

**ASA 102**  
(December 2019)

**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**  

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**Auditing and Assurance Standards Board**

## **Obtaining a Copy of this Auditing Standard**

This Auditing Standard is available on the Auditing and Assurance Standards Board (AUASB) website: [www.auasb.gov.au](http://www.auasb.gov.au)

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## PREFACE

### **Reasons for Issuing ASA 102**

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard 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 *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 control 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, 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 control in compliance with 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* by 1 January 2010.

### **Main Features**

This Auditing Standard establishes requirements and provides application and other explanatory material regarding the responsibilities of auditors, assurance practitioners, engagement quality control 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 IAASB has made limited amendments to several International Standards to address changes made to the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is effective from 15 June 2019.

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The APESB has issued a revised APES 110 to incorporate the changes to the IESBA Code, with adaptations and additional requirements to suit the Australian environment. The revised APES 110 is effective from 1 January 2020.

The revision of ASA 102:

- a) reflects amendments made to relevant paragraphs in equivalent IAASB standards to address inconsistencies between IAASB Standards and the IESBA Code; and
- b) updates references to the revised APES 110, reissued in November 2018.

**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 (reissued December 2019)* 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 Australian Auditing Standards*, which sets out the intentions of the AUASB on how the Australian Auditing Standards, operative for financial reporting periods commencing on or after 1 January 2010, are to be understood, interpreted and applied.

Dated: 4 December 2019

R Simnett AO  
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 ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*, 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 Control for an Audit of Financial Statements*, as issued by the IAASB, as listed in the following table:

ASA 102	International Standards
Paragraph 6 (requirement)	ISA 200 paragraph 14 ISA 220 paragraphs 9-11 ISQC 1 paragraph 20
Paragraph A1	ISA 200 paragraph A16
Paragraph A2	ISQC 1 paragraph A7 ISA 200 paragraph A17 ISA 220 paragraph A4
Paragraph A3	ISQC 1 paragraph A8 ISA 200 paragraph A17
Paragraph A4	ISQC 1 paragraph A8 ISA 200 paragraph A17
Paragraph A5	ISA 200 paragraph A18
Paragraph A6	ISQC 1 paragraph A9
Paragraph A7	ISQC 1 paragraph A10 ISA 220 paragraph A5

Compliance with this Auditing Standard, together with other Australian Auditing Standards, enables compliance with the ISAs and ISQC 1.

## AUDITING STANDARD ASA 102

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

#### 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; and
  - (e) a firm required to comply with 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*.

#### Operative Date

2. This Auditing Standard is operative for engagements with financial reporting periods ending on or after 31 December 2019. Early adoption of this Auditing Standard is permitted prior to this date.

#### Introduction

##### Scope of this Auditing Standard

3. This Auditing Standard includes a requirement for auditors, assurance practitioners, engagement quality control 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 control 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 ASQC 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 control reviewer means engagement quality control reviewer as defined in ASQC 1.



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- (d) Firm means firm as defined in ASQC 1.
- (e) Relevant ethical requirements means ethical requirements that apply to the auditor, assurance practitioner, engagement quality control 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 in November 2018, the applicable provisions of the *Corporations Act 2001* and other applicable law or regulation.

## **Requirements**

### **Compliance with Relevant Ethical Requirements (Ref: Para. A1-A7)**

6. The auditor, assurance practitioner, engagement quality control 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 control 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 in November 2018, 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 control reviewer, and firm, when performing audits, reviews and other assurance engagements.
- A3. APES 110 provides a conceptual framework to apply in order to identify, evaluate and address threats to compliance with the fundamental principles.
- A4. APES 110 specifies *Independence Standards*, which set out requirements and application material on how to apply the conceptual framework to maintain independence when performing audits, reviews or other assurance engagements. The auditor, assurance practitioner, engagement quality control reviewer, and firm are required to comply with these standards in order to be independent when conducting such engagements. The conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles applies in the same way to compliance with independence requirements.
- 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 allows the ability to act with integrity, to be objective and to maintain an attitude of professional scepticism.
- A6. The fundamental principles in APES 110 are reinforced in particular by:
- (a) The leadership of the firm;
  - (b) Education and training;
  - (c) Monitoring; and
  - (d) A process for dealing with breaches.
- A7. The definition of terms in APES 110 may differ from the definitions of those terms in Australian Auditing Standards including terms defined in ASQC 1, ASA 200 and ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*.

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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 ASQC 1, ASA 200 and ASA 220.