Insights: The new auditor’s report
Effective for periods beginning on or after 1 April 2017
For private circulation only
Insights: The new auditor’s report

Key Audit Matters

Commentary on those matters which were of most significance in the audit.

- Increased disclosure of responsibilities of auditor and management
  - New Section if a material uncertainty exist
  - Increased focus on “Close Calls”

New disclosure regarding the auditor’s independence and ethics

Enhanced description of the responsibilities of the auditor and management / those charged with governance

Disclosure of the name of the engagement partner**

Restructure of the audit report

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What matters could potentially be key audit matters?
Are these matters currently being appropriately addressed by management?
Do the disclosure in the financial statements include all relevant information?

Is the process for evaluating the entity’s ability to continue as a going concern appropriate and are there sufficient controls?
Are the disclosures in the financial statements satisfactory in relation to going concern, including for entities where no material uncertainty exists?

What is included in other information and when will this be available to the auditor?
Is the other information consistent with the financial statements, reasonable and factually correct?

Audit committee meetings- is the timing of the meetings appropriate to accommodate the new auditor reporting requirements and process?

Benefits

- Transparency into the audit and discussions with those charged with governance
- More robust auditor discussions with those charged with governance
- Enhanced communications between all stakeholders, including regulators
- Relevant auditor’s reports and entity insights
- Comparability across industries
- Comparability across audit firms
- Improved audit quality
- Improved quality of financial reporting

Enhancement

Listed* Non-listed

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<th>Enhancement</th>
<th>Listed</th>
<th>Non-listed</th>
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<td>Key audit matters</td>
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<td>Other Information***</td>
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<td>New Section explaining the responsibilities of the auditor and management, including the auditor’s work effort and identification of other information.</td>
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Considerations

High

Required and level of impact

Optional

* Includes entities with listed equity and listed debt. However, regulators may impose additional requirements, for example a requirement to include key audit matters on non-listed entities.
** Already a requirement in India for all entities.
*** As per Exposure Draft on Standard on Auditing (SA) 720 (Revised) The Auditor’s Responsibilities relating to Other Information
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