

**HI6026 - Audit, Assurance and Compliance**  
**Assessment item 1 — Individual Assignment**

Due date: 11.00pm Friday Week 6

**Weighting: 20%**

**Research Assessment:**

Download a company annual report which is listed in ASX and must be present in ASX S&P 300 index, along with this annual report, student should download corporate statement of same company.

**Structure of your research report:**

1. **Executive Summary** of the assessment
  
2. Focus in each headline the implication of **ASX Corporate Governance Principles** from your selected company (reference link B). Conceptualize and explain how to your selected company implements ASX CGC principles (read carefully from reference link A.3 and A.4 to follow)
  
3. **Risk assessment** (When performing an audit, you use risk assessment procedures to assess the risk that material misstatement exists. This step is very important because the whole point of a financial statement audit is finding out if the financial statements are materially correct. How exactly do you assess audit risk?) There are various steps of risk assessment procedures, but your report will focus mainly: **Recognizing the nature of the company, what's the company's market overview? Who (if anyone) regulates the client? What's the company's business strategy? Computation of income statement and balance sheet ratio, and Development of common-size financial statements and focus on relevant audit risk and potential steps to reduce risk** (reference link C).

## Additional Resources Reference link:

### A.

1. <https://www.asx.com.au/regulation/corporate-governance-council.htm>
2. <https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>
3. <http://www.orionequities.com.au/sites/default/files/20171018%20OEQ%20ASX%20Corporate%20Governance%20Statement%20-%202017.pdf>
4. [https://www.transurban.com.au/content/dam/transurban-pdfs/02/corporate-governance/Corporate\\_Governance\\_Statement.pdf](https://www.transurban.com.au/content/dam/transurban-pdfs/02/corporate-governance/Corporate_Governance_Statement.pdf)

### B. ASX CGS Principles:

The Principles and Recommendations are structured around, and seek to promote, 8 central principles:

1. **Lay solid foundations for management and oversight:** Your selected company should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.
2. **Structure the board to add value:** Your selected company should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.
3. **Act ethically and responsibly:** Your selected company should act ethically and responsibly.
4. **Safeguard integrity in corporate reporting:** Your selected company should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.
5. **Make timely and balanced disclosure:** Your selected company should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.
6. **Respect the rights of security holders:** Your selected company should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

**7. Recognise and manage risk:** Your selected company should establish a sound risk management framework and periodically review the effectiveness of that framework.

**8. Remunerate fairly and responsibly:** Your selected company should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders

### **C. Risk Assessment**

1. [http://www.auasb.gov.au/admin/file/content102/c3/ASA\\_520\\_27-10-09.pdf](http://www.auasb.gov.au/admin/file/content102/c3/ASA_520_27-10-09.pdf)
2. Assessing Risk with Analytical Procedures: Do Systems-Thinking Tools Help Auditors Focus on Diagnostic Patterns? O'Donnell, Ed; Perkins, Jon D. Auditing; Sarasota Vol. 30, Issue. 4, (Nov 2011): 273-283.
3. <https://auditinghelp.com/identifying-and-assessing-the-risks-of-material-misstatement-through-understanding-the-entity-and-its-environment-13914>
4. <http://accounting-financial-tax.com/2010/04/the-use-of-analytical-procedures-in-auditing/>

### **Marks Allocation:**

1. Executive Summary - 2 marks
2. Body of the report (ASX CGS Principles -8 marks and Risk Assessment Procedures- 8 marks)
3. Reference list, in-text citation - 2 marks