GUIDANCE DOCUMENT 03/2024
Description of the auditor's responsibilities for the audit of the financial statements
(Issued March 2024)

This Guidance Document is effective for audits of financial statements for periods commencing on or after January 1, 2023.

Paragraph 40(c) of ISA 700 (revised) *Forming an opinion and reporting on financial statements* allows for the location of the description of the auditor's responsibilities for the audit of the financial statements to be "By a specific reference within the auditor's report to the location of such a description on a website of an appropriate authority, where law, regulation or national auditing standards expressly permit the auditor to do so. (Ref: Para. A49, A51–A52)". Auditors are permitted to make reference to ICAB's website in their reports for this purpose.

The description of the auditor's responsibilities for the audit of the financial statements required by paragraphs 38–39 of ISA 700 (Revised) is set out below as allowed by Paragraph 40(c) of the ISA:

"As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the (consolidated)[1] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 the Company's/(Group's)[2] internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/(Group's)[2] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the (consolidated)[1]

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/(Group)[2] to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the (consolidated)[1] financial statements, including the disclosures, and whether the (consolidated)[1] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.[1]

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.[3]

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated)[1] financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.[3]

1 To be read as applicable only if the audit is a group audit of an entity with subsidiaries (i.e., ISA 600 applies)
2 To be read as "Company" or "Company's" as applicable where ISA 600 does not apply and as "Group" or "Group's" as applicable where ISA 600 applies.
3 To be read as applicable only where the audit is that of a listed entity.