

ASA 102
(December 2024)

Auditing Standard ASA 102

Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements

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



Australian Government

Auditing and Assurance Standards Board

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ISSN 1030-603X

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PREFACE

Reasons for Issuing ASA 102

The AUASB issues Auditing Standard ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (December 2024)* pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is a non-corporate Commonwealth entity of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 336 of the *Corporations Act 2001*, the AUASB may make Auditing Standards for the purposes of the corporations legislation. These Auditing Standards are legislative instruments under the *Legislation Act 2003*.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB is required, inter alia, to develop auditing standards that have a clear public interest focus and are of the highest quality.

ASA 102 is an Auditing Standard made under the *Corporations Act 2001* for Australian legislative purposes. ASA 102 enables references to relevant ethical requirements in other AUASB Standards to remain current as they are explicitly linked to ASA 102. Under ASA 102 the auditor, assurance practitioner, engagement quality reviewer, and firm are to have regard to the applicable requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, issued by the Accounting Professional & Ethical Standards Board Limited (APESB) in November 2018 incorporating all amendments to June 2024, which are to be taken into account in determining whether relevant ethical requirements have been met. The AUASB proposes to amend or re-make ASA 102 whenever APES 110 is amended or revised, to ensure that such cross references remain current and to eliminate the need to amend other AUASB Standards.

The AUASB has made ASA 102 in a format that is consistent with the other Australian Auditing Standards operative for financial reporting periods commencing on or after 1 January 2010 and for firms required to establish systems of quality management in compliance with 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*.

Main Features

This Auditing Standard establishes requirements and provides application and other explanatory material regarding the responsibilities of auditors, assurance practitioners, engagement quality reviewers and firms to comply with relevant ethical requirements, including those pertaining to independence, relating to audits, reviews and other assurance engagements.

Under the Strategic Direction given to the AUASB by the FRC, the AUASB is required to have regard to any programme initiated by the International Auditing and Assurance Standards Board (IAASB) for the revision and enhancement of the International Standards on Auditing (ISAs) and to make appropriate consequential amendments to the Australian Auditing Standards.

ASA 102 has been made for Australian legislative purposes and accordingly there is no equivalent ISA issued by the IAASB. However, the requirement and application and other explanatory material in ASA 102 have been drawn from several standards of the IAASB.

The APESB has recently issued amendments to APES 110 incorporating changes to the IESBA Code, with adaptations and additional requirements to suit the Australian environment. The amendments are effective from 1 January 2025. The revision of ASA 102 updates references to the amended APES 110 (issued in November 2018 incorporating all amendments to June 2024).

Auditing Standard ASA 102

Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (December 2024)* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

This Auditing Standard is to be read in conjunction with ASA 101 *Preamble to AUASB Standards*, which sets out how AUASB Standards are to be understood, interpreted and applied. This Auditing Standard is to be read also in conjunction with ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.

Dated: 16 December 2024

D Niven
Chair - AUASB

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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 (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

However, the requirement and application and other explanatory material in this Auditing Standard have been drawn from ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, ISQM 2 *Engagement Quality Reviews*, ISA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing* and ISA 220 *Quality Management for an Audit of Financial Statements*, issued by the IAASB, as listed in the following table:

ASA 102	International Standards
Paragraph 6 (requirement)	ISA 200 paragraph 14 ISQM 1 paragraph 29 ISQM 2 paragraphs 2, 18-20
Paragraph A1	ISA 200 paragraph A17
Paragraph A2	ISA 200 paragraph A18
Paragraph A3	ISA 200 paragraph A18
Paragraph A4	ISA 200 paragraph A18
Paragraph A5	ISA 200 paragraph A19
Paragraph A6	ISQM 1 paragraph A18 ISA 220 paragraph A26-A27

Compliance with this Auditing Standard, together with other Australian Auditing Standards, enables compliance with the ISAs and ISQMs.

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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*;
 - (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) other assurance engagements excluding sustainability assurance engagements; and
 - (e) a firm required to comply with 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*.

Operative Date

2. This Auditing Standard is operative for financial reporting periods commencing on or after 1 January 2025.

Introduction

Scope of this Auditing Standard

3. This Auditing Standard includes a requirement for auditors, assurance practitioners, engagement quality reviewers and firms to comply with relevant ethical requirements, including those pertaining to independence, relating to audits, reviews and other assurance engagements.

Objective

4. The objective of the auditor, assurance practitioner, engagement quality reviewer and firm is to comply with relevant ethical requirements, including those pertaining to independence, relating to audits, reviews and other assurance engagements.

Definitions

5. For the purposes of this Auditing Standard, the following terms have the meanings attributed below:
 - (a) Assurance practitioner means assurance practitioner as defined in ASQM 1.
 - (b) Auditor means auditor as defined in ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*.
 - (c) Engagement quality reviewer means engagement quality reviewer as defined in ASQM 1.

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- (d) Relevant ethical requirements means ethical requirements that apply to the auditor, assurance practitioner, engagement quality reviewer and firm. In Australia, these include the applicable requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, issued by the Accounting Professional & Ethical Standards Board Limited (APESB) (November 2018 incorporating all amendments to June 2024), the applicable provisions of the *Corporations Act 2001* and other applicable law or regulation.

Requirements

Compliance with Relevant Ethical Requirements (Ref: Para. A1-A6)

6. The auditor, assurance practitioner, engagement quality reviewer and firm shall comply with relevant ethical requirements, including those pertaining to independence, when performing audits, reviews and other assurance engagements.

* * *

Application and Other Explanatory Material

Compliance with Relevant Ethical Requirements (Ref: Para. 6)

- A1. The auditor, assurance practitioner, engagement quality reviewer and firm are to have regard to the applicable requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, issued by the APESB, which are to be taken into account in determining whether relevant ethical requirements referred to in paragraph 6 of this Auditing Standard have been met. In relation to audits and reviews undertaken in accordance with the *Corporations Act 2001*, the provisions of Division 3 Part 2M.4 of the Act may also apply.
- A2. APES 110 establishes the fundamental principles of ethics which are:
- (a) Integrity;
 - (b) Objectivity;
 - (c) Professional competence and due care;
 - (d) Confidentiality; and
 - (e) Professional behaviour.

The fundamental principles of ethics establish the standard of behaviour expected of the auditor, assurance practitioner, engagement quality reviewer, and firm, when performing audits, reviews and other assurance engagements.

- A3. APES 110 provides a conceptual framework that establishes the approach which the auditor, assurance practitioner, engagement quality reviewer and firm are required to apply when identifying, evaluating and addressing threats to compliance with the fundamental principles.
- A4. In the case of audits, reviews and other assurance engagements, APES 110 sets out *Independence Standards*, established by the application of the conceptual framework to threats to independence in relation to those engagements.
- A5. APES 110 describes independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional scepticism.
- A6. The definition of terms in APES 110 may differ from the definitions of those terms in AUASB Standards. In complying with the requirements of this Auditing Standard, the definitions used in APES 110 apply in so far as is necessary to interpret the ethical requirements of AUASB Standards.