

2.8.2 Reissuing Independent Auditor's Reports

Introduction

This section provides policies and guidance to ensure a consistent and appropriate approach to reissuing independent auditor's reports (IARs). An IAR may need to be reissued when new information becomes available that, had it been known at the date of issue, may have resulted in a different IAR. This could include information that changes the 'going concern' basis of preparing the financial statements, and other errors or omissions in the financial statements.

This policy is applicable for use from the date of issuing an IAR for one reporting period to the date of issuing an IAR for the following reporting period.

If reissuance is being considered outside of this timeframe, Engagement Controllers (EC) must consult with the Engagement Quality Reviewer (EQR) (where appointed) and an Assistant Auditor-General (AA-G). The general principles outlined in this policy should be applied. In these circumstances, consideration should be given to the timeframe between reissuing the IAR and when the following financial statements will be available to users.

Policies and guidance

Determining when to re-issue an IAR

1. During the conduct of the current year audit, the audit team may identify errors or omissions in the prior year issued financial statements that, had it been known or addressed in the prior year, may have resulted in a different IAR. The Office's quality review process conducted under Policy 2.8.1 Monitoring Activities may also identify errors or omissions that may bring into question the appropriateness of the issued IAR.
2. Where this is the case, the EC must review and comply with the requirements in ASA 560 'Subsequent Events' that specifically address how auditors respond to circumstances where new information becomes available that, had it been known at the date of issue, may have resulted in a different IAR.
3. In forming a view, the EC should have regard to:
 - whether users of the financial statements could be misled by the omission or error in the financial statements
 - whether the Office is exposed to unacceptable levels of reputational risk from an inappropriate IAR
 - the length of time remaining before the entity's financial statements for the following reporting period will be published and the IAR to be issued for those financial statements.

Consultation

4. The EC must consult with the EQR (where appointed) and an AA-G in forming a view on whether the financial statements should be amended and the IAR reissued before referring the issue to the Technical Issues Committee. Teams should refer to Policy 2.5.3 Technical Issues Committee (TIC) when completing their position papers outlining the proposed course of action. All proposed reissued IARs must be reviewed by Quality and Technical (Q&T) prior to going to the TIC for approval. Q&T maintains a record of all reissued IARs in a register.

Reissuing the IAR

5. If the TIC agrees that the financial statements and/or IAR should be reissued, the EC must:
 - brief entity management (and, where appropriate, those charged with governance) on the reissuance process
 - discuss the entity's reporting obligations, including reporting to ASIC under the *Corporations Act 2001* (Corps Act) (where applicable), informing those charged with governance of the entity (such as Parliament, the Treasurer and Minister), and alerting users of the financial statements.
6. If management amends the financial statements, the engagement team is required to:
 - carry out audit procedures on the amendments up to the expected date of the new IAR
 - provide an IAR on the amended financial statements and include an Emphasis of Matter paragraph or Other Matter(s) paragraph (as appropriate) referring to a note in the financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements
 - request management to provide another representation letter for the revised financial statements
 - date the new IAR no earlier than the date of approval of the amended financial statements
 - review the steps taken by management to ensure that anyone in receipt of the previously issued financial statements together with the IAR is informed
 - inform any other audit teams that may have relied on the previously issued IAR, including the Consolidated State audit team prior to the IAR being reissued.
7. If an IAR is reissued on the financial statements of an entity reporting under the *Government Sector Finance Act 2018*, the EC must issue letters to:
 - those charged with governance
 - the Minister and the Treasurer.
8. If an IAR is reissued on the financial statements of an entity reporting under the *Local Government Act 1993*, the EC must issue letters to:
 - those charged with governance
 - the Minister for Local Government
 - the Office of Local Government.¹
9. All letters referring to a reissued IAR should be reviewed by the EQR (where appointed), an AA-G, and Q&T prior to issue.
10. If an IAR is reissued on the financial statements of an entity reporting under the Corps Act, the EC must prepare letters for the Auditor-General to report the matter to ASIC. Office Policy 2.5.5 An Auditor's Obligations to Notify ASIC must be followed to ensure the appropriate communication of matters to ASIC.
11. If management, or those charged with governance do not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation and does not amend the financial statements, the EC shall notify management and those charged with governance that the Office will seek to prevent future reliance on the IAR. This should be done in consultation with the EQR (where appointed), an AA-G and the Deputy Auditor-General, and may require the Office obtaining legal advice on the matter.

¹ Section 417(4) of the *Local Government Act 1993* requires the Office to send a copy of the IAR to the Chief Executive of the Office of Local Government.

12. Documentation relating to the reissued financial statements and/or IAR, including additional procedures performed, should be included in the audit file. Office Policy 2.7.1 Reporting requirements when an entity ceases to be part of the public sector must be following where the audit file is amended.

Effective date

Issued October 2023 and effective October 2023.