



## Reporting Standard RRS 710.0

# ABS/RBA Audit requirements for Registered Financial Corporations

### Objectives and key requirements of this Reporting Standard

This Reporting Standard establishes requirements for the provision of independent advice on the information and internal controls of a registered financial corporation, in relation to the Economics and Financial Statistics collection.

Key requirements of this Reporting Standard include:

- (i) a registered financial corporation must ensure that the auditor is able to fulfil its roles and responsibilities;
- (ii) the Auditor must prepare reports on aspects of the RFC in accordance with the requirements and timeframes specified in this Reporting Standard; and
- (iii) the RFC must submit to APRA all reports required to be prepared by the Auditor under this Reporting Standard.

### Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

### Application

2. This Reporting Standard applies to **registered financial corporations (RFCs)** required to report under the **EFS collection** in relation to the auditing of reporting documents under the **EFS collection**.
3. **RFCs** to which this Reporting Standard applies must comply with this Reporting Standard in its entirety, unless otherwise expressly indicated.
4. This Reporting Standard commences on 1 July 2019.

**Obligations of an RFC – auditor appointment**

5. An *RFC* must annually appoint an auditor (Auditor).
6. An *RFC* must ensure that the terms of engagement between the *RFC* and the Auditor include:
  - (a) the Auditor's roles and responsibilities specified in this Reporting Standard; and
  - (b) a requirement that the Auditor, in preparing a report under this Reporting Standard, must have regard to relevant Standards and Guidance issued by the *AUASB*, to the extent that those Standards and Guidance are not inconsistent with the requirements of this Reporting Standard.
7. An *RFC* must use all reasonable endeavours to ensure the Auditor complies with the terms of engagement contained in paragraph 6.
8. An *RFC* must ensure that the Auditor has access to all data, information, reports and staff of the *RFC* that the Auditor reasonably requires to fulfil its role and responsibilities in relation to the *EFS collection*. This includes access to the *RFC* Board and internal auditors as required by the Auditor.
9. An *RFC* must ensure that the Auditor is fully informed of all reporting requirements applicable to the *RFC*. In addition, the *RFC* must ensure that the Auditor is provided with any other information *the agencies* have provided to the *RFC* that may assist the Auditor in fulfilling its role and responsibilities in relation to the *EFS collection*.

**Obligations of an RFC – audit report**

10. An *RFC* must submit to *APRA*, on behalf of the *agencies*, the reports referred to in paragraph 16. They must be submitted on or before the day specified in paragraph 15.
11. An *RFC*, if requested by *APRA*, must within a reasonable time provide *APRA* with the terms of engagement, other instructions or correspondence, including management letters, which may have a bearing on the:
  - (a) scope or conduct of work undertaken by the Auditor, or,
  - (b) report form, content, or coverage including findings or opinions provided by the Auditor,in accordance with this Reporting Standard.
12. An *RFC* must ensure that the following are provided to its Board:
  - (a) reports provided by the Auditor in accordance with this Reporting Standard, and any associated assessments and other material prepared in connection with fulfilling the requirements of this Reporting Standard;

- (b) commentary or responses provided to the **RFC** by **APRA** (including responses provided by APRA on behalf of *the agencies*) on reports provided by the Auditor, and any associated assessments and other material; and
  - (c) any commentary or response given by the **RFC** on the Auditor's reports, associated assessments and other material given by the **RFC** to **APRA**.
13. An **RFC** must ensure that, upon request by **APRA** in writing, the Auditor provides working papers and other documentation to *the agencies*.

### Internal audit

14. An **RFC** must ensure that the scope of internal audit includes a review of the policies, processes and controls put in place by management for compliance with the **EFS reporting standards**.

### Responsibilities of the Auditor

15. An **RFC** must ensure that the Auditor provides reports to the **RFC**'s Board, within four months of the **RFC**'s financial year end, on the matters referred to in paragraph 16.
16. An **RFC** must ensure that the reports prepared by the Auditor provide:
- (a) **Reasonable assurance** or **limited assurance** on the annual information required under the **EFS collection**, made by **APRA**, that are identified in Attachment A, in accordance with paragraph 17;
  - (b) **Limited assurance** that the **RFC**'s systems, processes and internal controls:
    - (i) are designed to ensure the **RFC** has complied with all applicable reporting requirements under the **EFS collection**;
    - (ii) are designed to ensure the **RFC** has provided reliable data to **APRA** as required under the **EFS collection**; and
    - (iii) have operated effectively for the purposes of subparagraphs (b)(i) and (b)(ii) above throughout the **RFC**'s financial year.
17. An **RFC** must ensure that the Auditor, when reporting in accordance with paragraph 16, must:
- (a) *for data sourced only from accounting records* – provides **reasonable assurance** that the information in these collections at the financial year-end is reliable and in accordance with the relevant reporting standards;
  - (b) *for data sourced only from non-accounting records* – provides **limited assurance** that the information in these collections at the financial year-end is reliable and in accordance with the relevant reporting standards;
  - (c) *for data sourced from a combination of accounting records and non-accounting records* – provides **reasonable assurance** that information sourced from **accounting records**, and **limited assurance** that information sourced from **non-**

*accounting records*, at the financial year-end is reliable and in accordance with the relevant reporting standards.

18. For the purposes of this Reporting Standard, *reasonable assurance* and *limited assurance* are defined in accordance with the Framework for Assurance Engagements issued by the *AUASB*.
19. An *RFC* must ensure that the Auditor, in preparing reports in accordance with paragraph 16:
  - (a) does so on the basis that *the agencies* may rely on the report; and
  - (b) exercises independent judgement and does not place sole reliance on the work performed by *the agencies*.
20. An *RFC* must ensure that the Auditor retains all working papers and other documentation in relation to the requirements set out in paragraph 16, for a period of seven years from the date of the report to which the working papers or documentation relate.

#### **Other responsibilities of an RFC**

21. The costs of preparing and submitting reports, documents and other material required by this Reporting Standard must be borne by the *RFC*.
22. An *RFC* must ensure that persons involved in the provision of information for the purposes of the *EFS Collection* (including the Auditor and officers and employees of the *RFC*) are aware that it is a serious offence under subsection 137.1 and 137.2 of the *Criminal Code 1995* to provide, whether directly or indirectly, false and misleading information to a Commonwealth entity, such as *APRA*.
23. The *agencies'* liaison with the Auditor will normally be conducted under tripartite arrangements involving the *agencies*, the *RFC* and the Auditor. Notwithstanding the tripartite relationship, the *agencies* and the Auditor may meet, at any time, on a bilateral basis at the request of either party.

#### **Adjustments and exclusions**

24. *APRA* may, by notice in writing to an *RFC*, adjust or exclude a specific reporting requirement in this Reporting Standard in relation to that institution.

#### **Interpretation**

25. Terms that are defined in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0) or in this Reporting Standard appear in bold italic.

26. In this Reporting Standard:

**ABS** means the Australian Bureau of Statistics established under the *Australian Bureau of Statistics Act 1975*.

**accounting records** means the records of initial accounting entries and supporting records, such as cheques and records of electronic fund transfers; invoices; contracts; the general and subsidiary ledgers, journal entries and other adjustments to the financial report that are not reflected in journal entries; and records such as work sheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures and includes any information sourced indirectly from such records, for example, data sourced from accounting records that involve additional examination, computation, re-classification or segmentation.

**APRA** means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

**AUASB** means the Australian Auditing and Assurance Standards Board.

**EFS reporting standards** has the meaning defined in *ARS 701.0 ABS/RBA Definitions for the EFS Collection*

**EFS collection** comprises the **EFS reporting standards** and data collected under the **EFS reporting standards**.

**FSCODA** means the *Financial Sector (Collection of Data) Act 2001*.

**limited assurance** has the meaning given in the Framework for Assurance Engagements issued by the **AUASB**.

**non-accounting records** means records that are not **accounting records**.

**reasonable assurance** is defined in accordance with the Framework for Assurance Engagements issued by the **AUASB**.

**registered financial corporation (RFC)** means a registrable corporation under section 7 of the *Financial Sector (Collection of Data) Act 2001*.

**the agencies** means the **ABS**, **APRA** and the **RBA**.

**Attachment A****Annual information subject to reasonable and/or limited assurance**

For the purposes of paragraph 16 of this Reporting standard, an *RFC* must ensure that the Auditor's report addresses the annual information in the following reporting standards specified below. The list below is not a complete listing of all *EFS reporting standards* made by *APRA* under *FSCODA*.

Description	EFS reporting standard
1. Statement of financial position	ARF 720.0A ABS/RBA Statement of Financial Position (Banks and RFCs)
	ARF 720.1B ABS/RBA Loans and Leases (Non-bank ADIs and RFCs)
	ARF 720.2B ABS/RBA Deposits (Non-bank ADIs and RFCs)