Appendix 4

(Ref: Para. 160, 162, 172, 185, 281, 287; Appendix 5)

## EXAMPLE annual PRUDENTIAL ASSURANCE REPORT

**Engagements undertaken pursuant to APRA Prudential Standards APS 310 and 3PS 310 *Audit and Related Matters* (Routine Reporting)**

The following example auditor’s report is to be used as a guide only and will need to be adapted according to the individual engagement requirements and circumstances of the ADI and/or ADI group.

**Note:**

1. In this example auditor’s report:

* the “Level 1” ADI is referred to as “the ADI”;
* the “Level 2” ADI and its controlled entities, is referred to as “the Level 2 ADI group”
* the “Level 3” conglomerate group, that is, the ADI and all entities determined by APRA to be members of the Level 3 group, is referred to as “the Level 3 group”.

“Level 1”, “Level 2” and “Level 3” have the meaning given in APRA Prudential Standards APS 001 and 3PS 001 *Definitions.*

1. Under APS 310 and 3PS 310, separate auditors may be appointed to meet the APS 310 and 3PS 310 reporting requirements on a Level 1, Level 2 and Level 3 basis.

In accordance with the requirements of APS 310 and 3PS 310:

* Where the ADI is the head entity of a Level 2 or Level 3 group, the auditor can issue either separate reports for Level 1, Level 2 and Level 3, or a combined report for the ADI (head entity) and the group.
* The auditor’s report must make it clear where the auditor is referring to matters relating to the ADI/head entity or the group.

1. APS 910 *Financial Claims Scheme* auditor’s report

Although there is some overlap between APS 310 and APS 910 engagements, APRA’s preference is for a separate assurance report to be prepared for the purposes of reporting pursuant to APS 910, which is required to be submitted to APRA at the same time as the APS 310 assurance report. Refer to Appendix 5 of this Guidance Statement for an Example Annual Prudential Assurance Report prepared pursuant to APS 910.

Where an ADI or ADI group is not subject to the requirements of APS 910, for example, a foreign ADI, references to APS 910 need to be removed.[[1]](#footnote-2)

To:

[Appropriate addressee[[2]](#footnote-3)] of [name of ADI] [and/or Level 2 ADI group and/or Level 3 group]

[Australian Prudential Regulation Authority]

**Independent Auditor’s Annual Prudential Assurance Report pursuant to APRA Prudential Standards APS 310 and 3PS 310 *Audit and Related Matters* for the financial year ended [date]**

1. **Introduction**

We have performed reasonable and limited assurance engagements, as applicable, pursuant to the reporting requirements specified in Australian Prudential Regulation Authority (APRA) Prudential Standard(s) APS 310 [and/or 3PS 310] *Audit and Related Matters* (APS 310) [(3PS 310)], as described in PARTS A to D of this report, for the Level 1 ADI, [insert name of ADI] [including any extended licensed entities] (the ADI) [and/or the Level 2 ADI group, [insert name of ADI and its controlled entities] (the Level 2 ADI group) and/or the Level 3 conglomerate group, [insert name of ADI] and all entities determined by APRA to be members of the Level 3 group (the Level 3 group).]

APS 310 [and 3PS 310] require(s) an ADI [and/or ADI group] to appoint an auditor to undertake an annual assurance engagement, as set out in those Prudential Standards. The responsibilities and reporting requirements arising from this appointment, have been outlined in our letter of engagement dated [date].

[If applicable: APS 310 also requires us to perform a limited assurance engagement on the controls implemented by the ADI to ensure compliance with Prudential Requirements which includes compliance with APS 910 *Financial Claims Scheme*. The scope of work undertaken and our conclusions relating to this work have been included in our report titled *Independent Auditor’s Annual Prudential Assurance Report pursuant to APRA Prudential Standard APS 910 Financial Claims Scheme for the period [date] to [date],* issued on [report date[[3]](#footnote-4)], a copy of which is attached.[[4]](#footnote-5) This report [was/was not] subject to modification.][[5]](#footnote-6)

[If applicable: Our Independent Auditor’s Report on the Financial Report of [ADI name and group name] for the year ended [insert day, month and year end] was signed on [date] and [was/was not] subject to modification. Our audit [and review] of the financial report(s) required under the *Corporations Act 2001*[[6]](#footnote-7) was directed towards obtaining sufficient evidence to form an opinion under the appropriate legislation. Our statutory audit [and review] was not designed to enable us to conclude on other matters outlined in APS 310 [and 3PS 310].

Accordingly, we have performed additional procedures in order to form our reasonable assurance opinion and limited assurance conclusions, as applicable, pursuant to the reporting requirements specified in APS 310 for the ADI [and/or the Level 2 ADI group] [and 3PS 310 for the Level 3 group.]][[7]](#footnote-8)

1. **Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusion(s)][[8]](#footnote-9)**

[Where the auditor determines it necessary to issue a modified conclusion(s), the respective part(s) are modified as appropriate]

**PART A – Reasonable Assurance on Information included in Specified ADI Reporting Forms at financial year-end, sourced from Accounting Records**

In our opinion, [except for the effects of the matter(s) described in the *Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/ Disclaimer of] Conclusion(s)]* section of this report,] the information in the Specified ADI Reporting Forms of the ADI [and/or the Level 2 ADI group and/or the Level 3 group] as at [financial year-end], sourced from the ADI’s [and/or the Level 2 ADI group’s and/or the Level 3 group’s] accounting records, is, in all material respects, reliable and in accordance with the relevant APRA Prudential and Reporting Standards.

The Specified ADI Reporting Forms which are the subject of this assurance report are [attached or disclosed] in Appendix [insert]:

[Two different approaches are possible to identify ADI Reporting Forms which are the subject of the opinion:

Option 1[[9]](#footnote-10)

Attach all the Specified ADI Reporting Forms, which are the subject matter of this assurance report, to the report, and identify on each Reporting Form the date it was submitted and whether the Reporting Form, or data item in the Reporting Form, has been sourced from the accounting records (subject of the reasonable assurance engagement – Part A opinion) or non-accounting records (subject of the limited assurance engagement – Part B conclusion). Include in the assurance report by reference to “the data identified on the Specified ADI Reporting Forms attached under Attachment [insert]”

Option 2[[10]](#footnote-11)

Alternatively, list here, or include a reference to an appendix which lists the specific title, number and date submitted of each relevant ADI Reporting Form, based on those specified in Attachment A of APS 310, where such forms contain information sourced from accounting records, which have been subjected to a reasonable assurance engagement.

Note:

If a form includes data from both accounting and non-accounting records, then each line item will need to be clearly listed.

The auditor may decide to attach to the assurance report a detailed listing of all the ADI Reporting Forms specified in Attachment A to APS 310 that are subject to Part A and Part B of the engagement. The auditor ensures this list clearly identifies the level of assurance attached to each Reporting Form and/or the individual sections (or data items) within each Reporting Form - that is, whether the data has been sourced from accounting (Part A) or non-accounting records (Part B).]

**PART B – Limited Assurance on Information included in Specified ADI Reporting Forms at financial year-end, sourced from Non-accounting Records**

Based on the procedures we have performed and the evidence we have obtained as part of our limited assurance engagement, which is not a reasonable assurance engagement, [and except for the effects of the matter(s) described in the *Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusion(s)]* section of this report,] nothing has come to our attention that causes us to believe that the information in the Specified ADI Reporting Forms of the ADI [and/or the Level 2 ADI group and/or the Level 3 group] as at [financial year-end], sourced from non-accounting records, is not, in all material respects, reliable and in accordance with the relevant APRA Prudential and Reporting Standards.

The Specified ADI Reporting Forms which are the subject of this assurance report are [attached or disclosed] in Appendix [insert]:

[Two different approaches are possible to identify ADI Reporting Forms which are the subject of the conclusion:

Option 1[[11]](#footnote-12):

Attach all the Specified ADI Reporting Forms, which are the subject matter of this assurance report, to the report, and identify on each Reporting Form the date it was submitted and whether the Reporting Form, or data item in the Reporting Form, has been sourced from the accounting records (subject of the reasonable assurance engagement – Part A opinion) or non-accounting records (subject of the limited assurance engagement – Part B conclusion). Include in the assurance report by reference to “the data identified on the Specified ADI Reporting Forms attached under Attachment [insert]”

Option 2[[12]](#footnote-13):

Alternatively, list here, or include a reference to an appendix which lists the specific title, number and date submitted of each relevant ADI Reporting Form, based on those specified in Attachment A of APS 310, where such forms contain information sourced from non-accounting records, which have been subjected to a limited assurance engagement.

Note: If a form includes data from both accounting and non-accounting records, then each line item will need to be clearly listed.

The auditor may decide to attach to the assurance report a detailed listing of all the ADI Reporting Forms specified in Attachment A to APS 310 that are subject to Part A and Part B of the engagement. The auditor ensures this list clearly identifies the level of assurance attached to each Reporting Form and/or the individual sections (or data items) within each Reporting Form - that is, whether the data has been sourced from accounting (Part A) or non-accounting records (Part B).]

**PART C – Limited Assurance on Internal Controls addressing Compliance with Prudential Requirements and Reliability of Data included in ADI Reporting Forms**

Based on the procedures we have performed and the evidence we have obtained as part of our limited assurance engagement, which is not a reasonable assurance engagement, [except for the effects of the matters described in the *Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusion(s)]* section of this report,] nothing has come to our attention that causes us to believe that, in all material respects, throughout the period from [date] to [date]:

1. the ADI [and/or the Level 2 ADI group and/or the Level 3 group] has not implemented internal controls that are designed to ensure:
   * 1. compliance with all applicable Prudential Requirements [(excluding APS 910)]; and
     2. reliable data is provided to APRA in the ADI Reporting Forms prepared under the FSCODA; and
2. these controls have not operated effectively.

**PART D – Limited Assurance on Compliance with Prudential Requirements**

Based on the procedures we have performed and the evidence we have obtained as part of our reasonable and limited assurance engagements in Parts A to C above, [except for the effects of the matter(s) described in the *Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusion(s)]* section of this report,] nothing has come to our attention that causes us to believe that, for the period [date] to [date], the ADI [and/or the Level 2 ADI group and/or the Level 3 group] has not, in all material respects, complied with all relevant Prudential Requirements under the *Banking Act 1959* (Banking Act) and the FSCODA, including compliance with APRA Prudential and Reporting Standards.

1. **Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusions(s)]**

We conducted our assurance engagements in accordance with applicable Standards issued by the Australian Auditing and Assurance Standards Board (AUASB). Our responsibilities under these Standards are further described in the *Appointed Auditor’s Responsibilities* section of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion and conclusions.

[If applicable: The bases for any modification of our opinion/conclusions below, are set out in Attachment 1 to this report.][[13]](#footnote-14)

1. **Responsibilities of the [Title of Those Charged with Governance][[14]](#footnote-15) and Management of the ADI [and/or the Level 2 ADI Group and/or Level 3 Group]**

In accordance with APRA Prudential Standard CPS 220 *Risk Management*, it is the responsibility of the [Title of those charged with governance] of an ADI [and/or head of the Level 2 ADI group and/or head of the Level 3 group] to ensure that the ADI [and/or the Level 2 ADI group and/or Level 3 group] has prudent risk management practices.

This responsibility includes providing APRA with a Risk Management Declaration, as set out in Attachment A to CPS 220.

In relation to the APS 310/3PS 310 annual prudential assurance report(s), this responsibility includes:

1. ensuring that the information included in ADI Reporting Forms at the financial year-end is reliable and in accordance with the relevant APRA Prudential and Reporting Standards;
2. establishing and maintaining internal controls that are designed to ensure:
3. the ADI [and/or the Level 2 ADI group and/or Level 3 group] complies with all applicable Prudential Requirements; and
4. reliable data is provided to APRA in the ADI Reporting Forms prepared under the FSCODA;
5. ensuring that the internal controls under (b) have operated effectively throughout the financial year;
6. ensuring that the ADI [and/or the Level 2 ADI group and/or the Level 3 ADI group] complies with all relevant Prudential Requirements under the Banking Act and the FSCODA, including compliance with APRA Prudential and Reporting Standards, during the financial year.
7. Ensuring that the ADI [and/or the Level 2 ADI group and/or the Level 3 group] maintain(s) accounting records which at any time throughout the year disclose with reasonable accuracy the financial position of the ADI [and/or the ADI group and/or Level 3 ADI group].

Furthermore, in accordance with APS 310/3PS 310, it is the responsibility of the [Title of those charged with governance] and management of an ADI [and/or head of the Level 2 ADI group and/or head of the Level 3 group] to ensure that the auditor is:

1. granted access to all data, information, reports and staff of the ADI [and/or the level 2 ADI group and/or the Level 3 group] that the auditor reasonably believes is necessary to fulfil its role and responsibilities under APS 310 and 3PS 310. This includes access to the [Title of those charged with governance], [Title of those charged with governance] Committees and internal auditors, as required;
2. fully informed of all Prudential Requirements applicable to the ADI [and/or Level 2 ADI group and/or Level 3 group]. Prudential Requirements include requirements imposed by the Act, regulations, prudential standards, the FSCODA, reporting standards, conditions on authority and any other requirements imposed by APRA, in writing, in relation to an ADI; and
3. provided with any other information APRA has provided to the ADI [and/or Level 2 ADI group and/or Level 3 group] that may assist the auditor in fulfilling its role and responsibilities under APS 310 and 3PS 310.
4. **Independence and Quality Control**

In undertaking these assurance engagements, we have complied with:

1. the relevant ethical requirements of the Accounting Professional & Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour;
2. the independence requirements specified by APRA in Prudential Standard CPS 510 *Governance*;
3. the fitness and propriety criteria specified by APRA in Prudential Standard CPS 520 *Fit and Proper*; and
4. Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements.*
5. **Appointed Auditor’s Responsibilities**

**PART A – Reasonable Assurance on Information included in Specified ADI Reporting Forms at financial year-end, sourced from Accounting Records**

Our responsibility is to express an opinion, based on our reasonable assurance engagement, on whether information sourced from the ADI’s [and/or the Level 2 ADI group’s and/or Level 3 group’s] accounting records, included in the ADI Reporting Forms at [financial year-end] as specified in Attachment A to APS 310, is, in all material respects, reliable and in accordance with the relevant APRA Prudential and Reporting Standards.

We conducted our reasonable assurance engagement in accordance with applicable Australian Auditing Standards issued by the AUASB.

Reasonable assurance is a high level of assurance, but is not a guarantee that a reasonable assurance engagement conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Specified ADI Reporting Forms.

As part of a reasonable assurance engagement in accordance with the Australian Auditing Standards, we exercised professional judgment and maintained professional scepticism throughout the reasonable assurance engagement. We also:

* Identified and assessed the risks of material misstatement in the Specified ADI Reporting Forms, whether due to fraud or error, designed and performed reasonable assurance procedures responsive to those risks, and obtained 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.
* Obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
* Communicated with the [Title of Those Charged with Governance] regarding, among other matters, the planned scope and timing of the reasonable assurance engagement and significant findings, including any significant deficiencies in internal control that we identified during our reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

**PART B – Limited Assurance on Information included in Specified ADI Reporting Forms at financial year-end, sourced from Non-accounting Records**

Our responsibility is to perform a limited assurance engagement and to express a conclusion whether, based on the limited assurance procedures we have performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the information sourced from the ADI’s [and/or the Level 2 ADI group’s and/or Level 3 group’s] non-accounting records, included in ADI Reporting Forms at [financial year-end] as specified in Attachment A to APS 310, is not, in all material respects, reliable and in accordance with the relevant APRA Prudential and Reporting Standards.

We conducted our limited assurance engagement in accordance with the AUASB’s Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ASAE 3000) and ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, and the AUASB’s Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report,* as applicable.

A limited assurance engagement consists of making enquiries of responsible ADI [and/or the Level 2 ADI group and/or the Level 3 group] personnel and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with Australian Auditing and Assurance Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion.

Procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the ADI Reporting Forms, whether due to fraud or error, or of a material breakdown of controls. In making those risk assessments, we considered internal control systems and compliance functions relevant to the preparation of the Specified ADI Reporting Forms in order to design limited assurance procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**PART C – Limited Assurance on Internal Controls addressing Compliance with Prudential Requirements and Reliability of Data included in ADI Reporting Forms**

Our responsibility is to perform a limited assurance engagement and to express a conclusion, based on the limited assurance procedures we have performed and the evidence we have obtained, on whether anything has come to our attention that causes us to believe that, in all material respects, throughout the period from [date] to [date]:

1. the ADI [and/or Level 2 ADI group and/or the Level 3 group] has not implemented internal controls that are designed to ensure:
2. compliance with all applicable Prudential Requirements [(excluding APS 910)]; and
3. reliable data is provided to APRA in the ADI Reporting Forms prepared under the FSCODA; and
4. these controls have not operated effectively.

We conducted our limited assurance engagement on controls in accordance with the AUASB’s Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls*.

A limited assurance engagement on controls in accordance with ASAE 3150 involves performing procedures to obtain evidence about the design, implementation and operating effectiveness of controls. The procedures selected depend on our judgement, including our assessment of the risks of material deficiencies in the design and/or implementation of the controls, or deviation in their operating effectiveness. In making those risk assessments, we considered internal control systems and compliance functions relevant to ensuring compliance with all Prudential Requirements and provision of reliable data to APRA in ADI Reporting Forms prepared under the FSCODA, in order to design assurance procedures that are appropriate in the circumstances.

Procedures performed in our limited assurance engagement primarily consist of making enquiries of management and other responsible personnel within the ADI [and/or the Level 2 ADI group and/or the Level 3 group], as appropriate, examination of design specifications and documentation, and observation of implementation and operation of controls.

[*The auditor considers including an informative summary of the nature, timing and extent of procedures performed that, in the auditor’s judgement, provides additional information that may be relevant to the users’ understanding of the basis for the auditor’s conclusion.*[[15]](#footnote-16)]

Where we become aware of matters that cause us to believe that the controls may not be suitably designed, implemented or operating effectively, we will perform additional procedures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are substantially less in scope than for, a reasonable assurance engagement conducted in accordance with Australian Auditing and Assurance Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit/ reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the controls.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**PART D – Limited Assurance on Compliance with Prudential Requirements**

Our responsibility is to express a limited assurance conclusion, based on our work performed under Parts A to C above, on whether anything has come to our attention that causes us to believe that, for the period [date] to [date], the ADI [and/or the Level 2 ADI group and/or Level 3 group] has not, in all material respects, complied with all relevant Prudential Requirements under the Banking Act and the FSCODA, including compliance with APRA Prudential and Reporting Standards.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

1. **Inherent Limitations**

Due to the inherent limitations of any internal control and compliance framework it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and that fraud, error, or non-compliance with Prudential Requirements may occur and not be detected. Further, the internal control structure, within which the controls that we have assured operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

Projections of any evaluation of internal control procedures or compliance measures to future periods are subject to the risk that control procedures may become inadequate because of changes in conditions, or that the degree of compliance may deteriorate.

A reasonable or limited assurance engagement is not designed to detect all misstatements in ADI Reporting Forms, or deficiencies and/or deviations in internal controls, or instances of non-compliance with applicable Prudential Requirements, as assurance engagement procedures are not performed continuously throughout the period and procedures performed are undertaken on a test basis.

Consequently, there are inherent limitations on the level of assurance that can be provided.

The opinion and conclusions expressed in this report, are to be read in the context of the foregoing comments.

1. **General and Specific Observations**

In addition to any scope limitations and other qualifications reported in Attachment 1 to this report, we have reported relevant observations (where applicable) arising from the work we have performed in Attachment 2 to this report.[[16]](#footnote-17)

1. **Other Matter - Restriction on Distribution and Use**

This report has been prepared for distribution to the [Title of those charged with governance] of the ADI [and/or the head of the Level 2 ADI group and/or the head of the Level 3 group] and APRA, in accordance with the terms of our engagement letter dated [date], in order to satisfy APRA’s prudential reporting requirements for appointed auditors, as specified in APS 310 and 3PS 310. As a result, this report may not be suitable for another purpose.

This report is not to be distributed to any party other than those to whom it is addressed, APRA, and other parties to whom APRA is lawfully entitled to provide relevant information (“Other Parties”). In accordance with the *Australian Prudential Regulation Authority Act 1998*, APRA may make this report available to Other Parties when APRA is satisfied that such information may assist those parties in performing their functions or exercising their powers. We disclaim any assumption of responsibility for any reliance on this report, or the subject matter to which it relates, to any party other than the ADI [and/or the Level 2 ADI group and/or the Level 3 group] and APRA in the performance of its functions under the Banking Act, or for any purpose other than that for which it was prepared.

[Appointed auditor’s name and signature]

[Firm]

[Date of the auditor’s report]

[Auditor’s address]

Attachment 1: Basis for Opinion [or [Qualified/Adverse/Disclaimer of] Opinion] and Conclusion(s) [and/or [Qualified/Adverse/Disclaimer of] Conclusion(s)]

[The following example attachment may be used by the appointed auditor to report material findings or exceptions, in circumstances where a modification to the auditor’s opinion/conclusions is required. It is to be used as a guide only and will need to be adapted according to the engagement requirements and circumstances of the ADI, subject matter information, and the type of modified opinion/conclusion issued.]

[Note: APRA expects Attachment 1 to be included as part of the APS 310/3PS 310 annual prudential assurance report regardless of whether or not there are any modifications to the auditor’s opinion/conclusions to report.]

This attachment accompanies, and forms part of, the *Independent Auditor’s Annual Prudential Assurance Report pursuant to APRA Prudential Standards APS 310 and 3PS 310* *Audit and Related Matters for the financial year ended [date]*, dated [insert report date]*.*

[If applicable: Our prudential assurance report pertaining to the Financial Claims Scheme for the period [date] to [date], issued on [date], [was/was not] subject to modification.] [Details of those modifications can be found in Attachment [insert] to that report, a copy of which is attached.]

***If there are no modifications, insert the following words:***

There were no matters arising that resulted in a modification of our opinion/conclusions in our report.

***If there are modifications, then insert the following words below:***

During our limited assurance engagement, we noted the following:

**Scope Limitations**

We have been unable to obtain sufficient appropriate evidence in order to form an opinion in relation to the following items:

*[Insert details of the subject matter to which a limitation of scope is being applied, providing a context as to why these items have been included within the limitation of scope].*

**Basis for other Qualified Opinion and Conclusions**[[17]](#footnote-18)

*Material Misstatements in Specified ADI Reporting Forms (Parts A and B of the Engagement)*

During our reasonable and limited assurance engagements in relation to Specified ADI Reporting Forms, we noted the following:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Form name** | **Date(s)** | **Error in Line No:** | **Reported Amount** | **Correct Amount** | **Error due to** | **Recommendation** | **Action taken** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

*Material Internal Control Deficiencies and/or Deviations*

*[Include a description of the matter giving rise to any qualified/adverse conclusion or, for a disclaimer of conclusion, provide the reasons for the inability to obtain sufficient appropriate evidence. ASAE 3150, paragraphs 93-95 and Appendix 9, may provide helpful guidance.]*

*Significant Non-compliance with Prudential Requirements*

Significant non-compliance with relevant Prudential Requirements under the *Banking Act 1959* and the *Financial Sector (Collection of Data) Act 2001*, including APRA Prudential and Reporting Standards, identified during the financial year and up to the date of signing the auditor’s assurance report.

1. Matters not previously reported to APRA:

*[Include a description of each new matter/non-compliance. For this category include correspondence with APRA (if any), recommendations for remediation and management actions and/or plans, if applicable.]*

1. Matters previously reported to APRA by the appointed auditor:

*[Include a description of each of the matters/non-compliance (if any) reported to APRA by the auditor in relation to the ADI for the financial year under review, recommendations for remediation and management actions and/or plans, if applicable.]*

1. Matters previously reported to APRA by the ADI [and/or the Level 2 ADI group and/or the Level 3 group]:

*[Include a description of each of the matters/non-compliance (if any) the ADI has reported to APRA for the financial year under review, recommendations for remediation and management actions and/or plans, if applicable.]*

Attachment 2: General and Specific Observations

[Note: APRA expects Attachment 2 to be included as part of the APS 310/3PS 310 assurance report regardless of whether or not there are any observations to report.]

This attachment accompanies, and forms part of, the *Independent Auditor’s Annual Prudential Assurance Report pursuant to APRA Prudential Standards APS 310 and 3PS 310* *Audit and Related Matters for the financial year ended [date]*, dated [insert report date]*.*

***If there are no observations, insert the following words:***

There were no adverse matters observed within the scope of our APS 310/3PS 310 engagement.

***If there are observations, then insert the following words below:***

The following findings (individually or collectively) did not cause us to qualify the *Independent Auditor’s Annual Prudential Assurance Report pursuant to APRA Prudential Standards APS 310 and 3PS 310* *Audit and Related Matters for the financial year ended [date]*, dated [insert report date].

1. ***General Observations***

[insert all applicable APS 310/3PS 310 general observations]

1. ***Specific Observations***

[insert all applicable APS 310/3PS 310 specific observations]

1. APS 910 *Financial Claims Scheme* does not apply to foreign ADIs and providers of purchased payments facilities. See APS 910, paragraph 2. [↑](#footnote-ref-2)
2. Amend to reflect the appropriate addressee of the report, for example, Chairman of Board or Board Audit Committee for a locally incorporated ADI or, for a foreign ADI (i.e. a branch of a foreign ADI), the senior officer outside Australia to whom authority has been delegated, in accordance with Prudential Standard CPS 510 *Governance*, for overseeing the Australian operations. [↑](#footnote-ref-3)
3. Should be the same date as for the APS 310/3PS 310 report(s). [↑](#footnote-ref-4)
4. Refer to Appendix 5 of this Guidance Statement. [↑](#footnote-ref-5)
5. Delete this paragraph if not relevant, for example, in relation to foreign ADIs which are not subject to APS 910. Where the APS 910 auditor’s report is modified, this is referred to in the introduction to the APS 310/3PS 310 auditor’s report and may lead to a modification of the APS 310/3PS 310 auditor’s report. [↑](#footnote-ref-6)
6. Or other appropriate local or overseas legislation. [↑](#footnote-ref-7)
7. Delete if no statutory audit is performed, for example, in relation to foreign branches. [↑](#footnote-ref-8)
8. Where the auditor determines it necessary to issue a modified opinion/conclusion(s), this section will be amended to comply with the requirements set out in relevant AUASB standards. These standards also include further guidance, application material and illustrative examples, which the auditor may find useful. For example, refer to ASA 705 *Modifications to the Opinion in the Independent Auditor’s Report* and ASAE 3150, paragraphs 93-95 and Appendix 9. [↑](#footnote-ref-9)
9. Also refer to Part B – Option 1. [↑](#footnote-ref-10)
10. Also refer to Part B – Option 2. [↑](#footnote-ref-11)
11. Also refer to Part A – Option 1. [↑](#footnote-ref-12)
12. Also refer to Part A – Option 2. [↑](#footnote-ref-13)
13. Include a description of the matter giving rise to any qualified/adverse opinion/conclusion or, for a disclaimer of opinion/conclusion, provide the reasons for the inability to obtain sufficient appropriate evidence. Alternatively, refer to an attachment to the report which includes the information required under relevant AUASB Standards. Attachment 1 to this report shows an example attachment that may be used as a guide, adapted to take account of the circumstances of the ADI and the type of modification to be issued. APRA requires this appendix to be included as part of the report regardless of whether there are any modifications to report. [↑](#footnote-ref-14)
14. Amend this term to reflect the appropriate title for those charged with governance of the ADI, for example, “Board of Directors” for a locally incorporated ADI or, for a foreign ADI, “the Senior Officer Outside Australia” to whom authority has been delegated in accordance with CPS 510, for overseeing the Australian branch operations. Insert appropriate title, when prompted, throughout the report. [↑](#footnote-ref-15)
15. The auditor may include a summary of procedures performed but not to the extent that it is ambiguous or described in a manner that is overstated or that could suggest that reasonable assurance has been obtained. It is also important that the description of the procedures does not give the impression that an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan. [↑](#footnote-ref-16)
16. Provide details of other significant (but not material) findings or matters arising from the engagement considered necessary to highlight to APRA for information purposes, but which do not impact on the opinion/conclusions in an attachment to the assurance report. See paragraphs 285-286 of this Guidance Statement for further guidance on information that may be considered for inclusion in a ‘long-form’ style of report. Attachment 2 to this example assurance report shows an example attachment that may be used as a guide, adapted to take account of the circumstances of the ADI and nature of findings or matters arising. APRA expects this appendix to be included as part of the assurance report regardless of whether or not there are any observations to report. [↑](#footnote-ref-17)
17. It is recommended that the basis for any qualifications be set out in this manner to highlight whether APRA are already aware of the matters being raised. [↑](#footnote-ref-18)