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|  | (September 2021) |

Auditing Standard ASA 2021-2  
Amendments to Australian Auditing Standard ASA 560 Subsequent Events

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



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# preface

#### Reasons for Issuing 2021-2

The AUASB issues   *Amendments to Australian Auditing Standard ASA 560 Subsequent Events* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a non-corporate Commonwealth entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

#### Main Features

This Auditing Standard makes amendments to the requirements and application and other explanatory material of the following Auditing Standard:

ASA 560 *Subsequent Events* (Issued October 2009 and amended to December 2015)

This Auditing Standard is being amended to achieve harmonisation with ISA (NZ) 560 *Subsequent Events* which was amended in February 2020. This Auditing Standard makes amendments to Australian Auditing Standard ASA 560 *Subsequent Events* made under Section 336 of the *Corporations Act 2001* to clarify the timing of communications and possible actions the auditor may take when facts become known to the auditor after the financial report has been issued that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report.

## AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this   *Amendments to Australian Auditing Standard ASA 560 Subsequent Events* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

Dated: 7 September 2021 W R Edge  
 Chair - AUASB

##### Conformity with International Standards on Auditing

This has been made for Australian legislative purposes and accordingly there is no equivalent International Standard on (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard‑setting board of the International Federation of Accountants (IFAC).

## Auditing Standard

##### Application

1. This Auditing Standard applies to:

* an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the *Corporations Act 2001*; and
* an audit of a financial report, or a complete set of financial statements, for any other purpose.

1. This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

##### Operative Date

1. This Auditing Standard is operative for financial reporting periods commencing on or after 15 December 2021, with early adoption permitted.

##### Introduction

###### Scope of this Auditing Standard

1. This Auditing Standard makes amendments to Australian Auditing Standard ASA 560 *Subsequent Events* made under Section 336 of the *Corporations Act 2001* to clarify the timing of communications and possible actions the auditor may take when facts become known to the auditor after the financial report has been issued that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report.

##### Objective

1. The objective of this is to make amendments to Australian Auditing Standard ASA 560 *Subsequent Events* (Issued October 2009 and amended to December 2015).

##### Definition

1. For the purposes of this , the meanings of terms are set out in each Auditing Standard and in the *AUASB Glossary*. This does not introduce new definitions.

##### Amendments to Auditing Standard

1. This Standard uses underlining, striking out and other typographical material to identify the amendments to Auditing Standards, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

###### Amendments to ASA 560

1. The existing text of paragraph 14 is deleted and amended to read as follows:

[Deleted by the AUASB. Refer Aus 14.1.]

1. The following new paragraph Aus 14.1 is inserted following existing paragraph 14 of this Auditing Standard:

After the financial report has been issued, the auditor has no obligation to perform any audit procedures regarding such financial report. However, if, after the financial report has been issued, a fact becomes known to the auditor that, had it been known to the auditor at the date of the auditor’s report, may have caused the auditor to amend the auditor’s report, the auditor shall, within a reasonable period of time:

* 1. Discuss the matter with management and, where appropriate, those charged with governance;
  2. Determine whether the financial report needs amendment and; if so,
  3. Enquire how management intends to address the matter in the financial report.

1. Existing paragraph 17 is amended to read as follows:

If management, or those charged with governance, do not take the necessary steps to ensure that anyone in receipt of the previously issued financial report is informed of the situation and does not amend the financial report in circumstances where the auditor believes they need to be amended, the auditor shall notify management and, unless all of those charged with governance are involved in managing the entity,7 those charged with governance, that the auditor will seek to prevent future reliance on the auditor’s report. If, despite such notification, management or those charged with governance do not take these necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor’s report. (Ref: Para. A20-Aus A20.1)

1. The following new paragraph Aus A20.1 is inserted following existing paragraph A20 of this Auditing Standard:

In addition to considering if it is appropriate to obtain legal advice in accordance with paragraph A20, other possible actions the auditor may consider include:

* 1. Notifying management and those charged with governance that the auditor’s report must no longer be associated with the financial report.
  2. If applicable, notifying the appropriate authority having jurisdiction over the entity that the auditor’s report should no longer be relied upon, and requesting the authority to take steps to provide appropriate disclosure.
  3. Notifying users of the financial report that the auditor’s report should no longer be relied upon. Such notifications could be through direct communication or by broader means such as through a public notice.

1. As a result of the amendments above, the “Conformity with International Standards on Auditing” section of this Auditing Standard will be updated to reflect the new paragraphs inserted.