

# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **6(i)**

**Meeting Date:**               7 March 2018

**Subject:**                     *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (reissued March 2018)

**Date Prepared:**             9 February 2018

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. To present proposed Auditing Standard *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (reissued March 2018) to the Board for review and for the Board to approve the making of *ASA 102* (reissued March 2018).

## Background

2. *ASA 102* establishes 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. The requirements of *APES 110 Code of Ethics for Professional Accountants* (*APES 110*) is specifically identified in the Standard as part of 'relevant ethical requirements'.
3. In Australia, the pronouncements issued by the Accounting Professional & Ethical Standards Board Limited (*APESB*) do not have the same legal status as Standards issued by the AUASB, which are legislative instruments. *APESB* pronouncements are treated as 'external documents' by the *Acts Interpretation Act 1901* and the *Legislation Act 2003*.
4. A reference in a Standard to an external document is stationary (being fixed in time to refer to the contents of the external document when the Standard was issued) as opposed to a reference in a Standard to a second Standard or another legislative instrument, which is ambulatory (automatically moving forward to refer to the most recently issued version).
5. Therefore, when an amendment is made to *APES 110*, *ASA 102* should be amended or reissued to reflect the change by updating the reference.
6. The proposed *ASA 102* (reissued March 2018) refers to the most recent version of *APES 110* which was amended in May 2017 to incorporate revisions by the International Ethical Standards for Accountants (*IESBA*) to the *Code of Ethics for Professional Accountants for Non-Compliance with Laws and Regulations* (*NOCLAR*) and *Non-Assurance Services to Audit and Assurance Clients* (*NAS*). The *APES 110* amendments were operative 1 January 2018.

7. At the November meeting (no. 97), the AUASB was presented with:
  - a) *ASA 2017-3 Amending Standard to ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*;
  - b) ASA 102 with ASA 2017-3 compiled – clean version;
  - c) ASA 102 with ASA 2017-3 compiled – marked-up from extant; and
  - d) Explanatory Statement to ASA 2017-3.
8. The AUASB considered and provided feedback, requesting the drafts be brought back to the March 2018 meeting.

**Amendments since previous meeting**

9. Since the November meeting, the AUASB Technical Group have decided it is more appropriate to re-issue ASA 102 rather than issuing an amending standard as was originally proposed. This enables referencing to only one version of APES 110.
10. The operative date of the proposed ASA 102 (reissued March 2018) is “for engagements with reporting periods commencing on or after 8 March 2018<sup>1</sup>”. Note, the *Legislation Act 2003* expressly prohibits retrospective legislation. Definitions
11. The current compiled version of ASA 102 (as amended to 1 July 2013) contains defined terms in paragraphs 4(a)-(d) drawn from other Auditing Standards. The AUASB Technical Group have removed the definitions from ASA 102 and have included cross references to the appropriate Standards to avoid duplication and ASA 102 becoming inconsistent with other Standards in the future.

**AUASB Technical Group Recommendations**

The Technical Group recommend the AUASB:

- Approve the proposed ASA 102 (reissued March 2018) for issue without public exposure, with an operative date for engagements with reporting periods commencing on or after 8 March 2018 with early adoption permitted.
- Agree that the proposed ASA 102 (reissued March 2018) does not require public exposure as the amendments are not significant in nature and are to update the Standard to refer to the most recent version of the APES code, a necessary step in the operation of legislative instruments as explained in the background.

**Material Presented**

Agenda Item 6(i)	AUASB Board Meeting Summary Paper
Agenda Item 6(ii)	(Draft) Auditing Standard ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (reissued March 2018)</i>

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<sup>1</sup> Subject to FRLI approval

Agenda Item 6(iii)	(Draft) Auditing Standard ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (reissued March 2018)</i> Mark-up from 2009 principle.
Agenda Item 6(iv)	(Draft) Explanatory Statement for ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (reissued March 2018)</i>

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**Action Required**

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Approve the making of ASA 102 (reissued March 2018)	Making of Standard	AUASB	7 March 2018	o/s