

AUASB 2025-7
(July 2025)

Explanatory Statement

AUASB 2025-7 Amendments to AUASB Standards

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



Australian Government

Auditing and Assurance Standards Board

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

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Reasons for Issuing Auditing Standard AUASB 2025-7

The AUASB issues AUASB 2025-7 *Amendments to AUASB Standards* 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*. 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, 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 Standard AUASB 2025-7 Amendments to AUASB Standards

The purpose of the Standard is to make amendments to the following AUASB Standards:

- ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (issued 28 January 2025 and amended to 23 May 2025)
- ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (issued 16 December 2024 and amended to 9 July 2025)

Main Features

The amendments to ASSA 5000 and ASA 102 arise from changes made by the Accounting Professional & Ethical Standards Board Limited (APESB) to *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the use of external experts and sustainability assurance.

Operative Date

AUASB 2025-7 *Amendments to AUASB Standards* is operative in accordance with the operative dates of ASSA 5000 and ASA 102, except that any later effective dates and any transitional provisions in the revised APES 110 apply. The effective dates of the changes to APES 110 covered by AUASB 2025-7 are all after the date of issuing AUASB 2025-7.

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 Standard

AUASB 2025-7 does not require public exposure as the revisions to APES 110 were subject to public exposure by the APESB and the International Ethics Standards Board for Accountants. APES 110 already applies to all members of Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants. Those members include almost all registered company auditors to whom the revised ASA 102 applies.

Impact Analysis

A Preliminary Assessment form has been prepared in connection with the preparation of AUASB 2025-7 and lodged with the Office of Impact Analysis (OIA). The OIA advised that an Impact Analysis is not required in relation to this standard.

Exemption from Sunsetting

Auditing Standards promulgated by the AUASB that are legislative instruments are exempt from the sunseting provisions of the *Legislation Act 2003* through section 12 of the *Legislation (Exemption and Other Matters) Regulation 2015* (Item 18(a)).

The AUASB's Standards incorporate Standards set by the International Auditing and Assurance Standards Board. The AUASB's Standards are exempt from sunseting because a more stringent review process than sunseting applies to the Standards. This review process ensures Australia's Auditing Standards regime remains consistent with international standards. Typically, the AUASB Standards are revised at least once within a ten-year period, with most of the Standards subject to revisions much more frequently than that. Each revision follows the stringent review process (which includes the opportunity for public comment) in order to remain consistent with international Standards. It is very unlikely that any AUASB Standard would not have been amended (or else considered for amendment) within a ten-year period through these review processes. Therefore, if it applied, a ten-year sunseting regime would have very limited practical application to AUASB Standards. Parliamentary oversight is retained whenever a Standard is replaced or amended since the Standards are disallowable instruments and subject to the normal tabling and scrutiny process as required by the *Legislation Act 2003*.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

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

Legislative Instrument: **Standard AUASB 2025-7 Amendments to AUASB Standards**

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

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Purpose of Auditing Standard AUASB 2025-7

The purpose of AUASB 2025-7 is to make amendments to the following AUASB Standards:

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Human Rights Implications

AUASB 2025-7 was issued by the AUASB in furtherance of the objective of facilitating the Australian economy. The standard does 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.