

Matters to be Reported by the Auditor to Those Charged with Governance

Checklist

December 2013

Matters to be Reported by the Auditor to Those Charged with Governance¹

International and Australian Auditing Standards require the auditor to report specific matters to those charged with governance. This checklist has been prepared for use by those charged with governance, for example, directors, members of audit and risk committees, to assist them to request the required information from auditors.

No.	Matter to be Communicated to Those Charged with Governance	Reference	Auditor Response
Before commencement of the audit			
1	The auditor's responsibilities in relation to the financial report audit This is usually included in the engagement letter	ASA 260.14	
2	Planned scope and timing of the audit This should be communicated to those charged with governance before the commencement of the audit, that is, during the planning stage of the audit	ASA 260.15	
Completion of the audit			
3	Identified or suspected fraud	ASA 240.40 -42	
4	Non-compliance with laws and regulations	ASA 250.22 - 24	
5	Appropriateness of accounting policies <ul style="list-style-type: none"> Effect of significant accounting policies in controversial or emerging areas, or those unique to the industry application of new accounting pronouncements Expected new accounting pronouncements 	ASA 260.16(a) & Appendix 2	
6	Significant accounting estimates <ul style="list-style-type: none"> Management's identification of accounting estimates Management's process for making accounting estimates Risks of material misstatement Indicators of possible management bias Disclosure of estimation uncertainty in the financial report 	ASA 260.16(a) & Appendix 2	
7	Financial report disclosures The issues involved, and related judgements made, in formulating particularly sensitive financial report disclosures	ASA 260.16(a) & Appendix 2	
8	Related Matters Could be anything, but examples provided in Appendix 2	ASA 260.16(a) & Appendix 2	
9	Significant difficulties encountered during the audit A list of potential significant difficulties are included in ASA 260 paragraph A18	ASA 260.16(b) & A18	

1. Those charged with governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. Those with governance could be the Board of Directors or the Audit Committee.



No.	Matter to be Communicated to Those Charged with Governance	Reference	Auditor Response
10	Significant matters discussed, or subject to correspondence with management	ASA 260.16(c) (i) & A19	
11	Written representations the auditor is requesting	ASA 260.16(c) (ii)	
12	Other matters that are significant to the oversight of the financial reporting process	ASA 260.16(d) & A20	
13	Independence of the auditor <i>Independence requirements of section 307A of the Corporations Act 2001 and APES 110 Code of Ethics for Professional Accountants</i>	ASA 260.17 & Aus17.1	
14	Deficiencies in internal control (in writing) <i>Description of internal control deficiencies and an explanation of their potential effects</i>	ASA 265.9 & 11	
15	Uncorrected misstatements re current period and their effect	ASA 450.12	
16	Effect of uncorrected misstatements re prior periods	ASA 450.13	
17	Significant matters re related parties	ASA 550.27	
18	Conditions or events identified that may cast significant doubt on the entity's ability to continue as a going concern	ASA 570.23	
19	Group audit only: Work to be performed on the financial information of the components, etc	ASA 600.49	
20	Only re expected modified audit opinion: Circumstances that led to the expected modification and the proposed wording of the modification	ASA 705.28	
21	Only re expected emphasis of matter or other matter in auditor's report: Circumstances that led to this and the proposed wording of the modification	ASA 706.9	

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