 1.36)*
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4 SUPERVISION AND REVIEW

Policy Statement

The Engagement Partners acknowledge the importance of proper supervision and review during the conduct of an audit or assurance engagement.

- 4.1 The Engagement Partner; through the consistent application of quality control, supervision and review; issue reports that are appropriate in the circumstances. (*»ASQC 1.32*)
- 4.2 The Engagement Partner shall take responsibility for reviews being performed in accordance with the firm's review policies and procedures. (*ASA 220.16*)
- 4.3 The Engagement Partner shall be satisfied that the Engagement Team, and any auditor's experts who are not part of the Engagement Team, collectively have the appropriate competence and capabilities to:
 - a. Perform the audit engagement in accordance with Australian Auditing Standards, relevant ethical requirements, and applicable legal and regulatory requirements; and
 - b. Enable an auditor's report that is appropriate in the circumstances to be issued. (*ASA 220.14*)
- 4.4 All audit and assurance engagements must have a discussion among the Engagement Team members appropriate to the engagement. The Engagement Partner is responsible for determining the matters to be discussed in light of this policy and the requirements of the particular engagement.
- 4.5 The Engagement Partner and other key members of the Engagement Team shall be involved in planning the audit, including planning and participating in the discussion among engagement team members. (*ASA 300.05*)
- 4.6 For Financial Audit's, the Engagement Partner and other key Engagement Team members shall discuss the susceptibility of the entity's financial report to material misstatement, and the application of the applicable financial reporting framework to the entity's facts and circumstances. (*ASA 315.10*)
- 4.7 The Engagement Partner shall take responsibility for:
 - a. The direction, supervision and performance of the audit engagement in compliance with Australian Auditing Standards, relevant ethical requirements, and applicable legal and regulatory requirements; and
 - b. The auditor's report being appropriate in the circumstances. (*ASA 220.15*)

- 4.8 The work of less experienced Engagement Team members must be reviewed by more experienced Engagement Team members and evidenced as such. *(ASQC 1.33)*
- 4.9 The work of the Engagement Partner need not be reviewed unless required by an Engagement Quality Control Review.
- 4.10 On or before the date of the auditor's report, the Engagement Partner shall, through a review of the audit documentation and discussion with the Engagement Team, be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. *(ASA 220.17)*
- 4.11 The Engagement Partner must as a minimum evidence their review of the following areas (or their equivalent):
- Evidence of client acceptance or continuance of the engagement
 - Engagement letter
 - Overall audit strategy or plan (including overall materiality)
 - Independence considerations
 - Quality control
 - Consultations
 - Fraud considerations
 - Risk assessment including the significant risks
 - Going concern
 - Subsequent events
 - Summary of unadjusted differences
 - Opinion formulation
 - Financial statements.

Engagement Quality Control Review

- 4.12 An Engagement Quality Control Review must be conducted for Financial Audits of listed clients and for any engagement meeting the criteria set out below. *(ASQC 1.35 (a) & (c))*
- 4.13 The criteria for which financial audits (other than of listed clients) are subject to an Engagement Quality Control Review are:
- The entity meets the definition of a Public Interest Entity.
 - The client falls into a category of risk, as judged by the Engagement Partner that warrants completion of an Engagement Quality Control Review. *(ASQC 1.35 (b))*
- 4.14 The Engagement Quality Control Reviewer must perform an objective evaluation of the significant judgements made by the engagement team, and the conclusions reached in formulating the auditor's report. To that end the evaluation must include the procedures outlined in Appendix A of this policy. *(»ASA 220.20 & ASQC 1.37)*

Criteria for Eligibility to be an Engagement Quality Control Reviewer

- 4.15 To be eligible to be an Engagement Quality Control Reviewer a person must have the technical qualifications required to perform the role, including the necessary experience and authority. *(ASQC 1.39 (a))*
- 4.16 The Engagement Quality Control Reviewer cannot participate in the engagement nor make decisions for the engagement team, and must avoid any situation that may threaten their objectivity. *(ASQC 1.40)*
- 4.17 In circumstances where the objectivity of the Engagement Quality Control Reviewer has been impaired, the Engagement Partner shall immediately replace the person with another suitably qualified person. *(ASQC 1.41)*
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5 CONSULTATIONS

Policy Statement

The Engagement Partners acknowledge the requirement for appropriate consultations to take place on difficult or contentious matters.

- 5.1 On all Financial Audit engagements the Engagement Partner shall determine whether there are any difficult or contentious matters requiring consultation. *(ASQC 1.34a)*
- 5.2 Difficult or contentious matters include, but are not limited to:
- The acceptance of a new client with a history of modified auditor's opinions;
 - Management imposed limitations of scope;
 - Issues that could negatively impact the firm's expectation of a mutually satisfactory relationship with the client, including potential conflicts, or relationships with other clients;
 - Material weaknesses or reportable conditions (such as those requiring 's.311 reporting');
 - Unadjusted audit differences in excess of the tolerable level;
 - Allegations by a 'whistleblower'.
- 5.3 The Engagement Partner shall:
- a. Take responsibility for the Engagement Team undertaking appropriate consultation on difficult or contentious matters;
 - b. Be satisfied that members of the Engagement Team have undertaken appropriate consultation during the course of the engagement, both within the Engagement Team and between the Engagement Team and others at the appropriate level within or outside the firm;
 - c. Be satisfied that the nature and scope of, and conclusions resulting from, such consultations are agreed with the party consulted; and
 - d. Determine that conclusions resulting from such consultations have been implemented. *(ASA 220.18)*
- 5.4 The Engagement Partner must ensure that consultations are with individuals (either inside or outside of the firm) that have the specialised expertise to consult on the particular matter, including the appropriate knowledge, seniority and experience. *(ASQC 1 A38)*
- 5.5 The Engagement Partner must ensure that the consulting individual is given all the relevant facts that will enable them to provide informed advice. *(ASQC 1 A38)*
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6 ENGAGEMENT PERFORMANCE

Policy Statement

The firm's personnel acknowledge the importance of conducting audit and assurance engagements in accordance with the relevant professional standards and relevant ethical requirements. A consistent and compliant approach to engagement performance is central to this achievement.

Overall Objectives of an Audit

- 6.1 The Engagement Partner shall ensure that the conduct of any audit or assurance engagement complies with all AUASB Standards relevant to the engagement. (*» ASA 200.18*)
- 6.2 For all audit and assurance engagements, sufficient appropriate audit evidence shall be obtained to reduce audit risk to an acceptably low level and thereby enable the auditor to draw reasonable conclusions on which to base the opinion. (*» ASA 200.17*)
- 6.3 For Financial Audits, the Engagement Partner and Engagement Team members recognise that the overall objectives of the auditor are:
 - a. To obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial report is prepared, in all material respects, in accordance with an applicable financial reporting framework; and
 - b. To report on the financial report, and communicate as required by the Australian Auditing Standards, in accordance with the auditor's findings. (*ASA 200.11*)
- 6.4 The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of misstatements identified during the audit and of uncorrected misstatements, if any, in the financial report and in forming the opinion in the auditor's report.

- 6.5 For Financial Audits, the Engagement Partner and Engagement Team members acknowledge the mandatory requirements to:
- a. Exercise their professional judgement in planning and performing an audit of a financial report. (ASA 200.16)
 - b. Apply the concept of materiality appropriately in planning and performing the audit. Personnel should consider the guidance within the firm's 'Materiality Guide' (ASA 320.8)
 - c. Plan and perform an audit with professional scepticism recognising that circumstances may exist that cause the financial report to be materially misstated. (ASA 200.15)
 - d. Recognise the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience of the honesty and integrity of the entity's management and those charged with governance. (ASA 240.12) and
 - e. Use the objectives stated in relevant Australian Auditing Standards in planning and performing the engagement to determine whether any additional procedures are necessary or evaluate whether sufficient appropriate audit evidence has been obtained. (» ASA 200.21)
- 6.6 If an objective from a relevant Australian Auditing Standard cannot be achieved, the Engagement Partner must evaluate the impact upon achieving the overall objectives of the engagement. (» ASA 200.24)

Terms of Engagement

- 6.7 Irrespective of the engagement type, all Audit and Assurance Services must be delivered under a signed engagement letter agreed with management and/or those charged with governance, as appropriate. (ASA 210.09)
- 6.8 The engagement letter must include, as a minimum, the elements prescribed by the relevant AUASB Standard. (Refer Appendix A)

Fraud

- 6.9 The Engagement Partner and Engagement Team must comply with the relevant mandatory requirements from ASA 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report'. These requirements are detailed in Appendix A. (» ASA 240.16)
- 6.10 For a Financial Audit, the Engagement Team must discuss how and where the entity's financial report may be susceptible to material misstatement due to fraud, including how fraud might occur. (» ASA 240.15)
- 6.11 Based on a presumption that there are risks of fraud in revenue recognition, each Financial Audit engagement must evaluate which types of revenue, revenue transactions or assertions give rise to such risks. (» ASA 240.26)

- 6.12 Risks of material misstatement due to fraud must be treated as a Significant Risk, and as a result, an understanding of the entity's related controls related to such fraud risks must be obtained. (» ASA 240.27)
- 6.13 The risk of management override of controls is to be recognised as a fraud risk and therefore a Significant Risk. (ASA 240.31)
- 6.14 Where responses to enquiries of management or those charged with governance are inconsistent, the inconsistencies must be investigated. (ASA 240.14)
- 6.15 Members of the Engagement Team responsible for conducting audit procedures related to the risk of fraud must have appropriate knowledge, skills and experience to do so.

Laws and Regulations

- 6.16 Each audit and assurance engagement must document that sufficient appropriate audit evidence has been obtained regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures. (» ASA 250.13)

Planning

- 6.17 The Engagement Partner must ensure that appropriate preliminary engagement activities are undertaken prior to the beginning of the current engagement. These include procedures related to the continuance of the client relationship; complying with relevant ethical requirements and establishing the terms of the engagement. (» ASA 300.6)
- 6.18 Each engagement shall have an overall strategy that sets the scope, timing and direction of the audit or assurance engagement and that guides the development of the engagement plan. Refer to Appendix A for expected components of the strategy and/or plans for a Financial Audit. (ASA 300.07)
- 6.19 The overall strategy and audit plans shall be updated and changed as necessary during the course of the engagement. (ASA 300.10)

Risks of Material Misstatement

- 6.20 The Engagement Partner and Engagement Team must conduct a Financial Audit in accordance with the relevant mandatory requirements of ASA 315 '*Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*'. These requirements are detailed in Appendix A of this policy.

- 6.21 All members of the Engagement Team must adhere to the objective of ASA 315 to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial report and assertion levels, through understanding the entity and its environment, including the entity's internal control, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. (ASA 315.03)
- 6.22 The Engagement Partner must ensure that where Significant Risks are identified during a Financial Audit engagement that the engagement file reflects an understanding of the entity's controls, including control activities, relevant to those risks. (ASA 315.29)
- 6.23 To achieve the objective of ASA 315, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.

Responses to Assessed Risks

- 6.24 The Engagement Partner and Engagement Team recognise the requirement to design and implement overall responses to the assessed risks of material misstatement in accordance with ASA 330 'The Auditor's Responses to Assessed Risks'.
- 6.25 To achieve the objective of ASA 330, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.

Litigation and Claims

- 6.26 Audit procedures must be designed and performed to identify litigation and claims involving the entity which may give rise to a risk of material misstatement.

Analytical Procedures

- 6.27 The Engagement Partner and Engagement Team recognise the requirement to conduct a Financial Audit in accordance with ASA 520 'Analytical Procedures'.
- 6.28 To achieve the objective of ASA 520, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.

Accounting Estimates

- 6.29 The Engagement Partner and Engagement Team recognise the requirement to conduct a Financial Audit in accordance with ASA 540 *'Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures'*.
- 6.30 To achieve the objective of ASA 540, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.

Related Parties

- 6.31 The Engagement Team must discuss the susceptibility of the financial report to material misstatement due to fraud or error that could result from related party relationships and transactions. (»ASA 550.12)
- 6.32 Transactions identified as significant related party transactions outside the entity's normal course of business shall be recognised as Significant Risks. (»ASA 550.18)

Going Concern

- 6.33 The Engagement Partner and Engagement Team recognise the requirement to conduct a Financial Audit in accordance with ASA 570 *'Going Concern'*.
- 6.34 To achieve the objective of ASA 570, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.

Subsequent Events

- 6.35 The Engagement Partner and Engagement Team recognise the requirement to conduct a Financial Audit in accordance with ASA 560 *'Subsequent Events'*.
- 6.36 To achieve the objective of ASA 560, sufficient appropriate audit evidence must be obtained to satisfy the mandatory requirements listed in Appendix A of this policy.
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7 DOCUMENTATION

Policy Statement

The firm's personnel recognise that there must be sufficient appropriate audit evidence on which to support the engagement opinion. Audit evidence must be documented in accordance with the relevant requirements.

- 7.1 The Engagement Partner and Engagement Team recognise the importance of preparing sufficient and appropriate audit documentation for all types of and assurance engagements.
- 7.2 It is recognised that for a Financial Audit the requirements of ASA 230 'Audit Documentation' and ASA 500 'Audit Evidence' must be met where relevant. The mandatory requirements are listed in Appendix A of this policy.
- 7.3 In addition, it is recognised that audit documentation requirements are often included in the AUASB Standards. In all respects the Engagement Partner is responsible for ensuring that documentation is sufficient and appropriate in the circumstances of the particular engagement.
- 7.4 The Engagement Partner is responsible for ensuring that audit documentation is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand:
- a. The nature, timing, and extent of the audit procedures performed to comply with the Australian Auditing Standards and applicable legal and regulatory requirements;
 - b. The results of the audit procedures performed, and the audit evidence obtained; and
 - c. Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgements made in reaching those conclusions. (ASA 230.08)
- 7.5 The documentation of audit and assurance procedures must include:
- a. Identifying characteristics of specific items or matters tested;
 - b. Who performed the work and the date the work was performed; and
 - c. Who reviewed the work, the date and the extent of the review. (ASA 230.09)
- 7.6 Audit and assurance engagement files must be able to demonstrate that the design and performance of audit procedures are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence. (» ASA 500.6)

- 7.7 When designing tests of controls and tests of details, the Engagement Team shall determine means of selecting items for testing that are effective in meeting the purpose of the audit procedure.
- 7.8 After the assembly of the final audit (or assurance) file has been completed, do not delete or discard audit documentation of any nature before the end of its retention period. (ASA 230.15)
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8 CLIENT COMMUNICATION

Policy Statement

The firm's personnel recognise the importance of effective two-way communication during the provision of Audit and Assurance Services.

- 8.1 The Engagement Partner and Engagement Team recognise the requirement to communicate with those charged with governance in accordance with ASA 260 *'Communication with Those Charged with Governance'*.
- 8.2 Communicate with those charged with governance:
- a. An overview of the planned scope and timing of the audit. (ASA 260.15)
 - b. The form, timing and expected general content of communications. (ASA 260.18)
 - c. Significant deficiencies in internal control identified during the audit on a timely basis. (ASA 265.09)
 - d. Uncorrected misstatements and the effect they, individually or in aggregate, may have on the opinion in the auditor's report. (ASA 450.12)
 - e. The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial report as a whole. (ASA 450.13)
- 8.3 Communicate on a timely basis all misstatements accumulated during the audit with the appropriate level of management, unless prohibited by law or regulation. Management shall be requested to correct those misstatements. (» ASA 450.08)
- 8.4 To achieve the objectives of ASA 260 and ASA 265, the mandatory communication requirements listed in Appendix A of this policy must be met.
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9 OPINION FORMULATION

Policy Statement

The firm's personnel recognise that the auditor's responsibility is to form an opinion based upon an evaluation of the conclusions drawn from the evidence obtained and to clearly express that opinion through a written report.

- 9.1 The Engagement Partner and Engagement Team recognise the requirement to form an opinion on the audit of a financial report in accordance with ASA 700 *'Forming an Opinion and Reporting on a Financial Report'*.
- 9.2 The mandatory requirements from ASA 700 that must be met are contained in Appendix A of this policy.
- 9.3 The Engagement Partner shall conclude whether sufficient appropriate audit evidence has been obtained. In forming an opinion, the Engagement Partner shall consider all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial report. (ASA 330.26)
- 9.4 Prior to evaluating the effect of uncorrected misstatements, materiality shall be reassessed in accordance with ASA 320 to confirm whether it remains appropriate in the context of the entity's actual financial results. (» ASA 450.10)
- 9.5 Evaluate whether analytical procedures that are performed near the end of the audit, when forming an overall conclusion as to whether the financial report is consistent with the understanding of the entity, indicate a previously unrecognised risk of material misstatement due to fraud. (ASA 240.34)
- 9.6 An Engagement Partner shall not sign an auditor's report (or equivalent assurance report) without first obtaining from management (or as appropriate, those charged with governance) written representations as required by the AUASB Standards appropriate to the engagement. A list of required representations is included in Appendix B as they relate to a Financial Audit.
- 9.7 The Engagement Partner shall disclaim an opinion on the financial report in accordance with ASA 705 if:
 - a. They conclude that there is sufficient doubt about the integrity of management such that the written representations required by paragraphs 10 and 11 of ASA 580 are not reliable; or
 - b. Management does not provide the written representations required by paragraphs 10 and 11 of ASA 580. (ASA 580.20)

- 9.8 Comparative information required by the applicable financial reporting framework shall be evaluated in accordance with the requirements of ASA 710 'Comparative Information–Corresponding Figures and Comparative Financial Reports'. Refer to Appendix A for required procedures.
- 9.9 The auditor's report shall be in a format appropriate to the circumstances of the engagement and must contain all prescribed elements.
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APPENDIX A – Mandatory Financial Audit Engagement Requirements

Policy Statement

The firm’s personnel recognise that the following paragraphs from the Australian Auditing Standards are mandatory requirements that must be met during the conduct of a Financial Audit. It is recognised that the requirements below are considered to always be “relevant” to the audit in accordance with requirement *ASA 200.18*, and as such, the audit documentation within an engagement file must be able to demonstrate compliance with the requirements below.

Personnel are reminded that audit documentation must also be able to demonstrate compliance with the various engagement level policies mentioned earlier in this policy, for example that the Engagement Partner took responsibility for the overall quality on the audit engagement, see policy 3.2.

| Reference | Requirement | Audit Template Reference |
|-----------------------------------|---|--------------------------|
| <i>Overall Objectives</i> | | |
| ASA 200.20 | The auditor shall not represent compliance with Australian Auditing Standards in the auditor's report unless the auditor has complied with the requirements of this Auditing Standard and all other Australian Auditing Standards relevant to the audit. | 5-300 |
| <i>Terms of Engagement</i> | | |
| ASA 210.06 | <p>In order to establish whether the preconditions for an audit are present, the auditor shall:</p> <ul style="list-style-type: none"> a) Determine whether the financial reporting framework to be applied in the preparation of the financial report is acceptable; and b) Obtain the agreement of management that it acknowledges and understands its responsibility: <ul style="list-style-type: none"> i. For the preparation of the financial report in accordance with the applicable financial reporting framework, including where relevant their fair presentation; ii. For such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; and iii. To provide the auditor with: <ul style="list-style-type: none"> a. Access to all information of which management is aware that is relevant to the preparation of the financial report such as records, documentation and other matters; b. Additional information that the auditor may request from management for the purpose of the audit; and c. Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence. | 1-300 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|--|---|--------------------------|
| ASA 210.10 | <p>An audit engagement letter shall include:</p> <ul style="list-style-type: none"> a) The objective and scope of the audit of the financial report; b) The responsibilities of the auditor; c) The responsibilities of management; d) Identification of the applicable financial reporting framework for the preparation of the financial report; and e) Reference to the expected form and content of any reports to be issued by the auditor and a statement that there may be circumstances in which a report may differ from its expected form and content. | 1-300 |
| ASA 210.13 | <p>On recurring audits, assess whether circumstances require the terms of the audit engagement to be revised and whether there is a need to remind the entity of the existing terms of the audit engagement.</p> | 1-300 |
| ASA 210.14 | <p>Never agree to a change in the terms of engagement where there is no reasonable justification for doing so.</p> | 1-300 |
| Engagement Quality Control Review | | |
| ASA 220.20 & ASQC 1.37 | <p>The engagement quality control reviewer shall perform an objective evaluation of the significant judgements made by the engagement team, and the conclusions reached in formulating the auditor's report. This evaluation shall involve:</p> <ul style="list-style-type: none"> a) Discussion of significant matters with the engagement partner; b) Review of the financial reports and the proposed auditor's report; c) Review of selected audit documentation relating to the significant judgements the engagement team made and the conclusions it reached; and d) Evaluation of the conclusions reached in formulating the auditor's report and consideration of whether the proposed auditor's report is appropriate. | |
| ASA 220 Aus 21.1 & ASQC 1.38 | <p>For audits of financial reports of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> a) The engagement team's evaluation of the firm's independence in relation to the audit engagement; b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements made and supports the conclusions reached. | 5-320 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|----------------------|---|--------------------------|
| Documentation | | |
| ASA 230.07 | The auditor shall prepare audit documentation on a timely basis. | |
| ASA 230.10 | The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place. | |
| ASA 230.14 | The auditor shall assemble the audit documentation in an audit file and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report. | 5-300 |
| ASA 230 Aus.16.1 | The auditor shall adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation. | |
| Fraud | | |
| ASA 240.17 | <p>The auditor shall make enquiries of management regarding:</p> <ul style="list-style-type: none"> a) Management's assessment of the risk that the financial report may be materially misstated due to fraud, including the nature, extent and frequency of such assessments; b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; c) Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; and d) Management's communication, if any, to employees regarding its views on business practices and ethical behaviour. | |
| ASA 240.18 | The auditor shall make enquiries of management, and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. | 2-400 |
| ASA 240.19 | For those entities that have an internal audit function, the auditor shall make enquiries of internal audit to determine whether it has knowledge of any actual, suspected or alleged fraud affecting the entity, and to obtain its views about the risks of fraud. | |
| ASA 240.20 | Unless all of those charged with governance are involved in managing the entity, the auditor shall obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks. | |
| ASA 240.21 | Unless all of those charged with governance are involved in managing the entity, the auditor shall make enquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. These enquiries are made in part to corroborate the responses to the enquiries of management. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------|---|--------------------------|
| ASA 240.22 | The auditor shall evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud. | |
| ASA 240.23 | The auditor shall consider whether other information obtained by the auditor indicates risks of material misstatement due to fraud. | |
| ASA 240.24 | The auditor shall evaluate whether the information obtained from the other risk assessment procedures and related activities performed indicates that one or more fraud risk factors are present. While fraud risk factors may not necessarily indicate the existence of fraud, they have often been present in circumstances where frauds have occurred and therefore may indicate risks of material misstatement due to fraud. | |
| ASA 240.25 | In accordance with ASA 315, the auditor shall identify and assess the risks of material misstatement due to fraud at the financial report level, and at the assertion level for classes of transactions, account balances and disclosures | |
| ASA 240.28 | In accordance with ASA 330, the auditor shall determine overall responses to address the assessed risks of material misstatement due to fraud at the financial report level. | |
| ASA 240.29 | <p>In determining overall responses to address the assessed risks of material misstatement due to fraud at the financial report level, the auditor shall:</p> <ul style="list-style-type: none"> a) Assign and supervise personnel taking account of the knowledge, skill and ability of the individuals to be given significant engagement responsibilities and the auditor's assessment of the risks of material misstatement due to fraud for the engagement; b) Evaluate whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings; and c) Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures. | 2-400 |
| ASA 240.30 | In accordance with ASA 330, the auditor shall design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks of material misstatement due to fraud at the assertion level. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|-----------------------------|---|--------------------------|
| ASA 240.32 | <p>Irrespective of the auditor's assessment of the risks of management override of controls, the auditor shall design and perform audit procedures to:</p> <ul style="list-style-type: none"> a) Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial report. In designing and performing audit procedures for such tests, the auditor shall: <ul style="list-style-type: none"> i. Make enquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; ii. Select journal entries and other adjustments made at the end of a reporting period; and iii. Consider the need to test journal entries and other adjustments throughout the period. b) Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, the auditor shall: <ul style="list-style-type: none"> i. Evaluate whether the judgements and decisions made by management in making the accounting estimates included in the financial report, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. If so, the auditor shall re-evaluate the accounting estimates taken as a whole; and ii. Perform a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the financial report of the prior year. c) For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit, evaluate whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. | 2-400 |
| Laws and Regulations | | |
| ASA 250.12 | <p>As part of obtaining an understanding of the entity and its environment in accordance with ASA 315, the auditor shall obtain a general understanding of:</p> <ul style="list-style-type: none"> a) The legal and regulatory framework applicable to the entity and the industry or sector in which the entity operates; and b) How the entity is complying with that framework. | 2-130 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|--------------------------------|---|--------------------------|
| ASA 250.14 | <p>The auditor shall perform the following audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial report:</p> <ul style="list-style-type: none"> a) Enquiring of management and, where appropriate, those charged with governance, as to whether the entity is in compliance with such laws and regulations; and b) Inspecting correspondence, if any, with the relevant licensing or regulatory authorities. | 2-130 |
| ASA 250.15 | <p>During the audit, the auditor shall remain alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to the auditor's attention.</p> | |
| Communication with TCWG | | |
| ASA 260.11 | <p>The auditor shall determine the appropriate person(s) within the entity's governance structure with whom to communicate.</p> | 5-200 |
| ASA 260.14 | <p>The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial report audit, including that:</p> <ul style="list-style-type: none"> a) The auditor is responsible for forming and expressing an opinion on the financial report that has been prepared by management with the oversight of those charged with governance; and b) The audit of the financial report does not relieve management or those charged with governance of their responsibilities. | 5-200 |
| ASA 260.16 | <p>The auditor shall communicate with those charged with governance:</p> <ul style="list-style-type: none"> a) The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial report disclosures. When applicable, the auditor shall explain to those charged with governance why the auditor considers a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate to the particular circumstances of the entity; b) Significant difficulties, if any, encountered during the audit; c) Unless all of those charged with governance are involved in managing the entity: <ul style="list-style-type: none"> i. Significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and ii. Written representations the auditor is requesting; and d) Other matters, if any, arising from the audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process. | 5-200 |
| ASA 260.22 | <p>The auditor shall evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor shall evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence, and shall take appropriate action.</p> | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|--|--|--------------------------|
| <i>Communicating Deficiencies in Internal Control</i> | | |
| ASA 265.10 | <p>The auditor shall also communicate to management at an appropriate level of responsibility on a timely basis:</p> <ul style="list-style-type: none"> a) In writing, significant deficiencies in internal control that the auditor has communicated or intends to communicate to those charged with governance, unless it would be inappropriate to communicate directly to management in the circumstances; and b) Other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor's professional judgement, are of sufficient importance to merit management's attention. | |
| ASA 265.11 & Aus 11.1 | <p>The auditor shall include in the written communication of significant deficiencies in internal control:</p> <ul style="list-style-type: none"> a) A description of the deficiencies and an explanation of their potential effects; and b) Sufficient information to enable those charged with governance and management to understand the context of the communication. In particular, the auditor shall explain that: <ul style="list-style-type: none"> i. The purpose of the audit was for the auditor to express an opinion on the financial report; ii. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; or <p>In circumstances when the auditor has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial report, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of internal control; and</p> <ul style="list-style-type: none"> iii. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance. | 5-200 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|-------------------------|---|----------------------------------|
| Planning | | |
| ASA 300.08 | <p>In establishing the overall audit strategy, the auditor shall:</p> <ul style="list-style-type: none"> a) Identify the characteristics of the engagement that define its scope; b) Ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required; c) Consider the factors that, in the auditor's professional judgement, are significant in directing the engagement team's efforts; d) Consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and e) Ascertain the nature, timing and extent of resources necessary to perform the engagement. | 2-100 |
| ASA 300.09 | <p>The auditor shall develop an audit plan that shall include a description of:</p> <ul style="list-style-type: none"> a) The nature, timing and extent of planned risk assessment procedures, as determined under ASA 315 b) The nature, timing and extent of planned further audit procedures at the assertion level, as determined under ASA 330 c) Other planned audit procedures that are required to be carried out so that the engagement complies with the Australian Auditing Standards. | 2-100 |
| ASA 300.11 | <p>The auditor shall plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work.</p> | |
| Identifying Risk | | |
| ASA 315.05 | <p>The auditor shall perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement at the financial report and assertion levels. Risk assessment procedures by themselves, however, do not provide sufficient appropriate audit evidence on which to base the audit opinion.</p> | 2-100 |
| ASA 315.06 | <p>The risk assessment procedures shall include the following:</p> <ul style="list-style-type: none"> a) Enquiries of management, and of others within the entity who in the auditor's judgement may have information that is likely to assist in identifying risks of material misstatement due to fraud or error. b) Analytical procedures. c) Observation and inspection. | <p>2-100 2-400 3-100</p> |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------|--|--------------------------|
| ASA 315.11 | <p>The auditor shall obtain an understanding of the following:</p> <ul style="list-style-type: none"> a) Relevant industry, regulatory, and other external factors and the applicable financial reporting framework. b) The nature of the entity, including: <ul style="list-style-type: none"> iv. its operations; v. its ownership and governance structures; vi. the types of investments that the entity is making and plans to make, including investments in special-purpose entities; and vii. the way that the entity is structured and how it is financed c) The entity's selection and application of accounting policies, including the reasons for changes thereto. The auditor shall evaluate whether the entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry. d) The entity's objectives and strategies, and those related business risks that may result in risks of material misstatement. e) The measurement and review of the entity's financial performance. | |
| ASA 315.12 | <p>The auditor shall obtain an understanding of internal control relevant to the audit. Although most controls relevant to the audit are likely to relate to financial reporting, not all controls that relate to financial reporting are relevant to the audit. It is a matter of the auditor's professional judgement whether a control, individually or in combination with others, is relevant to the audit.</p> | 2-100 2-400 |
| ASA 315.13 | <p>When obtaining an understanding of controls that are relevant to the audit, the auditor shall evaluate the design of those controls and determine whether they have been implemented, by performing procedures in addition to enquiry of the entity's personnel.</p> | |
| ASA 315.14 | <p>The auditor shall obtain an understanding of the control environment. As part of obtaining this understanding, the auditor shall evaluate whether:</p> <ul style="list-style-type: none"> a) Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behaviour; and b) The strengths in the control environment elements collectively provide an appropriate foundation for the other components of internal control, and whether those other components are not undermined by control environment weaknesses. | |
| ASA 315.15 | <p>The auditor shall obtain an understanding of whether the entity has a process for:</p> <ul style="list-style-type: none"> a) Identifying business risks relevant to financial reporting objectives; b) Estimating the significance of the risks; c) Assessing the likelihood of their occurrence; and d) Deciding about actions to address those risks. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------|---|--------------------------|
| ASA 315.18 | <p>The auditor shall obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including the following areas:</p> <ul style="list-style-type: none"> a) The classes of transactions in the entity's operations that are significant to the financial report; b) The procedures, within both information technology (IT) and manual systems, by which those transactions are initiated, recorded, processed, corrected as necessary, transferred to the general ledger and reported in the financial report; c) The related accounting records, supporting information and specific accounts in the financial report that are used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information is transferred to the general ledger. The records may be in either manual or electronic form; d) How the information system captures events and conditions, other than transactions, that are significant to the financial report; e) The financial reporting process used to prepare the entity's financial report, including significant accounting estimates and disclosures; and f) Controls surrounding journal entries, including non-standard journal entries used to record non-recurring, unusual transactions or adjustments. | |
| ASA 315.19 | <p>The auditor shall obtain an understanding of how the entity communicates financial reporting roles and responsibilities and significant matters relating to financial reporting, including:</p> <ul style="list-style-type: none"> a) Communications between management and those charged with governance; and b) External communications, such as those with regulatory authorities. | |
| ASA 315.20 | <p>The auditor shall obtain an understanding of control activities relevant to the audit, being those the auditor judges it necessary to understand in order to assess the risks of material misstatement at the assertion level and design further audit procedures responsive to assessed risks. An audit does not require an understanding of all the control activities related to each significant class of transactions, account balance, and disclosure in the financial report or to every assertion relevant to them.</p> | 2-100 2-400 |
| ASA 315.21 | <p>In understanding the entity's control activities, the auditor shall obtain an understanding of how the entity has responded to risks arising from IT.</p> | |
| ASA 315.22 | <p>The auditor shall obtain an understanding of the major activities that the entity uses to monitor internal control over financial reporting, including those related to those control activities relevant to the audit, and how the entity initiates remedial actions to address deficiencies in its controls.</p> | |
| ASA 315.24 | <p>The auditor shall obtain an understanding of the sources of the information used in the entity's monitoring activities, and the basis upon which management considers the information to be sufficiently reliable for the purpose.</p> | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|---------------------------|--|---|
| ASA 315.25 | <p>The auditor shall identify and assess the risks of material misstatement at:</p> <ul style="list-style-type: none"> a) the financial report level; and b) the assertion level for classes of transactions, account balances, and disclosures <p>to provide a basis for designing and performing further audit procedures.</p> | <p>2-100 2-400 FSA</p> |
| ASA 315.27 | <p>As part of the risk assessment as described in paragraph 25 of this Auditing Standard, the auditor shall determine whether any of the risks identified are, in the auditor's judgement, a significant risk. In exercising this judgement, the auditor shall exclude the effects of identified controls related to the risk.</p> | <p>2-100 2-400 RRPT</p> |
| ASA 315.26 | <p>For this purpose, the auditor shall:</p> <ul style="list-style-type: none"> a) Identify risks throughout the process of obtaining an understanding of the entity and its environment, including relevant controls that relate to the risks, and by considering the classes of transactions, account balances, and disclosures in the financial report; b) Assess the identified risks, and evaluate whether they relate more pervasively to the financial report as a whole and potentially affect many assertions; c) Relate the identified risks to what can go wrong at the assertion level, taking account of relevant controls that the auditor intends to test; and d) Consider the likelihood of misstatement, including the possibility of multiple misstatements, and whether the potential misstatement is of a magnitude that could result in a material misstatement. | <p>2-100 3-100 FSA RRPT</p> |
| Materiality | | |
| ASA 320.10 | <p>When establishing the overall audit strategy, the auditor shall determine materiality for the financial report as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial report as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.</p> | <p>2-200</p> |
| ASA 320.11 | <p>The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.</p> | <p>2-200</p> |
| ASA 320.12 | <p>The auditor shall revise materiality for the financial report as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.</p> | <p>2-200</p> |
| Responding to Risk | | |
| ASA 330.06 | <p>The auditor shall design and perform further audit procedures whose nature, timing, and extent are based on and are responsive to the assessed risks of material misstatement at the assertion level.</p> | <p>Entire File</p> |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------|--|--------------------------|
| ASA 330.07 | <p>In designing the further audit procedures to be performed, the auditor shall:</p> <ul style="list-style-type: none"> a) Consider the reasons for the assessment given to the risk of material misstatement at the assertion level for each class of transactions, account balance, and disclosure, including: <ul style="list-style-type: none"> i. The likelihood of material misstatement due to the particular characteristics of the relevant class of transactions, account balance, or disclosure (that is, the inherent risk); and ii. Whether the risk assessment takes account of relevant controls (that is, the control risk), thereby requiring the auditor to obtain audit evidence to determine whether the controls are operating effectively (that is, the auditor intends to rely on the operating effectiveness of controls in determining the nature, timing and extent of substantive procedures); and b) Obtain more persuasive audit evidence the higher the auditor's assessment of risk. | Audit Programmes |
| ASA 330.18 | Irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance, and disclosure. | |
| ASA 330.20 | <p>The auditor's substantive procedures shall include the following audit procedures related to the financial report closing process:</p> <ul style="list-style-type: none"> a) Agreeing or reconciling the financial report with the underlying accounting records; and b) Examining material journal entries and other adjustments made during the course of preparing the financial report. | |
| ASA 330.21 | If the auditor has determined that an assessed risk of material misstatement at the assertion level is a significant risk, the auditor shall perform substantive procedures that are specifically responsive to that risk. When the approach to a significant risk consists only of substantive procedures, those procedures shall include tests of details. | |
| ASA 330.24 | The auditor shall perform audit procedures to evaluate whether the overall presentation of the financial report, including the related disclosures, is in accordance with the applicable financial reporting framework. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------------------------|--|--------------------------|
| Misstatements | | |
| ASA 450.05 | The auditor shall accumulate misstatements identified during the audit, other than those that are clearly trivial. | 4-130 |
| ASA 450.11 | <p>The auditor shall determine whether uncorrected misstatements are material, individually or in aggregate. In making this determination, the auditor shall consider:</p> <ul style="list-style-type: none"> a) The size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial report as a whole, and the particular circumstances of their occurrence; and b) The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial report as a whole. | 4-700 |
| Audit Evidence | | |
| ASA 500.07 | When designing and performing audit procedures, the auditor shall consider the relevance and reliability of the information to be used as audit evidence. | 4-700 |
| ASA 500.09 | <p>When using information produced by the entity, the auditor shall evaluate whether the information is sufficiently reliable for the auditor's purposes, including as necessary in the circumstances:</p> <ul style="list-style-type: none"> c) Obtaining audit evidence about the accuracy and completeness of the information; and d) Evaluating whether the information is sufficiently precise and detailed for the auditor's purposes. | 4-700 |
| Litigation and Claims | | |
| ASA 502.03 | <p>The auditor shall design and perform audit procedures in order to identify litigation and claims involving the entity which may give rise to a risk of material misstatement, including:</p> <ul style="list-style-type: none"> a) Enquiry of management and, where applicable, others within the entity, including in-house legal counsel; b) Reviewing minutes of meetings of those charged with governance and correspondence between the entity and its external legal counsel; and c) Reviewing legal expense accounts. | A.10 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|------------------------------|---|--------------------------|
| Analytical Procedures | | |
| ASA 520.05 | <p>When designing and performing substantive analytical procedures, either alone or in combination with tests of details, as substantive procedures in accordance with ASA 330, the auditor shall:</p> <ul style="list-style-type: none"> a) Determine the suitability of particular substantive analytical procedures for given assertions, taking account of the assessed risks of material misstatement and tests of details, if any, for these assertions; b) Evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed, taking account of source, comparability, and nature and relevance of information available, and controls over preparation; c) Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial report to be materially misstated; and d) Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation as required by paragraph 7 of this Auditing Standard. | |
| ASA 520.06 | The auditor shall design and perform analytical procedures near the end of the audit that assist the auditor when forming an overall conclusion as to whether the financial report is consistent with the auditor's understanding of the entity. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|-----------------------------|---|--------------------------|
| Accounting Estimates | | |
| ASA 540.08 | <p>When performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, as required by ASA 315,4 the auditor shall obtain an understanding of the following in order to provide a basis for the identification and assessment of the risks of material misstatement for accounting estimates:</p> <ul style="list-style-type: none"> a) The requirements of the applicable financial reporting framework relevant to accounting estimates, including related disclosures. b) How management identifies those transactions, events and conditions that may give rise to the need for accounting estimates to be recognised or disclosed in the financial report. In obtaining this understanding, the auditor shall make enquiries of management about changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates. c) How management makes the accounting estimates, and an understanding of the data on which they are based, including: <ul style="list-style-type: none"> iii. The method, including where applicable the model, used in making the accounting estimate; iv. Relevant controls; v. Whether management has used an expert; vi. The assumptions underlying the accounting estimates; vii. Whether there has been or ought to have been a change from the prior period in the methods for making the accounting estimates, and if so, why; and viii. Whether and, if so, how management has assessed the effect of estimation uncertainty. | A.15 |
| ASA 540.09 | <p>The auditor shall review the outcome of accounting estimates included in the prior period financial report, or, where applicable, their subsequent re-estimation for the purpose of the current period. The nature and extent of the auditor's review takes account of the nature of the accounting estimates, and whether the information obtained from the review would be relevant to identifying and assessing risks of material misstatement of accounting estimates made in the current period financial report. However, the review is not intended to call into question the judgements made in the prior periods that were based on information available at the time.</p> | |
| Related Parties | | |
| ASA 550.13 | <p>The auditor shall enquire of management regarding:</p> <ul style="list-style-type: none"> a) The identity of the entity's related parties, including changes from the prior period; b) The nature of the relationships between the entity and these related parties; and c) Whether the entity entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions. | A.25 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|--------------------------|---|--------------------------|
| ASA 550.15 | <p>During the audit, the auditor shall remain alert, when inspecting records or documents, for arrangements or other information that may indicate the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor.</p> <p>In particular, the auditor shall inspect the following for indications of the existence of related party relationships or transactions that management has not previously identified or disclosed to the auditor:</p> <ul style="list-style-type: none"> a) Bank and legal confirmations obtained as part of the auditor's procedures; b) Minutes of meetings of shareholders and of those charged with governance; and c) Such other records or documents as the auditor considers necessary in the circumstances of the entity. | A.25 |
| ASA 550.20 | <p>As part of the ASA 330 requirement that the auditor respond to assessed risks, the auditor designs and performs further audit procedures to obtain sufficient appropriate audit evidence about the assessed risks of material misstatement associated with related party relationships and transactions. These audit procedures shall include those required by paragraphs 21-24 of this Auditing Standard.</p> | A.25 |
| Subsequent Events | | |
| ASA 560.06 | <p>The auditor shall perform audit procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial report and the date of the auditor's report that require adjustment of, or disclosure in, the financial report have been identified. The auditor is not, however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions.</p> | 4-200 |
| ASA 560.07 | <p>The auditor shall perform the procedures required by paragraph 6 of this Auditing Standard so that they cover the period from the date of the financial report to the date of the auditor's report, or as near as practicable thereto. The auditor shall take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which shall include the following:</p> <ul style="list-style-type: none"> a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified. b) Enquiring of management and, where appropriate, those charged with governance, as to whether any subsequent events have occurred which might affect the financial report. c) Reading minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, that have been held after the date of the financial report and enquiring about matters discussed at any such meetings for which minutes are not yet available. d) Reading the entity's latest subsequent interim financial report, if any. | 4-200 |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|---------------------------|--|--------------------------|
| Going Concern | | |
| ASA 570.10 | <p>When performing risk assessment procedures as required by ASA 315 the auditor shall consider whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In so doing, the auditor shall determine whether management has already performed a preliminary assessment of the entity's ability to continue as a going concern, and:</p> <ul style="list-style-type: none"> a) If such an assessment has been performed, the auditor shall discuss the assessment with management and determine whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, if so, management's plans to address them; or b) If such an assessment has not yet been performed, the auditor shall discuss with management the basis for the intended use of the going concern assumption, and enquire of management whether events or conditions exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern. | 4-250 |
| ASA 570.11 | The auditor shall remain alert throughout the audit for audit evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. | |
| ASA 570.12 | The auditor shall evaluate management's assessment of the entity's ability to continue as a going concern. | |
| Forming an Opinion | | |
| ASA 700.10 | The auditor shall form an opinion on whether the financial report is prepared, in all material respects, in accordance with the applicable financial reporting framework. | 4-700 |
| ASA 700.11 | <p>In order to form that opinion, the auditor shall conclude as to whether the auditor has obtained reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error. That conclusion shall take into account:</p> <ul style="list-style-type: none"> a) The auditor's conclusion, in accordance with ASA 330, whether sufficient appropriate audit evidence has been obtained; b) The auditor's conclusion, in accordance with ASA 450, whether uncorrected misstatements are material, individually or in aggregate; and c) The evaluations required by paragraphs 12-15 of this Auditing Standard. | 4-700 |
| ASA 700.12 | The auditor shall evaluate whether the financial report is prepared, in all material respects, in accordance with the requirements of the applicable financial reporting framework. This evaluation shall include consideration of the qualitative aspects of the entity's accounting practices, including indicators of possible bias in management's judgements. | |
| ASA 700.15 | The auditor shall evaluate whether the financial report adequately refers to or describes the applicable financial reporting framework. | |
| ASA 700.20 | The auditor's report shall be in writing. | |
| ASA 700.40 | The auditor's report shall be signed. | |

APPENDIX A – Mandatory Financial Audit Engagement Requirements

| Reference | Requirement | Audit Template Reference |
|--------------------------------|---|--------------------------|
| ASA 700 Aus 40.1 | The auditor's report shall be dated as of the date the auditor signs that report. | |
| ASA 700.41 | <p>The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial report, including evidence that:</p> <ul style="list-style-type: none"> a) All the statements that comprise the financial report, including the related notes, have been prepared; and b) Those with the recognised authority have asserted that they have taken responsibility for the financial report. | |
| ASA 700.42 | The auditor's report shall name the location in the jurisdiction where the auditor practices. | |
| Comparative Information | | |
| ASA 710.07 | <p>The auditor shall determine whether the financial report includes the comparative information required by the applicable financial reporting framework and whether such information is appropriately classified. For this purpose, the auditor shall evaluate whether:</p> <ul style="list-style-type: none"> a) The comparative information agrees with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated; and b) The accounting policies reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed. | 4-710 |

APPENDIX B – Mandatory Written Representations

Policy Statement

The following requirements from the Australian Auditing Standards are required to be received in writing from the appropriate level of management or those charged with governance prior to the issuing of a Financial Audit opinion by the Engagement Partner.

In circumstances where written representations are not received prior to the issuing of an opinion, the Engagement Partner must evidence the circumstances why and how the lack of such representations allowed an opinion to still be formed.

| Reference | Requirement | Audit Template Reference |
|------------------------------------|---|--------------------------|
| <i>Fraud</i> | | |
| ASA 240.39 | <p>The auditor shall obtain written representations from management and, where appropriate, those charged with governance that:</p> <ul style="list-style-type: none"> a) They acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) They have disclosed to the auditor the results of management's assessment of the risk that the financial report may be materially misstated as a result of fraud; c) They have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial report; and d) They have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others. | 5-100 |
| <i>Laws and Regulations</i> | | |
| ASA 250.16 | <p>The auditor shall request management and, where appropriate, those charged with governance, to provide written representations that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report have been disclosed to the auditor.</p> | 5-100 |
| <i>Misstatements</i> | | |
| ASA 450.14 | <p>The auditor shall request a written representation from management and, where appropriate, those charged with governance whether they believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial report as a whole. A summary of such items shall be included in or attached to the written representation.</p> | 5-100 |

APPENDIX B – Mandatory Written Representations

| Reference | Requirement | Audit Template Reference |
|------------------------------|---|--------------------------|
| Litigation and Claims | | |
| ASA 502.06 | The auditor shall request management and, where appropriate, those charged with governance, to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework. | 5-100 |
| Accounting Estimates | | |
| ASA 540.22 | The auditor shall obtain written representations from management and, where appropriate, those charged with governance whether they believe significant assumptions used in making accounting estimates are reasonable. | 5-100 |
| Related Parties | | |
| ASA 550.26 | <p>Where the applicable financial reporting framework establishes related party requirements, the auditor shall obtain written representations from management and, where appropriate, those charged with governance that:</p> <ul style="list-style-type: none"> a) They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware; and b) They have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework. | 5-100 |
| Subsequent Events | | |
| ASA 560.09 | The auditor shall request management and, where appropriate, those charged with governance, to provide a written representation in accordance with ASA 580 that all events occurring subsequent to the date of the financial report and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. | 5-100 |
| Going Concern | | |
| ASA 570.16(e) | Requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future action and the feasibility of these plans. <i>(where events or conditions cast doubt on the entity's ability to continue as a going concern)</i> | 5-100 |

APPENDIX B – Mandatory Written Representations

| Reference | Requirement | Audit Template Reference |
|---------------------------------------|---|--------------------------|
| <i>Written Representations</i> | | |
| ASA 580.10 | The auditor shall request management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial report in accordance with the applicable financial reporting framework, including where relevant their fair presentation, as set out in the terms of the audit engagement. | |
| ASA 580.11 | The auditor shall request management to provide a written representation that: <ul style="list-style-type: none"> a) It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement;³ and b) All transactions have been recorded and are reflected in the financial report. | 5-100 |
| ASA 580.12 | Management's responsibilities shall be described in the written representations required by paragraphs 10 and 11 of this Auditing Standard in the manner in which these responsibilities are described in the terms of the audit engagement. | |
| ASA 580.14 | The date of the written representations shall be as near as practicable to, but not after, the date of the auditor's report on the financial report. The written representations shall be for all the financial report(s) and period(s) referred to in the auditor's report. | 5-100 |
| ASA 580.15 | The written representations shall be in the form of a representation letter addressed to the auditor. If law or regulation requires management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the representations required by paragraphs 10 or 11 of this Auditing Standard, the relevant matters covered by such statements need not be included in the representation letter. | |