

January 2025

Basis for Conclusions ***ASSA 5000 General Requirements for*** ***Sustainability Assurance Engagements***

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



Australian Government

Auditing and Assurance Standards Board

Obtaining a Copy of this Basis for Conclusions

This Basis for Conclusions is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

Contact Details

Auditing and Assurance Standards Board
Phone: (03) 8080 7400
E-mail: enquiries@auasb.gov.au

Postal Address:

PO Box 204, Collins Street West
Melbourne Victoria 8007
AUSTRALIA

COPYRIGHT

© 2025 Auditing and Assurance Standards Board (AUASB). The text, graphics and layout of this document are protected by Australian copyright law and the comparable law of other countries. Reproduction within Australia in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgment of the source as being the AUASB.

Requests and enquiries concerning reproduction and rights for commercial purposes should be addressed to the Director - National, Auditing and Assurance Standards Board, PO Box 204, Collins Street West, Melbourne, Victoria 8007 or sent to enquiries@auasb.gov.au. Otherwise, no part of this document may be reproduced, stored or transmitted in any form or by any means without the prior written permission of the AUASB except as permitted by law.

ISSN 2201-3628

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements* has been developed by the Auditing and Assurance Standards Board (AUASB) to provide a background to, and rationale for the development and approval of the Standard by the AUASB. The Basis for Conclusions relates to, but does not form part of, ASSA 5000.

No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

CONTENTS

	<i>Page</i>
Background	5
Application	6
Substantive comments raised in AUASB submission on IAASB EM	6
AUASB changes to ISSA 5000	13
Conclusion	14

BASIS FOR CONCLUSIONS

ASSA 5000 General Requirements for Sustainability Assurance Engagements

This Basis for Conclusions is issued by the Auditing and Assurance Standards Board (AUASB). It provides a background to, and rationale for the development and approval of the Standard by the AUASB. The Basis for Conclusions relates to, but does not form part of, Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000), and is not a substitute for reading the Standard.

Background

1. In accordance with its mandates under section 227 of the *Australian Securities and Investments Commission Act 2001* and the Financial Reporting Council's Strategic Direction, the AUASB's policy is to adopt the International Auditing and Assurance Standards Board (IAASB) standards, unless there is a compelling reason not to do so. In addition, the AUASB makes amendments to the IAASB Standards to ensure the AUASB Standards both exhibit and conform to the Australian regulatory environment and statutory requirements. Changes are made where there are compelling reasons to do so and are made with a public interest focus (refer paragraphs 15-19).
2. The AUASB has issued ASSA 5000. ASSA 5000 is consistent with International Standard on Sustainability Assurance ISSA 5000 *General Requirements for Sustainability Assurance Engagements* other than the necessary changes outlined in paragraphs 15-19.
3. The IAASB issued *Explanatory Memorandum for Proposed International Standard on Sustainability Assurance (ISSA) 5000 General Requirements for Sustainability Assurance Engagements* (IAASB EM) in August 2023.
4. In August 2023, the AUASB issued a [Consultation Paper](#) seeking feedback on the IAASB priority areas and other challenging areas identified in the IAASB EM, Australian specific questions focusing on jurisdictional issues and the need for further guidance to assist with the implementation of the standard in the Australian context.
5. The AUASB sought input from stakeholders on its Consultation Paper in three principal ways:
 - (a) An open invitation for written submissions;
 - (b) Hosting a series of in-person and virtual roundtables with stakeholders representing financial statement audit firms, public sector auditors, non-accountant assurance providers, sustainability consultants, preparers, directors, regulators, professional bodies, and academics; and
 - (c) Convening informal meetings with various stakeholder groups.
6. The comment period closed on 10 November 2023. The AUASB received written comment letters, from the following stakeholders:
 - [Pitcher Partners](#)
 - [CPA Australia and Chartered Accountants Australia and New Zealand](#)
 - [Deakin University](#)
 - Leon Olsen (personal submission)
 - [the Australian institute of Company Directors](#)
 - [Deloitte Touche Tohmatsu](#)
 - [PWC](#)

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

- 7. The AUASB considered all submissions received to the proposed ISSA 5000 and made a written [submission](#) to the IAASB on 1 December 2023.
- 8. Respondents to the AUASB’s March 2024 consultation paper [Consultation Paper- Assurance Over Climate and Other Sustainability Information](#) were overwhelmingly supportive of adopting ISSA 5000 in Australia, subject to the final standard. The IAASB has since changed the proposed ISSA 5000 in response to feedback it received from stakeholders.
- 9. ISSA 5000 was approved by the IAASB at its September 2024 meeting and issued in November 2024 after certification by the Public Interest Oversight Board. The IAASB voted unanimously that the changes made to ISSA 5000 since the IAASB EM did not require ISSA 5000 to be re-exposed. Refer [here](#) for the IAASB’s Basis for Conclusions which outlines how the reasons for changes to ISSA 5000 since the IAASB EM and how the IAASB responded to the feedback it received on the IAASB EM.
- 10. The AUASB approved ASSA 5000 on 28 January 2025.

Application

- 11. ASSA 5000 applies to all assurance engagements on sustainability information, except where ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* is required to be applied.

IAASB changes

- 12. As noted above, the IAASB’s Basis for Conclusions outlines the changes to ISSA 5000 since the IAASB EM and the reasons for those changes. The IAASB’s changes were in response to the feedback it received on the IAASB EM. The AUASB concluded that it was not necessary to re-expose the final ISSA 5000 in Australia.

Substantive comments raised in AUASB submission on IAASB EM

- 13. The majority of the substantive comments in the AUASB submission have been addressed by the IAASB in ISSA 5000. Those which have not been addressed are not significant enough to warrant amendment in ASSA 5000. Some matters may be addressed through additional AUASB guidance or future amendments to ISSA 5000. Additional guidance will be considered such as guidance in the areas outlined in the AUASB’s Consultation Paper *Assurance over Climate and Other Sustainability Information*, where it is not addressed in guidance materials issued by the IAASB on 27 January 2025 or planned by the IAASB.
- 14. The following table outlines substantive comments raised by the AUASB in its submission on the IAASB EM and how the IAASB addressed those issues in the final ISSA 5000.

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
Scope and Applicability	
<ul style="list-style-type: none"> • There may be confusion where a practitioner undertakes an engagement under both ISAE 3410 <i>Assurance Engagements on Greenhouse Gas Statements</i> and ISSA 5000 	<ul style="list-style-type: none"> • ISSA 5000 applies to all assurance engagements on sustainability information [paragraph 8 ISSA 5000]. • Having concluded that there are no significant gaps in the requirements between ISSA 5000 and ISAE 3410, the IAASB has decided that ISAE 3410 be withdrawn once ISSA 5000

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
<ul style="list-style-type: none"> • Update ISAE 3410 to reflect the principles of ISSA 5000 so that ISAE 3410 can sit under the umbrella of ISSA 5000 	<p>becomes effective for years commencing 15 December 2026 (subject to due process).</p> <ul style="list-style-type: none"> • The AUASB has excluded engagements required to be conducted in accordance with ASAE 3410 from the scope of ASSA 5000 until years commencing 15 December 2026 or earlier where the 2009 Ministerial Audit Direction under s75(1) of the <i>National Greenhouse Energy Act 2007</i> requiring the use of ASAE 3410 is amended or replaced to require the use of ASSA 5000.
Relevant Ethical Requirements and Quality Management Standards	
<ul style="list-style-type: none"> • The AUASB did not support imposing firm quality management and ethical requirements through an assurance standard. • Firm quality management should be dealt with through a separate dedicated project of the IAASB: <ul style="list-style-type: none"> ○ National standards setters may not be able to make ISSA 5000 compliant standards ○ For assurance over a narrow piece of information requiring highly specialised technical expertise, it may be appropriate to apply different quality management and ethical requirements; and ○ A lack of clarity on the ethics and quality Management ‘at least as demanding’ as the <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> Code and ISQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> could result in inconsistency. 	<ul style="list-style-type: none"> • The AUASB does not consider that imposing firm quality management and ethical requirements prevents issuing an Australian equivalent of ISSA 5000. • The <i>Corporations Act 2001</i> requires that the financial report auditor give assurance over information in sustainability reports under the Act and will already apply ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> and APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (APES 110) issued by the Accounting Professional & Ethical Standards Board Limited (APESB). • For consistency with ISSA 5000, the AUASB has decided to also apply Part 5 of the the <i>International Ethics Standards for Sustainability Assurance (Including International Independence Standards)</i> (IESSA) issued by the International Ethics Standards Board for Accountants (IESBA) pending the adoption of Part 5 by the APESB in mid-2025. See paragraph 17 below. • A recent IFAC publication showed that the vast majority of sustainability assurance is being undertaken by audit firms in Australia using ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> which requires compliance with ASQM 1.

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
	<ul style="list-style-type: none"> • The AUASB may provide guidance on the use of experts and quality management for specialised areas. • The IAASB’s Sustainability Assurance Task Force (SATF) acknowledged that third-party quality management requirements exist. However, aside from some limited references to ISO standards in the responses to the IAASB EM, feedback from stakeholders was that they were not aware of any requirements that may be considered at least as demanding as ISQM 1. The SATF was of the view that it is not feasible, based on the overall timeline of the project and resources necessary, for the IAASB to conduct global mapping exercises to determine whether there are alternative requirements deemed to be equivalent to ISQM 1 and to make a statement to that effect within the standard. Such an exercise would also require cooperation with external bodies responsible for establishing alternative requirements, as both parties would likely wish to be involved in making any such determination. • The IAASB changed the determination of ‘at least as demanding’ requirements to remove the discretion of practitioners. The determination is now restricted to an ‘appropriate authority’ [paragraph 30(b) ISSA 5000].
Acceptance and Continuance	
<ul style="list-style-type: none"> • Concern with the potential extent of pre-engagement work • Understanding the entity’s processes and the sustainability information to be disclosed and assured is fundamental to the initial planning of the engagement and may require additional guidance. 	<ul style="list-style-type: none"> • Revised the application material to emphasize that the practitioner uses professional judgment to determine the nature and extent of the preliminary knowledge, and that the preliminary knowledge the practitioner obtains ordinarily differs in nature, and is less in extent, than the understanding obtained when performing the engagement [paragraph A184 ISSA 5000]. • Added a new requirement and application material in the Risk Assessment Procedures section to differentiate the work effort in determining the suitability of the applicable criteria at this stage of the engagement from the work effort in evaluating the suitability of

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
	<p>the criteria at the acceptance and continuance stage [paragraph 107 and A326 ISSA 5000].</p> <ul style="list-style-type: none"> • Added requirements for the practitioner to consider whether the entity has a process to identify sustainability information to be reported and to understand that process as part of the risk assessment procedures [paragraph 76(a) and A187 ISSA 5000]. • Developed Appendix 2 of ISSA 5000 to illustrate the various points throughout the engagement when the practitioner considers the entity’s process to identify sustainability information to be reported.
Definitions	
<ul style="list-style-type: none"> • There may be confusion around the term sustainability information and sustainability information subject to assurance. 	<ul style="list-style-type: none"> • Clarity in the introduction that the scope of the assurance engagement may extend to all of the sustainability information to be reported by the entity or only part of that information. ISSA 5000 requires the assurance report to identify or describe the information that is subject to the assurance engagement [paragraph 5 ISSA 5000]. • Added application material that references to “sustainability information to be reported” are intended to relate to the entirety of the sustainability information to be reported by the entity and are used primarily in the context of the practitioner’s preliminary knowledge of the engagement circumstances. If the assurance engagement does not cover the entirety of the sustainability information reported by the entity, the term ‘sustainability information’ is to be read as the information that is subject to assurance [paragraph A44 ISSA 5000].
Limited and Reasonable Assurance	
<i>Overall Differentiation between Limited and Reasonable Assurance Engagements</i>	
<ul style="list-style-type: none"> • There is a need to further differentiate the requirements for limited assurance and reasonable assurance. There could be confusion as to the nature, timing and extent of procedures expected to be applied to the sustainability information 	<ul style="list-style-type: none"> • Further differentiation added for requirements and application material applicable to one or both levels of assurance. • Emphasised the difference between the ‘deep dive’ in a limited assurance engagement and

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
<p>subject to assurance. This could create inconsistency in practice across assurance engagements.</p> <ul style="list-style-type: none"> • Application material or guidance in this area to increase user and practitioner understanding. Education material should cover the difference between limited and reasonable assurance, and the trust and confidence that intended users could place on each level of assurance. • Where there are issues with systems and processes or risks are identified, more work will be required in a limited assurance engagement which may lead to the identification of material misstatements and result in a modified opinion 	<p>the need to obtain evidence to enable the expression of a reasonable assurance conclusion in a reasonable assurance engagement [paragraph 148L ISSA 5000].</p> <ul style="list-style-type: none"> • For reasonable assurance engagements, irrespective of the assessed risks of material misstatement, ISSA 5000 requires the practitioner to consider the need to design and perform substantive procedures for disclosures that, in the practitioner’s judgment, are material. This recognises that while the practitioner may determine that the risks of material misstatement for certain disclosures (or groups of disclosures) are at an acceptably low level, there may be a need to design and perform substantive procedures on those disclosures if they include information that is likely to be of particular importance to intended users [paragraph 140R ISSA 5000]. • The AUASB may provide guidance on matters not covered by the IAASB implementation support materials issued on 27 January 2025 or guidance planned by the IAASB.
<i>Differentiation in the Approach to Understanding the System of Internal Control</i>	
<ul style="list-style-type: none"> • The difference in the approach for obtaining an understanding of the entity’s system of internal control for limited and reasonable assurance engagements is not clear. 	<ul style="list-style-type: none"> • Greater differentiation between the requirements for limited assurance and reasonable assurance. This recognises that for limited assurance engagements the practitioner’s understanding is required only of the internal controls the practitioner plans to obtain evidence about. The practitioner is required to obtain an understanding of and evaluate the design and determine the implementation of those controls. The practitioner will then be able to obtain evidence e by testing their operating effectiveness. This would, include related general IT controls that address risks arising from the use of IT [paragraphs 113L/R – 116 L/R ISSA 5000].
<i>Approach to Risk Procedures for Limited Assurance Engagements</i>	
<ul style="list-style-type: none"> • The AUASB considers that a risk-based approach is required for limited assurance (the same as for reasonable assurance) 	<ul style="list-style-type: none"> • Aligned the risk-based approach with ISAE 3410 and added requirements and application material for the practitioner, in a

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
	limited assurance engagement, to identify and assess the risks of material misstatement at the disclosure level as a basis for designing and performing further procedures [paragraph 103L ISSA 5000].
Materiality	
<i>The Entity’s “Materiality Process”</i>	
<ul style="list-style-type: none"> The term ‘materiality process’ is seen to imply that the pre-acceptance activity is far more extensive than identifying the scope of the information typically covered in financial assurance engagements and could result in significant unrecoverable costs 	<ul style="list-style-type: none"> Revised the application material to emphasise that the practitioner uses professional judgment to determine the nature and extent of the preliminary knowledge, and that the preliminary knowledge the practitioner obtains ordinarily differs in nature, and is less in extent, than the understanding obtained when performing the engagement [paragraph A184 ISSA 5000]. Developed Appendix 2 to illustrate the various points throughout the engagement when the practitioner considers the entity’s process to identify sustainability information to be reported.
<ul style="list-style-type: none"> Clarification needed about what constitutes sufficient knowledge about the entity’s processes, considerations when evaluating an entity’s process and how to obtain such knowledge 	<ul style="list-style-type: none"> Added requirements for the practitioner to consider whether the entity has a process to identify sustainability information to be reported and to understand that process as part of the risk assessment procedures [paragraph 76(a) and A187 ISSA 5000].
<ul style="list-style-type: none"> Understanding the entity’s processes and the sustainability information to be disclosed and assured is fundamental to the initial planning of the engagement 	<ul style="list-style-type: none"> As above.
<i>Practitioner’s Approach to Materiality</i>	
<ul style="list-style-type: none"> To aid in consistency between assurance engagements, encouragement for practical guidance and examples on how to consider/determine materiality for the purpose of determining risks of material misstatement, designing further procedures and evaluating disclosures both individually and in the context of the sustainability reporting as a whole. 	<ul style="list-style-type: none"> The AUASB may provide guidance on matters not covered by the IAASB implementation support materials issued on 27 January 2025 or guidance planned.

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
Engagement Team and Using the Work of Others	
<ul style="list-style-type: none"> • The practical implementation of the requirements of ISSA 5000 for assurance by others on entities outside of the entity’s organisational boundaries. • Strengthening requirements and guidance in relation to the use of experts. • Requiring the practitioner to understand whether the expert has sufficient understanding of the assurance process. • Requirements or guidance for instances where an assurance practitioner uses an expert or firm of experts in relation to information that is so significant (in materiality and/or the risks associated with that information) that the assurance practitioner should consider the quality management processes, and ethical requirements applied by the expert or the expert’s firm. • Requiring assurance providers to report on the use of their own experts as a means to promote the use of experts. • Strengthening the expectation of the engagement leader and team member competencies and the strong need to use experts throughout the conduct of these engagements beginning at the pre-conditions stage of the engagement 	<ul style="list-style-type: none"> • Clarified that the work of another practitioner is performed in the context of a separate engagement, and that individuals from another practitioner who perform the work are neither members of the engagement team nor practitioner’s experts [paragraph 18 ISSA 5000]. • Revised application material which indicates that, in circumstances in which there may be limitations on management’s ability to obtain information from value chain entities outside of the entity’s control, the applicable criteria may provide certain relief provisions for management (e.g., the ability to develop estimates using sector-average data after making reasonable efforts to obtain the information). However, regardless of any such limitations, the practitioner is required to obtain sufficient appropriate evidence about the value chain information reported by management [paragraphs A252 and A255 ISSA 5000]. • Revised the application material to further clarify the concept of sufficiency of involvement, drawing on ISA 220 (Revised) <i>Quality Management for an Audit of Financial Statements</i> [examples paragraphs 31, 32, 43-48 and A75-A80 and A103-A106]. • Introduced a conditional requirement related to obtaining evidence from “one-to-many” reports of another practitioner [paragraph 51 ISSA 5000]. • To provide sufficient focus on the evaluation of the adequacy of an expert’s work for the practitioner’s purposes, added a separate, more robust requirement [paragraph 57 ISSA 5000]. • The AUASB may provide guidance on matters not covered by the IAASB implementation support materials issued on 27 January 2025 or other guidance planned by the IAASB.
Connectivity with the audited financial statements	

Basis for Conclusions ASSA 5000 *General Requirements for Sustainability Assurance Engagements*

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
<ul style="list-style-type: none"> • There should be a requirement for timely communication throughout the engagement • The AUASB is conscious of the practical challenges and expectations of practitioners in relation to Other Information, particularly if the practitioner was not the financial statement auditor. 	<ul style="list-style-type: none"> • Clarified that ISSA 5000 does not address sustainability information that is required to be included in the entity’s financial statements in accordance with the applicable financial reporting framework [paragraph 12 ISSA 5000]. • Added a requirement and application material for the practitioner to communicate, unless prohibited by law or regulation, with the auditor of the entity’s financial statements, when the practitioner identifies that a material inconsistency appears to exist between the audited financial statements and the sustainability information, or the audited financial statements appear to be materially misstated [paragraph 174 ISSA 5000]. • Added application material clarifying that communication with the financial statements’ auditors, unless prohibited by law and regulation, may be useful if the sustainability matters relate to matters disclosed in the financial statements. This communication may take place at appropriate times throughout the assurance engagement [paragraph A279 ISSA 5000]. • The AUASB may provide additional guidance on communication between assurance practitioners.
Estimates and Forward-Looking Information	
<ul style="list-style-type: none"> • The IAASB should highlight the importance of disclosures about estimation uncertainty and key assumptions, as well as reporting on significant limitations on scope. • Given the potential significance of estimates and/or forward-looking information to users of sustainability information, the AUASB suggests that the requirements for performing limited assurance include some consideration by the practitioner of the appropriateness of the assumptions used by the entity. • The AUASB suggests the IAASB develop support materials including examples and 	<ul style="list-style-type: none"> • Added application material leveraged from ISA 540 (Revised) and the EER guidance to provide additional clarity and differentiation in the work effort [paragraphs A450 – A462R ISSA 5000]. • Included a requirement for the practitioner to obtain an understanding, for estimates and forward-looking information, of how the entity identifies the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate in the context of the applicable criteria [paragraph 117(c) ISSA 5000]. • Included application material which explains that the practitioner cannot determine whether

Substantive comments in the AUASB submission	How addressed by the IAASB in final ISSA 5000 or why does not prevent issuing an Australian standard
<p>considerations for the practitioner, particularly in understanding what would be considered sufficient appropriate evidence to assure such information.</p>	<p>the results of outcome forecast or projects will be achieved. However, the practitioner may obtain evidence on the reasonableness of assumptions used in forecasts or whether hypothetical assumptions in projections are consistent with the purpose of the information [paragraph A452 ISSA 5000].</p> <ul style="list-style-type: none"> To specifically state that the ‘Inherent Limitations in Preparing the Sustainability Information’ in the assurance report may refer to limitations relating to forward looking information included in the sustainability information [paragraph 190(g) ISSA 5000].

AUASB changes to ISSA 5000

15. The [AUASB Policy and Process for International Conformance and Harmonisation of Standards](#) outlines how the AUASB approaches changes to IAASB standards for adoption in Australia. Changes are made when the AUASB is satisfied that there are ‘compelling reasons’ to do so. Compelling reasons fall broadly into two categories: legal and regulatory; and principles and practices considered appropriate having regard to the public interest in Australia.
16. The substantive changes to ISSA 5000 made by the AUASB are outlined below with the reasons for those changes. Substantive changes are shown as Aus paragraphs in ASSA 5000.

Relevant Ethical Requirements

17. ISSA 5000 contains several provisions that require compliance with “relevant ethical requirements” that include Part 5 of the IESSA. At the time of issuing ASSA 5000, the APESB had not yet adopted Part 5 of IESSA, which is based on the pre-existing Part 4A for audits of financial reports. The APESB plans to expose Part 5 of the IESSA in Australia with a view to amending APES 110 in mid-2025. ASSA 5000 applies to certain entities from years commencing 1 January 2025. To ensure consistency between ASSA 5000 and ISSA 5000, the AUASB decided to include Part 5 of IESSA in the definition of “relevant ethical requirements” in ASSA 5000 (though the definition of “the Code”).

Prohibition of Direct Assistance by Internal Audit

18. Direct assistance is where internal auditors perform audit procedures under the direction, supervision and review of the external auditor.
19. The AUASB issued [Consultation Paper: Prohibiting Sustainability Assurance Practitioners from Using Direct Assistance by Internal Auditors](#) in September 2024 for a 75-day comment period to inform the AUASB as to stakeholders views on a possible prohibition on the use of direct assistance by internal audit in sustainability assurance engagements in Australia. The AUASB discussed stakeholder feedback received.
20. The AUASB decided to prohibit the use of direct assistance by internal audit for sustainability assurance engagements for the following reasons:

- (a) Consistency with the prohibition for audits of financial reports in Auditing Standard ASA 610 *Using the Work of Internal Auditors* and APES 110;
 - (b) Most respondents to the AUASB consultation paper supported a prohibition;
 - (c) APES 110 already contains a prohibition on direct assistance that applies to sustainability assurance engagements and the APESB is not expected to consider a change in its position; and
21. Internal audit work may still be used by external assurance practitioners provided it is not direct assistance (i.e. not under the direction, supervision and review of the external assurance practitioner). Paragraph 59 of ASSA 5000 outlines the requirements for the practitioner where they plan to use the work of the internal audit function.

Monitoring

22. The AUASB will monitor the implementation of ASSA 5000 on an ongoing basis and will consider supplementary guidance to support the implementation of the standard.

Conclusion

23. The AUASB voted to approve and issue ASSA 5000 on 28 January 2025.
24. In reaching its conclusions the AUASB considered:
- (a) all stakeholder feedback;
 - (b) the IAASB's due process and consideration as to whether ISSA 5000 should be re-exposed in Australia;
 - (c) that the amendments made to the standard by the IAASB since exposure were in response to submissions from stakeholders on the exposure draft, have not changed the fundamental approach and principles on which the standard is based, and did not require the re-exposure of the standard.

* * *