



Drafting reporting or external assurance requirements - information from the AASB and AUASB

1. This information sheet is aimed at those who draft primary or subordinate legislation, such as legislative drafters, government departments and regulators.
2. Legislation often requires reporting on, and external assurance over, financial and non-financial information.
3. An example of reporting on financial information is a financial report. An example of assurance over financial information is the audit of a financial report.
4. An example of reporting on non-financial information is a greenhouse gas statement. An example of assurance over non-financial information is the assurance over a greenhouse gas statement.
5. The Australian Accounting Standards Board (the **AASB**) develop and issue Accounting Standards under the *Australian Securities and Investments Commission Act 2001* and the *Corporations Act 2001* (the **AASB Standards**). The Auditing and Assurance Standards Board (the **AUASB**) develop and issue auditing and assurance standards under those acts (the **AUASB Standards**).
6. If legislation requires reporting or external assurance over information, and that reporting or assurance must be provided in accordance with the AASB Standards or AUASB Standards, it is important that the language used in the legislation is consistent with the language used in those standards.
7. Incorrect use of language causes considerable confusion for preparers who prepare the information and assurance practitioners (such as accountants) who assure the information.
8. For example, legislation must be clear about the information required in relation to reporting. Words and phrases such as 'financial statements', 'balance sheet', and 'profit and loss statement' are understood. Terms such as 'Australian Accounting Standards' and 'Accounting Standards' are also well understood. However, words and phrases such as 'accounts' or 'books' and 'generally accepted accounting principles' or 'provide a true and fair view' are not. Use of these terms may result in different outcomes regarding compliance with the AASB Standards and suitability for their users.
9. Similarly, in relation to assurance, words and phrases such as 'audit', 'review', and 'agreed upon procedures' are understood by assurance practitioners and used in the AUASB Standards. Words and phrases such as 'check', 'certify', 'verify', or 'confirm accuracy' are not understood.
10. There are further frameworks for setting requirements for 'independence' and for the appropriate assurance 'practitioner' that accountants understand.
11. The AASB would like to be consulted [<mailto:standard@asb.gov.au>] regarding any draft provisions requiring the preparation of information under the AASB Standards.
12. The AUASB would like to be consulted [<mailto:enquiries@auasb.gov.au>] regarding any draft provisions requiring independent assurance of information under the AUASB Standards. For more information, see: [[A Guide for Prescribing Assurance and Related Services](#)].