



**Subject:** 156<sup>th</sup> Meeting of the Auditing and Assurance Standards Board - Highlights  
**Venue:** Virtual  
**Meeting Date:** Tuesday, 28 January 2025, 12:00 pm – 2:46 pm

## 1. Use of Direct Assistance from Internal Audit in Sustainability Assurance Engagements

The AUASB met with representatives of The Institute of Internal Auditors (IIA) to discuss the IIA's feedback on a possible prohibition on direct assistance by internal audit in sustainability assurance engagements ('direct assistance'). Direct assistance refers to the use of internal auditors to perform audit procedures under the direction, supervision and review of the external assurance practitioner.

The AUASB decided to prohibit direct assistance, which is consistent with an equivalent prohibition for audits of financial reports. The Office of the AUASB will work with the IIA to develop guidance as to where the work of internal auditors can be used in sustainability assurance engagements.

## 2. ASSA 5000 General Requirements for Sustainability Assurance Engagements

The AUASB approved an Australian equivalent of the IAASB's ISSA 5000 *General Requirements for Sustainability Assurance Engagements*. ASSA 5000 includes the following changes to ISSA 5000:

- *Application date* – ASSA 5000 will apply for sustainability assurance engagements on sustainability information reported:

- For reporting periods beginning on or after 1 January 2025; and
- As at a specific date on or after 1 January 2025.

In the case of mandatory climate reporting, ASSA 5000 will be subject to the phasing in of limited and reasonable assurance under ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* (see Item 3 below).

- *Internal audit* – ASSA 5000 will prohibit the use of direct assistance by internal auditors in a sustainability assurance engagement (see item 1 above).
- *'Relevant ethical requirements'* – the definition of this term in ASSA 5000 will be aligned with ISSA 5000 by referring to:
  - Parts 1 to 3 of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) issued by the Accounting Professional & Ethical Standards Board (APESB); and
  - The recently released Part 5 of the International Ethics Standards Board for Accountants Code of Ethics (IESBA Code).

This definition will be revised when the APESB updates APES 110 later this year to include the equivalent of Part 5 of the IESBA Code.

Consistent with international standards, ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* will continue to apply until reporting periods commencing 15 December 2026 for separate emissions reporting where required under Australia's *National Greenhouse and Energy Reporting Act 2007*.

### Conforming Amendments

The AUASB also approved:

- ASA 2025-2 *Amendments to Australian Auditing Standards* - which makes conforming and consequential amendments to other AUASB standards as a result of ASSA 5000; and
- A revised ASA 101 *Preamble to AUASB Standards* - to include ASSA 5000 and ASSA 5010 within the scope of ASA 101, and to clarify that the firm-level quality management standards are not legally enforceable under the *Corporations Act 2001* (the Act).



### 3. ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*

For mandatory climate reporting under the Act, ASSA 5000 will be subject to the phasing in of limited and reasonable assurance under ASSA 5010. ASSA 5010 was formally approved by the AUASB on 28 January 2025 with no changes to the assurance phasing model previously approved at the AUASB’s 16 December 2024 meeting.

Mandatory reporting under the Act commences at different times for each of three groups of entities. The Act requires reporting using AASB S2 *Climate-related Disclosures*. The following table shows the phasing in of limited and reasonable assurance for the AASB S2 disclosures for each of the three groups of entities (earlier assurance permitted).

Years commencing	Year 1*	Year 2	Year 3	Year 4**	Year 5	Year 6
Group 1	1/1/25 to 30/6/26	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31
Group 2	1/7/26 to 30/6/27	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32
Group 3	1/7/27 to 30/6/28	1/7/28 to 30/6/29	1/7/29 to 30/6/30	1/7/30 to 30/6/31	1/7/31 to 30/6/32	1/7/32 to 30/6/33
Governance	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Strategy – Risks and Opportunities ***	Limited****	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate Resilience Assessments/ Scenario Analysis	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Transition Plans	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Risk Management	None	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 1 and 2 Emissions	Limited	Limited	Limited	Reasonable	Reasonable	Reasonable
Scope 3 Emissions	N/A	Limited	Limited	Reasonable	Reasonable	Reasonable
Climate-related Metrics and Targets	None	Limited	Limited	Reasonable	Reasonable	Reasonable

\* Group 1 entities with years commencing 1 January to 30 June will be subject to the Year 1 provisions twice (e.g. years commencing 1/1/25 and 1/1/26). Reporting of Scope 3 emissions is required for years commencing 1/1/26 to 30/6/26 for these Group 1 entities.

\*\* Years commencing from 1/7/30 to 30/6/31 for Group 3 entities. From that time reasonable assurance is required by the Act for all mandatory climate disclosures.

\*\*\* The phasing for assurance on statements that there are no material climate-related risks and opportunities would be the same as for ‘Strategy – Risks and Opportunities’.

\*\*\*\* Only subparagraphs 9(a), 10(a) and 10(b) of AASB S2.

### 4. ‘PIE Track 1’ amendments

The AUASB approved ASA 2025-1 *Amendments to Australian Auditing Standards* which amends the following standards:

- ASA 700 *Forming and Opinion and Reporting on a Financial Report* - to require audit reports of entities such as public interest entities to disclose the information required in APES 110 in addition to existing disclosure on application of the independence requirements; and
- ASA 260 *Communication With Those Charged With Governance* - to require the auditor to communicate on the application of independence requirements in the APES 110 to those charged with governance.

The final versions of ASSA 5000, ASSA 5010, ASA 2025-2, the revised ASA 101 and ASA 2025-1 will be published on the AUASB website ([www.auasb.gov.au](http://www.auasb.gov.au)) during next week. The draft standards included in Board papers for Meeting 155 are subject to some minor amendments and final quality review.

**The AUASB will hold its next meeting in Melbourne on 19 February 2025.**

**AUASB meetings are open to the public. Please email enquiries@auasb.gov.au if you wish to attend.**