

Compiled Auditing Standard

ASA 101
(December 2025)

Auditing Standard ASA 101

Preamble to AUASB Standards

This compilation was prepared on 2 December 2025 taking into account amendments made by AUASB 2025-8.

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Prepared by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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COMPILATION DETAILS

Auditing Standard ASA 101 *Preamble to AUASB Standards* (as Amended)

This compilation takes into account amendments made up to and including 12 November 2025 and was prepared on 2 December 2025 by the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 101 (January 2025) as amended by another Auditing Standard which is listed in the Table below.

Table of Standards

Standard	Date made	Operative Date
ASA 101	28 January 2025	Reporting periods commencing on or after 1 January 2025
AUASB 2025-8	12 November 2025	Financial reporting periods commencing on or after 1 July 2025

Legislation History

Standard	Registration Number	Registration Date	Commencement Date
ASA 101	F2025L00106	14 February 2025	15 February 2025
AUASB 2025-8	F2025L01471	1 December 2025	2 December 2025

Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
14	Addition	AUASB 2025-8 [13]

AUTHORITY STATEMENT

Auditing Standard ASA 101 *Preamble to AUASB Standards* (as amended to 12 November 2025) is set out in paragraphs 1 to A55.

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

Conformity with International Standards on Auditing

This Auditing Standard has been made for Australian legislative purposes and accordingly there is no equivalent International Standard on Auditing issued by the International Auditing and Assurance Standards Board (IAASB).

Where relevant, the AUASB has aligned the wording of this Auditing Standard with the IAASB's *Preface to the International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements*.

AUDITING STANDARD ASA 101

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 101 *Preamble to AUASB Standards* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 28 January 2025.

This compiled version of ASA 101 incorporates subsequent amendments contained in another Auditing Standard made by the AUASB up to and including 12 November 2025 (see Compilation Details).

AUDITING STANDARD ASA 101

Preamble to AUASB Standards

Application

1. This Auditing Standard applies to:
 - (a) an audit of a financial report for a financial year, or an audit or review of a financial report for a half-year, in accordance with the *Corporations Act 2001* (the Act);
 - (b) an audit or review of a financial report, or a complete set of financial statements, for any other purpose;
 - (c) an audit or review of other financial information;
 - (d) an audit or review of information in a sustainability report for a financial year, in accordance with the Act;
 - (e) an assurance engagement over sustainability information for other purposes;
 - (f) other assurance engagements;
 - (g) related services engagements; and
 - (h) a firm required to comply with ASQM 1.¹

Operative Date

2. This Auditing Standard is operative:
 - (a) for audits and reviews of financial reports, audits and reviews of information in sustainability reports and other assurance engagements that relate to reporting periods - for reporting periods commencing on or after 1 January 2025;
 - (b) for other assurance or related services engagements commencing on or after 1 January 2025; and
 - (c) from 1 January 2025 for the purposes of ASQM 1.

Early adoption of this Auditing Standard is permitted.

¹ Or ASQC 1, as applicable. Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, issued in March 2021, replaces Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* from 15 December 2022.

Introduction

Scope of this Auditing Standard

3. This Auditing Standard sets out how AUASB Standards are to be understood, interpreted and applied.
4. AUASB Standards are to be read and applied in conjunction with this Auditing Standard. (Ref: Para. A1-A2)

Standards issued by the AUASB (Ref: Para. A3-A25)

5. The AUASB derives its functions and powers under section 227B of the *Australian Securities and Investments Commission Act 2001*. The AUASB:
 - (a) makes Auditing Standards under section 336 of the *Corporations Act 2001* (the Act) for the purposes of the corporations legislation;² and
 - (b) formulates auditing and assurance standards for sustainability and other purposes.³
6. ‘Auditing and assurance standards for sustainability and other purposes’ consists of standards that are designed for subject-specific areas. They include, for example, assurance engagements that relate to:
 - reviews (other than a review by the independent auditor of the entity, of interim financial information, including interim financial reports, prepared for other purposes);
 - sustainability information reported voluntarily or not subject to mandatory assurance under the Act;
 - evaluating the efficiency and/or effectiveness of an entity’s activities;
 - information other than historical financial information;
 - prospective financial information; and
 - the effectiveness of internal controls.
7. The AUASB issues the following types of standards (AUASB Standards) pursuant to its mandate under section 227B of the ASIC Act:
 - (a) Australian Standards on Quality Management (ASQMs);⁴
 - (b) Australian Auditing Standards (ASAs);⁵
 - (c) Australian Standards on Review Engagements (ASREs);⁶
 - (d) Australian Standards on Sustainability Assurance (ASSAs);

² Pursuant to section 227B(1)(a) of the ASIC Act.

³ Pursuant to section 227B(1)(b) of the ASIC Act.

⁴ For legislative purposes, ASQM 1 and ASQM 2 *Engagement Quality Reviews* are included in legislation as “Auditing Standards” – see paragraph 10(d) of this Preamble.

⁵ “Australian Auditing Standards” is defined in paragraph 10(c) of this Preamble.

⁶ For legislative purposes, ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* and ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*, are included in legislation as “Auditing Standards” – see paragraph 10(d) of this Preamble.

- (e) Australian Standards on Assurance Engagements (ASAEs); and
 - (f) Australian Standards on Related Services (ASRSs).
8. AUASB Standards do not address all the responsibilities of the assurance practitioner⁷ that may exist in legislation, regulation or otherwise in connection with engagements that fall within the scope of AUASB Standards.

Objective

9. The objective of the assurance practitioner is to use this Auditing Standard in order to understand, interpret and apply AUASB Standards.

Definitions

10. For the purposes of this Auditing Standard, the following terms have the meanings attributed below:
- (a) Assurance practitioner means an individual, firm⁸, or other organisation, whether in public practice, industry and commerce, or the public sector, conducting assurance engagements or related services engagements⁹.
 - (b) AUASB Standards means standards issued by the AUASB, comprising:
 - (i) Australian Auditing Standards (ASAs) – as defined in paragraph 10(c);
 - (ii) Australian Standards on Review Engagements (ASREs);
 - (iii) Australian Standards on Assurance Engagements (ASAEs);
 - (iv) Australian Standards on Sustainability Assurance (ASSAs).
 - (v) Australian Standards on Related Services (ASRSs); and
 - (vi) Australian Standards on Quality Management (ASQMs)
 - (c) Australian Auditing Standards (ASAs) means the suite of auditing standards issued by the AUASB, comprising:
 - (i) Auditing Standards made under section 336 of the Act;
 - (ii) *ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
 - (iii) *ASA 810 Engagements to Report on Summary Financial Statements*.
 - (d) In addition to the ASAs, AUASB Standards made under section 336 of the Act, include:
 - (i) *ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*;

⁷ The term “assurance practitioner” is defined in paragraph 10(a) of this Preamble.

⁸ Firm means a sole practitioner, partnership, corporation or other entity of assurance practitioners, or public sector equivalent. The definition of “firm” in relevant ethical requirements may differ from the definition set out in this Auditing Standard.

⁹ Related services engagements include engagements to perform agreed-upon procedures. The term ‘assurance practitioner’ is referred to in ASRS 4400 *Agreed-Upon Procedures Engagements* as ‘practitioner’.

- (ii) ASQM 2 *Engagement Quality Reviews*;
- (iii) ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*;
- (iv) ASRE 2415 *Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation*;
- (v) ASSA 5000 *General Requirements for Sustainability Assurance Engagements*; and
- (vi) ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

Requirements

11. The assurance practitioner shall apply AUASB Standards in conjunction with paragraphs 12 and 13 of this Auditing Standard.

Authority of the Paragraphs in AUASB Standards (Ref: Para. A26-A55)

Mandatory Components (Ref: Para. A28-A44, A55)

12. The assurance practitioner shall apply the mandatory components of AUASB Standards relevant to the engagement. The mandatory components are included in each AUASB Standard under the headings listed below:
- (a) Application. (Ref: Para. A28-A32)
 - (b) Operative Date. (Ref: Para. A33-A35)
 - (c) Objective(s). (Ref: Para. A36)
 - (d) Definition(s). (Ref: Para. A37)
 - (e) Requirements. (Ref: Para. A38-A44)

Explanatory Material (Ref: Para. A45-A55)

13. The assurance practitioner shall have an understanding of the entire text of an AUASB Standard, including its application and other explanatory material, to understand its objectives and to apply the mandatory components of the standard properly. The explanatory material is included in each standard under the headings listed below (where applicable):
- (a) Conformity with International Standards. (Ref: Para. A45-A49)
 - (b) Application. (Ref: Para. A28, A32).
 - (c) Introduction. (Ref: Para. A50)
 - (d) Application and Other Explanatory Material. (Ref: Para. A51-A53)
 - (e) Appendices. (Ref: Para. A54)

Explanatory material does not create or extend mandatory components.

14. The term “enquire” or “enquiries” in a provision of an AUASB Standard has the same meaning as the term “inquire” or “inquiries” (as applicable) in the corresponding provision of any equivalent standard issued by the IAASB.

* * *

Application and Other Explanatory Material

Scope of this Auditing Standard (Ref: Para. 3-4)

“Authority Statement” included in AUASB Standards

- A1. This Auditing Standard forms an important part of the legal and regulatory framework of AUASB Standards. AUASB Standards are to be read in conjunction with this Auditing Standard.
- A2. All AUASB Standards contain an “Authority Statement”. The purposes of the Authority Statement are to:
- (a) link the issuance of each individual AUASB Standard to the mandating legislation;
 - (b) identify the paragraphs that comprise the AUASB Standard; and
 - (c) set out the requirement to read the AUASB Standard in conjunction with this Auditing Standard.

Standards issued by the AUASB (Ref: Para. 5-8)

- A3. The AUASB issues the following types of standards pursuant to its mandate under section 227B of the ASIC Act:
- (a) Australian Standards on Quality Management (ASQMs)

ASQMs¹⁰ apply to firms in respect of all engagements to which AUASB Standards apply.

The authority of ASQMs is set out in the introduction to each ASQM.
 - (b) Australian Auditing Standards (ASAs)

ASAs, whilst developed in the context of financial report audits, are to be applied also, as appropriate, to audits of other historical financial information.

The authority of the suite of ASAs is set out in ASA 200¹¹. ASA 200 deals with the auditor’s overall responsibilities when conducting an audit of a financial report in accordance with ASAs. Specifically, it sets out the overall objectives of the auditor, and explains the nature and scope of an audit designed to enable the auditor to meet those objectives. It also explains the scope, authority and structure of the ASAs, and includes requirements establishing the general responsibilities of the auditor applicable in all audits, including the obligation to comply with the ASAs.

The ASAs, taken together, provide the standards for the auditor’s work in fulfilling the overall objectives of the auditor. The ASAs deal with the general responsibilities of the auditor, as well as the auditor’s further considerations relevant to the application of those responsibilities to specific topics.

¹⁰ For legislative purposes, ASQM 1 and ASQM 2 are included in legislation as “Auditing Standards”.

¹¹ See ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

(c) Standards on Review Engagements (ASREs)

ASREs¹² are to be applied to the review of a financial report and the review of other historical financial information.

The authority of ASREs is set out in the introduction to each ASRE.¹³

(d) Standards on Sustainability Assurance (ASSAs)

ASSAs are to be applied to assurance engagements dealing with sustainability information.

ASSA 5000 includes requirements regarding the conduct of a sustainability assurance engagement. ASSA 5010 specifies the information in a sustainability report under the Act that is required to be audited and/or reviewed in accordance with ASSA 5000 for each relevant year.

(e) Standards on Assurance Engagements (ASAEs)

ASAEs are to be applied to assurance engagements dealing with subject matters other than historical financial information.¹⁴

ASAE 3000¹⁵ explains the scope, authority and structure of the ASAEs, and includes requirements regarding the conduct of an assurance engagement in accordance with ASAEs.¹⁶

Where a subject-matter specific ASAE is relevant to the subject matter of a particular engagement, that ASAE applies in addition to ASAE 3000. The introduction to each subject-matter specific ASAE sets out the relationship of the ASAE with ASAE 3000.

(f) Standards on Related Services (ASRSs)

ASRSs are to be applied when an assurance practitioner is engaged to undertake engagements other than assurance engagements covered by ASAs, ASREs or ASAEs.¹⁷

The authority of ASRSs is set out in the introduction to each ASRS.¹⁸

- A4. The scope, operative date and any specific limitation of the applicability of a specific AUASB Standard, is made clear in each standard.

Auditing Standards made under Section 336 of the Corporations Act

- A5. Auditing Standards made under section 336 of the Corporations Act apply to:

¹² For legislative purposes, ASRE 2410 and ASRE 2415 are included in legislation as “Auditing Standards”.

¹³ For example, see ASRE 2400 *Review of a financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*, paragraphs 9-12.

¹⁴ Examples of such subject matters include the efficiency and/or effectiveness of an entity’s activities, prospective financial information and the effectiveness of internal controls. The AUASB’s *Framework for Assurance Engagements*, which defines and describes the elements and objectives of an assurance engagement, provides the context for understanding ASAEs.

¹⁵ See ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

¹⁶ See ASAE 3000, “Introduction” (paragraphs 1-8) and “Conduct of an Assurance Engagement in Accordance with ASAEs” (paragraphs 14-20).

¹⁷ Examples of financial and non-financial subject matters on which Standards on Related Services may be applied include: Agreeing the eligibility of expenditures claimed from a funding program; Recalculating revenues for determining royalties, rent or franchise fees based on a percentage of revenues; Confirming the calculation of capital adequacy ratios for regulatory authorities; Observation of the destruction of fake or defective goods reported to a regulatory authority; and Tracing data generating processes for lottery draws reported to a regulatory authority.

¹⁸ For example, see ASRS 4400, paragraphs 7-10. Where this information is not included in the introduction of an ASRS, for example ASRS 4450 *Comfort Letter Engagements*, relevant terms are to be interpreted in a directly analogous way to how they are explained in the context of ASRS 4400.

- (a) an audit of a financial report for a financial year, or an audit or review¹⁹ of a financial report for a half-year, prepared in accordance with Part 2M.3 of the Act;
 - (b) an audit conducted under Part 7.8 of the Act;
 - (c) an audit of a financial report, or a complete set of financial statements, prepared for any other purpose;
 - (d) a review, by the independent auditor of the entity, of a financial report, or a complete set of financial statements, comprising historical financial information, for any other purpose;
 - (e) an audit or review of information in a sustainability report for a financial year, prepared in accordance with Part 2M.3 of the Act;
 - (f) an audit or review of sustainability information for other purposes; and
 - (g) a firm required to comply with ASQM 1.
- A6. Although Auditing Standards and Sustainability Assurance Standards are written mainly in the context of an external audit of a financial report²⁰ or an external audit/review of information in a sustainability report, they apply, as appropriate, to assurance over other historical financial information or sustainability information.

Compliance and Enforcement

- A7. AUASB Standards are not legally binding in all contexts. However:
- Standards made and issued under section 336 of the Act for the purposes of the corporations legislation have the status of law.²¹ Where engagements covered by these standards are undertaken for the purposes of complying with the Act, full compliance is required as a matter of law (except for the firm level quality management standards).²²
 - Auditing and assurance standards may also be issued or used for other purposes. Where auditing and assurance standards are used for purposes other than complying with the Act, compliance with those standards may not be required as a matter of law. However, there are circumstances in which compliance is required by other legislation, regulatory or contractual arrangements.
- A8. Standards issued by the AUASB under s336 of the Act (other than the firm level quality management standards) are legally enforceable by the Australian Securities and Investments Commission (ASIC) for the conduct of audits or reviews of financial reports and sustainability reports required by the Act. ASIC conducts regular inspection programmes as an integral part of its enforcement responsibilities.

¹⁹ For legislative purposes, ASRE 2410 and ASRE 2415 are included in legislation as “Auditing Standards”.

²⁰ Reference to a ‘financial report’ includes not only a financial report as defined under Part 2M.3 of the Act, but also a financial report prepared for other purposes. Financial reports required by Part 2M.3 of the Corporations Act are:

- the annual financial report; and
- the half-year financial report (for certain entities).

²¹ These standards are classified as disallowable legislative instruments under the *Legislation Act 2003*. The AUASB has adopted certain drafting principles in making Auditing Standards under the Australian regulatory environment, wherein the Auditing Standards are legally enforceable and registered as legislative instruments under the *Legislation Act 2003*.

²² Section 307A of the Corporations Act requires auditors to conduct audits and reviews of financial reports prepared under Part 2M.3 of the Act in accordance with Auditing Standards.

- A9. Through the standards issued by the Accounting Professional & Ethical Standards Board (APESB), members of the Australian Professional Accounting Bodies are compelled to comply with the requirements of AUASB Standards.²³
- A10. Member compliance is subject to the inspection programmes of the Professional Accounting Bodies, which are also responsible for member disciplinary action.

Type of Entity

- A11. AUASB Standards are:
- (a) neutral with respect to the sector and size of the entity subject to the engagement; and
 - (b) intended to be applied, as appropriate, to all audit, review, assurance and related service engagements conducted by an external firm in both the public and private sectors.
- A12. The AUASB generally does not set industry or sector specific standards but may from time to time produce industry or sector specific guidance materials. Where necessary, entity sector and size considerations are included, and identified, in the body of the relevant AUASB Standard.
- A13. AUASB Standards do not take into account any specific circumstances affecting entities that are subject to the engagement.

Public Sector Engagements

- A14. AUASB Standards are relevant to engagements in the public sector. When appropriate, additional considerations specific to public sector entities are included within the “Application and Other Explanatory Material” section of each standard.
- A15. The responsibilities of public sector assurance practitioners may be affected by the mandate applying to the engagement, or by obligations on public sector entities arising from law, regulation or other authority (such as ministerial directives, government policy requirements, or resolutions of the legislature), which may encompass a broader scope than an engagement in accordance with the AUASB Standards. These additional responsibilities are not dealt with in the AUASB Standards. They may be dealt with in guidance developed by government audit agencies²⁴.

Applying AUASB Standards

Professional Judgement

- A16. Professional judgement is essential to the proper conduct of engagements that fall within the scope of AUASB Standards. This is because interpretation of relevant ethical requirements and relevant AUASB Standards and the informed decisions required throughout the engagement cannot be made without the application of relevant training, knowledge and experience to the facts and circumstances.²⁵

Ethical Principles and Quality Management Standards

- A17. Compliance with ethical principles, including independence requirements, and quality management within firms that perform engagements to which AUASB Standards apply, are

²³ See APES 210 *Conformity with Auditing and Assurance Standards*, issued by the APESB.

²⁴ In Australia the term “government audit agencies” refers to State, Territory or Commonwealth Auditors-General.

²⁵ The term “professional judgement” is defined in the AUASB Glossary in the context of different types of AUASB Standards. For assurance engagements, see *Framework for Assurance Engagements*, paragraphs 56-60. For related services engagements, see ASRS 4400, paragraphs 13(j) and 18.

widely recognised as being in the public interest and an integral part of a high-quality engagement.²⁶

Relevant Ethical Requirements

- A18. References to compliance with relevant ethical requirements are included in certain requirements and explanatory material paragraphs in AUASB Standards. AUASB Standards are to be read in conjunction with relevant ethical requirements, as defined in ASA 102²⁷ or ASSA 5000. Law, regulation or relevant ethical requirements may establish responsibilities for the assurance practitioner beyond those described in AUASB Standards.

Quality Management Standards

- A19. ASQM 1 deals with a firm's responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements.
- A20. Engagement quality reviews form part of the firm's system of quality management and:
- (a) ASQM 1 deals with the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews.
 - (b) ASQM 2 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.
- A21. AUASB Standards are premised on the basis that a firm is subject to the ASQMs, and include requirements regarding quality management at the engagement level.²⁸

Amendments to AUASB Standards

- A22. AUASB Standards may require amendment for a variety of reasons, such as consequential and conforming amendments required as a result of changes made to other AUASB Standards.

Amendment of Standards made under Section 336 of the Corporations Act

- A23. As standards made under section 336 of the Corporations Act are legislative instruments, they can only be amended by another legislative instrument. An "Amending Standard" is a legislative instrument made by the AUASB for the sole purpose of amending another legislative instrument (referred to as the "principal standard"). Amending Standards provide an efficient way of processing amendments which affect a number of standards without reissuing all the standards affected.

Compilations

- A24. The compiled version of a standard reflects the content of a standard, considering all amendments that have become effective since the principal standard was originally made.²⁹ Compilations are a requirement of the *Legislation Act 2003* and are required to be lodged with the Office of Parliamentary Counsel for registration on the Federal Register of Legislation. A compilation is not a legislative instrument.
- A25. Where the AUASB issues a compiled version of a standard:

²⁶ For further details, refer to *Framework for Assurance Engagements*, paragraphs 5-9.

²⁷ See ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.

²⁸ For example, see ASA 220 *Quality Management for an Audit of Financial Statements*.

²⁹ For example, a standard might have a principal version issued in 2015 amended by Amending Standards (legislative instruments) that become effective, one each year, from 2016. Therefore, in 2020 the compiled version of the standard will reflect the amendments effective from 2016 through to 2020.

- (a) the title page of the standard indicates that it is a compiled version of the standard and shows the date of the compilation and the relevant Amending Standards that have been taken into account;
- (b) a “Compilation Details” section is included in the standard which includes the following information:
 - (i) a “Table of Standards”, which sets out details of both the principal standard and subsequent Amending Standards, including the dates of both the principal and Amending Standards (date made, operative date and date registered on the Federal Register of Legislation);
 - (ii) a “Table of Amendments”, which provides details of amendments to the principal standard (paragraph of standard affected, how affected and a paragraph reference to the relevant Amending Standard); and
 - (iii) a statement that the compilation is not a separate Auditing Standard made by the AUASB but a representation of the relevant Standard which incorporates the original standard and subsequent amendments.
- (c) the Operative Date paragraph in the standard includes a reference to the Compilations Details section of the standard, for details about the operative dates of paragraphs changed or added by an Amending Standard. (Ref: Para. A33(a))

Authority of the Paragraphs in AUASB Standards (Ref: Para. 12-13)

- A26. The paragraphs in AUASB Standards do not have equal authority. AUASB Standards consist of paragraphs that are either:
- (a) mandatory components; or
 - (b) explanatory material.
- A27. Where an AUASB Standard does not include specific information to explain the status and authority of the paragraphs included within the standard, the terms explained below (for example, “Objectives”, “Requirements”, “Application and Other Explanatory Material”), are to be interpreted in a directly analogous way to how they are explained in the context of financial report audits in ASA 200.

Mandatory Components (Ref: Para. 12)

“Application” Paragraphs (Ref: Para. 12(a), 13(b))

- A28. Each AUASB Standard contains a mandatory “Application” paragraph. The standard may also include an additional “Application” paragraph that forms part of the explanatory material of the standard, to describe other engagements the standard may be applied to, adapted as necessary.
- A29. The “Application” paragraph or paragraphs of a standard identify the scope of the standard.
- Engagements under the Corporations Act
- A30. Auditing Standards made under section 336 of the Corporations Act³⁰ contain a mandatory “Application” paragraph (shown as paragraph “Aus 0.1”) relating to for example:

³⁰ With the exception of ASA 101, ASA 102, ASQM 1, ASQM 2, ASRE 2410 and ASRE 2415.

- (a) an audit of a financial report for a financial year, or an audit of a financial report for a half-year, in accordance with the Corporations Act;
 - (b) an audit or review of a sustainability report for a financial year, in accordance with the Corporations Act; and
 - (c) an audit of a financial report, or a complete set of financial statements, for any other purpose.
- A31. The “Application” paragraph in each Auditing Standard that refers to audits or reviews conducted in accordance with the Corporations Act applies specifically to:
- (a) an audit or a review conducted under Part 2M.3 of the Act; and
 - (b) an audit conducted under Part 7.8 of the Act.
- A32. Auditing Standards may also include an additional “Application” paragraph (shown as paragraph “Aus 0.2”) that forms part of the explanatory material of the standard to explain that, although the Auditing Standards are written mainly in the context of an audit of a financial report, they apply also, adapted as necessary, to the audit of other historical financial information.

Operative Date (Ref: Para. 12(b))

- A33. The operative date stipulates the date from which the AUASB Standard is to be applied. For audits or reviews of financial reports and sustainability reports, the operative date is stated in relation to a financial reporting period. The requirements of an AUASB Standard remain in force until:
- (a) the operative date of any amendment to those requirements (Ref: Para. A22-A25));
 - (b) in relevant circumstances, the early adoption of such amendments; or
 - (c) the AUASB Standard is withdrawn by the AUASB.
- A34. Unless otherwise stated in an AUASB Standard, the assurance practitioner is permitted to apply a standard before the operative date specified therein. Where an AUASB Standard is early adopted, all relevant conforming and consequential amendments must also be early adopted.
- A35. Where an assurance practitioner is conducting an audit of a financial report and elects to early adopt an auditing standard made under section 336 of the Corporations Act, in accordance with section 336(4), that election must be recorded in the audit report.

Objective(s) (Ref: Para. 12(c))

- A36. Each AUASB Standard contains an objective or objectives which provide the context in which the requirements of the standard are set and establishes the desired outcome to be achieved by the assurance practitioner. The proper application of the requirements in the standard is expected to provide a sufficient basis for the practitioner’s achievement of the objective(s).

Definitions (Ref: Para. 12(d))

- A37. Definitions contained within AUASB Standards, and/or contained within the *AUASB Glossary* (as issued from time to time), provide a description of the meanings attributed to certain terms for the purposes of the AUASB Standards. These definitions are provided for consistent application and interpretation of standards, and are not intended to override definitions that may be established for other purposes, whether in law, regulation or otherwise. The *AUASB Glossary* contains a complete listing of terms defined in AUASB Standards.

Requirements (Ref: Para. 12(e))

- A38. Paragraphs that impose obligations on the assurance practitioner are contained in a separate “Requirements” section of each standard and expressed using the word “shall”. Requirements are designed to enable the assurance practitioner to meet the stated objective(s) of an AUASB Standard. In certain circumstances, requirements are legally binding and enforceable.
- A39. The assurance practitioner applies the requirements in the context of the other material included in the AUASB Standard (for example, introductory material, definitions and application and other explanatory material). The entire text of an AUASB Standard, therefore, is relevant to an understanding of the objectives stated in an AUASB Standard and the proper application of the requirements of the standard. Although the assurance practitioner has a responsibility to consider the entire text of the standard in carrying out the engagement, application and explanatory material does not in itself impose a requirement.
- A40. For information on how the requirements in AUASB Standards are to be applied for:
- (a) audits and reviews of historical financial reports and information – see ASA 200;³¹
 - (b) assurance engagements other than audits or reviews of historical financial information – see ASAE 3000 and ASSA 5000.³²
- These standards also include requirements and explanatory material on the limited circumstances where the assurance practitioner may judge it necessary to depart from a relevant requirement in a standard.
- A41. The assurance practitioner is required to comply with all AUASB Standards relevant to an engagement. Furthermore, AUASB Standards require compliance with each requirement of a relevant standard unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional and the condition does not exist.³³
- A42. When, in the circumstances of an engagement:
- (a) an entire AUASB Standard is not relevant; or
 - (b) a requirement is not relevant because it is conditional and the condition does not exist,
- there is no requirement to document the reason(s) why the requirement is not relevant.
- A43. However, for audits or reviews conducted in accordance with the Act, where in rare and exceptional circumstances, factors outside the assurance practitioner’s control prevent the practitioner from complying with an essential procedure contained within a relevant requirement, the practitioner is required:
- (a) if possible, to perform appropriate alternative audit procedures; and
 - (b) under ASA 230³⁴, ASRE 2410³⁵ or ASSA 5000³⁶, as applicable, to document:
 - (i) the circumstances surrounding the inability to comply;
 - (ii) the reasons for the inability to comply; and

³¹ See ASA 200, paragraphs 18-24.

³² See ASAE 3000, paragraphs 14-19. See ASSA 5000, paragraphs 19-25.

³³ See ASA 200, paragraph 22 and ASAE 3000, paragraph 17.

³⁴ See ASA 230 *Audit Documentation*, paragraph Aus 12.1.

³⁵ See ASRE 2410, paragraph 7.

³⁶ See ASSA 5000, paragraph 24.

- (iii) justification of how alternative procedures achieve the objectives of the requirement.³⁷

A44. In the case of a review and related services engagement, the assurance practitioner is required to apply the requirements contained only in the specified standard applicable to that engagement, in conjunction with this Preamble to AUASB Standards. There is no requirement to apply the requirements of other AUASB Standards. However, reference to ASAs may be helpful to provide guidance.

Explanatory Material (Ref: Para. 13)

Conformity with International Standards (Ref: Para. 13(a))

A45. The Conformity paragraphs explain the relationship of an AUASB Standard with its equivalent international standard issued by the IAASB. An AUASB Standard conforms to the equivalent international standard when:

- (a) the requirements of the AUASB Standard correspond with those in the equivalent international standard or the AUASB Standard contains additional requirements; and
- (b) the explanatory material is substantially the same as the equivalent international standard or the AUASB Standard contains additional explanatory material.

A46. The Conformity paragraphs in AUASB Standards include necessary differences from the equivalent international standard relating to terminology, referencing and Australian regulatory requirements.³⁸

A47. When an AUASB Standard and the equivalent international standard conform, the Conformity paragraphs contain a statement to this effect.

A48. When an AUASB Standard and the equivalent international standard are not equivalent, the Conformity paragraphs detail the main differences.

A49. The Conformity paragraphs in each AUASB Standard assist the assurance practitioner to determine to what extent (if any) compliance with AUASB Standards might enable also the engagement to be conducted in compliance with international standards. It is the responsibility of the assurance practitioner to determine which standards apply to the particular engagement and circumstances. Furthermore, where appropriate, the Conformity paragraphs contain the following sentence:

“Compliance with this Standard enables compliance with the equivalent international standard”.

Introduction (Ref: Para. 13(c))

A50. Introductory material provides context relevant to a proper understanding of an AUASB Standard. Introductory material may include, as needed, such matters as explanation of the:

- purpose and scope of the Standard, including how the Standard relates to other AUASB Standards;
- subject matter of the Standard; and

³⁷ See ASA 200, paragraph Aus 23.1.

³⁸ Refer to the *AUASB Policy and Process for International Conformance and Harmonisation of Standards* for details of the principles and process the AUASB applies in considering modifications to IAASB Standards.

- respective responsibilities of the assurance practitioner and others in relation to the subject matter of the Standard.

Application and Other Explanatory Material (Ref: Para. 13(d))

- A51. Included within the requirements section of a standard are references to paragraphs in the “Application and Other Explanatory Material” section of the standard. Such references do not extend or create requirements.
- A52. Where necessary, the application and other explanatory material provides further explanation of the requirements and guidance for carrying the requirements out. In particular, it may:
- explain more precisely what a requirement means or is intended to cover; and
 - include examples that illustrate how the requirements might be applied and/or provide examples of procedures that may be appropriate in the circumstances.

While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in an AUASB Standard.

- A53. Where appropriate, additional considerations specific to public sector and smaller entity engagements are included within the “Application and Other Explanatory Material” section of the standard. These additional considerations assist in the application of the requirements of the standards in conducting such engagements. However, they do not limit or reduce the responsibility of the assurance practitioner to apply and comply with the requirements of AUASB Standards.

Appendices (Ref: Para. 13(e))

- A54. Appendices form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related standard or within the title and introduction of the appendix itself.

AUASB Drafting Conventions (Ref: Para. 12-13)

- A55. The following drafting principles and conventions apply to AUASB Standards:
- (a) The requirements of each AUASB Standard are contained in a separate “Requirements” section of a standard. The requirements of an AUASB Standard are expressed using the word “shall” to denote the obligations an assurance practitioner is required to comply with in achieving the objective or objectives stated in the standard.
 - (b) Paragraphs containing application and other explanatory material are designated with the letter “A”.
 - (c) The present tense of verbs is used in explanatory material when it is the best form of expression. Use of the present tense does not create or imply requirements. The present tense is used in examples and other explanatory material that relate to professional judgement and professional scepticism.
 - (d) Requirements that exist in another AUASB Standard are anchored back to the original requirement (for example, using the phrase “in accordance with”) when repetition or a cross reference is considered necessary for understanding and context.
 - (e) Australian additions or modifications to an equivalent IAASB Standard are marked as Australian paragraphs or additional appendices commencing with an “Aus” prefix.
 - (f) Deletions from an equivalent IAASB Standard are clearly noted as “Deleted by the AUASB. Refer Aus ...”.

- (g) The extent of differences between an AUASB Standard and its equivalent international standard are detailed in the “Conformity with International Standards” section of the standard.

The word “including”, as used in AUASB Standards, means a list of items or examples is provided but the list does not purport to contain all relevant items or examples and intentionally is not exhaustive.