

ASA 2017-3
(November 2017)

Explanatory Statement

ASA 2017-3 Amending Standard to 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

Obtaining a Copy of this Explanatory Statement

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

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Reasons for Issuing Auditing Standard ASA 2017-3

The AUASB issues Auditing Standard ASA 2017-3 *Amending Standard to ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* 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 *Legislative Instruments 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.

Purpose of Auditing Standard ASA 2017-3 Amending Standard to ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements

The purpose of the Auditing Standard is to make amendments to ASA 102 *Compliance with Ethical Requirements when Performing Audits, Review and Other Assurance Engagements* (27 October 2009) to include reference to the latest version of APES 110 *Code of Ethics for Professional Accountants* issued to the Australian Professional & Ethical Standards Board Limited.

Operative Date

ASA 2017-3 *Amending Standard to ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* is operative for engagements commencing on or after 1 January 2018 with early adoption permitted prior to this date.

Process of making Australian Auditing Standards

The AUASB's Strategic Direction, *inter alia*, provides that the AUASB develop Australian Auditing Standards that:

- have a clear public interest focus and are of the highest quality;
- use the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as the underlying standards;
- conform with the Australian regulatory environment; and
- are capable of enforcement.

Consultation Process prior to issuing the Auditing Standard

It is the view of the AUASB that these changes do not require public exposure as they are not significant in nature, and have no impact on the requirements of ASA 102.

Regulatory Impact Statement

A Regulatory Impact Statement (RIA) will be prepared in connection with the preparation of ASA 2017-2 *Amendments to Australian Auditing Standards*. It is expected that the RIA will be cleared by the Office of Best Practice Regulation (OBPR).

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Legislative Instrument: **Auditing Standard ASA 2017- 3 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

Background

The AUASB is a Non Corporate Commonwealth Entity 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 *Legislative Instruments Act 2003*.

Purpose of Auditing Standard ASA 2017-3

The purpose of ASA 2017-3 is to make amendments to ASA 102.

Main Features

ASA 2017-3 makes amendments to ASA 102 to refer to the latest version of APES 110 *Code of Conduct for Professional Accountants* as issued by the Australian Professional & Ethical Standards Board Limited.

Human Rights Implications

The Auditing Standards are issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standards do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.