



# Foreign investment NON and EC condition-mandated Audit Reports | Submitting audit documentation

## Submitting Audit Proposals and Audit Reports

The checklist below lists the Treasury's current expectations on certain content (including information and assurance practitioner declarations) that should be included in an Audit Proposal submitted for our consideration (which upon approval, establishes the requirements for the assurance engagement and Audit Report).

Further explanatory information and guidance has also been included below to provide further clarity on the Treasury's expectations of Audit Proposals and subsequent reports (denoted by ►).

| Auditor identification, expertise, and independence                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b>Nomination of firm and team</b>                                     | <input type="checkbox"/> Identity of proposed audit firm (assurance firm)<br><input type="checkbox"/> Identity of proposed audit team members, including: <ul style="list-style-type: none"><li><input type="checkbox"/> Lead assurance practitioner and all assurance team members (the 'assurance team')</li><li><input type="checkbox"/> Any additional relevant expert(s) to be engaged</li></ul> ► <i>Where necessary to ensure the engagement has access to relevant expertise that is otherwise not possessed by the assurance practitioner or team members (e.g. data and/or cyber security), the assurance team may be supplemented by experts with the applicable technical skills</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Details of audit team's expertise</b>                               | <input type="checkbox"/> Details of the expertise and experience of the proposed audit team, including individuals': <ul style="list-style-type: none"><li><input type="checkbox"/> auditing and assurance skills, including an understanding of governance and regulatory issues</li><li><input type="checkbox"/> subject matter expertise</li><li><input type="checkbox"/> specific technical skills (for example, specialist IT and/or cyber security audit skills)</li><li><input type="checkbox"/> experience delivering audits of regulated entities in similar industries</li></ul> ► <i>The Treasury will examine the skills and experience of the proposed audit team, to determine whether they possess the expertise necessary to deliver the assurance engagement to the requisite standard.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Details of audit firm and team independence and quality control</b> | <input type="checkbox"/> Declaration from the lead assurance practitioner that the audit firm and all members of the audit team meet and will adhere to the ethical requirements of the <a href="#">Standard on Assurance Engagements ASAE 3000</a> and the quality control requirements of ASQC1 in relation to the engagement<br>► <i>Example: As the lead assurance practitioner, I certify that all assurance practitioners identified as part of the audit team:</i> <ul style="list-style-type: none"><li><i>can and will apply the ASAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) requirement to comply with relevant ethical requirements related to the assurance engagement</i></li><li><i>are a member/members of a firm that is subject to ASQC 1 (Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements)</i></li></ul> <input type="checkbox"/> Declaration from the lead assurance practitioner and each member of the audit team that they have not been engaged by the investor(s) to conduct assurance services for a continuous period of longer than 5 years.<br><input type="checkbox"/> Declaration from the lead assurance practitioner and each member of the audit team that they do not hold any personal interests in the investor(s) or related entities or provided other services to the investor(s) or related entities which could be perceived as a conflict of interest. |
| Audit engagement                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Statement of Assurance Standard</b>                                 | <input type="checkbox"/> Statement that the engagement will be delivered in accordance with the <a href="#">Standard on Assurance Engagements ASAE 3100</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Statement of assurance level</b>                                    | <input type="checkbox"/> Statement that the engagement will be delivered to a <b>reasonable assurance</b> level                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Details of engagement type</b>                                      | <input type="checkbox"/> Statement as to whether the engagement will be a <b>direct or attestation</b> engagement<br>► <i>Both direct and attestation engagements are acceptable</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <b>Details of Audit scope (per the NON/EC)</b>                                   | <input type="checkbox"/> Details of: <ul style="list-style-type: none"> <li><input type="checkbox"/> the NON/EC reference (FI20XX/XXXXX) subject to the assurance engagement</li> <li><input type="checkbox"/> the entity(ies) subject to the assurance engagement (that the assurance opinion(s) will be provided in relation to) <ul style="list-style-type: none"> <li>▶ <i>This must match the entity(ies) that are required to comply with the audited conditions (e.g. where a NON or EC says ‘The Applicant must...’ the audit is to be of the <u>Applicant’s</u> compliance with that condition (and not another entity such as the investment target)</i></li> </ul> </li> <li><input type="checkbox"/> the audit period <ul style="list-style-type: none"> <li>▶ <i>Note that the audit reporting conditions require an audit of compliance over a period (as set by the NON or EC). ‘Point in time’ Audit Reports will not be acceptable to the Treasury</i></li> </ul> </li> <li><input type="checkbox"/> the in-scope subject matter, including: <ul style="list-style-type: none"> <li><input type="checkbox"/> all audited conditions (by number, consistent with the NON)</li> <li><input type="checkbox"/> an assessment of any remedial work plans in place to address non-compliance identified in previous Audit Reports (if applicable – see below)</li> </ul> </li> </ul> |
| <b>Declaration of depth of audit procedures and testing</b>                      | <input type="checkbox"/> A statement that the audit procedures and testing that will be performed will include evaluation of both the design and operating effectiveness of processes, systems, controls, and procedures (as appropriate)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Details of content that will be included in the Audit Report</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Undertaking as to Audit Report details of procedures, testing and results</b> | <input type="checkbox"/> An undertaking from the assurance practitioner that the Audit Report will include details of: <ul style="list-style-type: none"> <li><input type="checkbox"/> all audit procedures and testing performed <u>for each audited condition</u> <ul style="list-style-type: none"> <li>▶ <i>If sampling is performed, a sampling methodology should be included detailing the rationale for determining the representative sample size and composition</i></li> </ul> </li> <li><input type="checkbox"/> the results of audit testing <u>for each audited condition</u></li> <li><input type="checkbox"/> the results of audit testing <u>for all remedial work plans assessed</u> (if applicable)</li> <li><input type="checkbox"/> a compliance outcome <u>for each audited condition and sub-condition</u> (if relevant)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Example of compliance opinion to appear in Audit Report</b>                   | <input type="checkbox"/> An example of how the assurance practitioner’s audit opinion will be presented in the Audit Report <ul style="list-style-type: none"> <li>▶ <i>The audit opinion must state whether the Applicant(s) have or have not complied with each audited condition and/or sub-condition</i></li> <li>▶ <i>Treasury’s expectation is that a conclusion of ‘compliant’ will only be reached if the Applicant is fully compliant with the condition for the entirety of the audit period</i></li> <li>▶ <i>Where an assurance practitioner has determined a condition to be compliant through the operation of a condition-mandated exemption in the NON/EC, this should be identified and explained</i></li> <li>▶ <i>Where an assurance practitioner has determined a condition to be compliant on the basis that the Applicant(s) have used ‘best endeavours’ to ensure an activity has/has not occurred, this should be identified and explained</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                               |

## Submitting remediation work programs (‘remediation action plans’)

The checklist below lists the Treasury’s current expectations on the overall approach and form and content to be included in a remedial work program submitted for our consideration.

Further explanatory information and guidance has also been included below to provide further clarity on the Treasury’s expectations of Audit Proposals and subsequent reports (denoted by ▶).

| <b>Form of document</b>   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Document ownership</b> | <input type="checkbox"/> The work program is to be prepared by the investor(s) and involve commitment(s) to action directly by the investor(s). <ul style="list-style-type: none"> <li>▶ <i>While investor(s) may seek the assistance of an assurance firm or other expert to assist with designing the remedial activities covered by the program (see below), the program must be the submission of the investor(s) (as opposed to a document submitting the suggested activities identified by a third party).</i></li> </ul> |
| <b>Format</b>             | <input type="checkbox"/> The work program must be submitted as a separate and standalone document to the Audit Report (though it may be submitted at the same time as the Audit report if convenient – otherwise submission is required within the timeframe specified by the NON or EC)                                                                                                                                                                                                                                         |

#### Identification of action(s)

##### Details of remedial activity

☐ Details of specific remedial activity that will be undertaken by the investor(s) to return to compliance, and the timeframes for each activity, mapped to each condition the activity addresses.

► *It is the responsibility of the investor(s) to ensure that the remedial action(s) proposed will bring them back to compliance. Investor(s) should therefore ensure the design of the remedial activities are sufficient*

► *In its review of a condition-mandated audit, the Treasury may identify further non-compliance to be included by investor(s) in their work programs. The Treasury will advise the investor(s) if this is the case*