

ASA 2025-2
(January 2025)

Auditing Standard ASA 2025-2 ***Amendments to Australian Auditing Standards***

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



Australian Government

Auditing and Assurance Standards Board

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PREFACE

Reasons for Issuing ASA 2025-2

The Auditing and Assurance Standards Board (AUASB) issues Auditing Standard ASA 2025-2 *Amendments to Australian Auditing 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* (ASIC Act). Under section 336 of the *Corporations Act 2001* (the Act), 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.

Main Features

This Auditing Standard makes amendments to the requirements and application & other explanatory material and appendices of the following Auditing Standards for minor updates on the issue of Australian Standard on Sustainability Assurance ASSA 5000 *General requirements for Sustainability Assurance Engagements*:

- | | |
|---------|---|
| ASQM 1 | <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> (Issued March 2021 and amended to April 2022) |
| ASQM 2 | <i>Engagement Quality Reviews</i> (Issued March 2021 and amended to April 2022) |
| ASA 720 | <i>The Auditor's Responsibilities Relating to Other Information</i> (Issued December 2015 and amended to March 2023) |

The amendments are consistent with changes made by the International Auditing and Assurance Standards Board (IAASB) on the issuing of International Standard on Sustainability Assurance ISSA 5000 *General Requirements for Sustainability Assurance Engagements*. Under the Strategic Direction given to the AUASB by the Financial Reporting Council, the AUASB is required to have regard to any programme initiated by the IAASB for the revision and enhancement of the standards issued by the IAASB and to make appropriate consequential amendments to the Australian standards.

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) makes this Auditing Standard ASA 2025-2 *Amendments to Australian Auditing Standards* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*.

Dated: 28 January 2025

D Niven
Chair - AUASB

Conformity with International Standards

This standard has been made for Australian legislative purposes and accordingly there is no equivalent standard issued by the International Auditing and Assurance Standards Board (IAASB).

AUDITING STANDARD ASA 2025-2

Amendments to Australian Auditing Standards

Application

1. The amendments in this Standard apply in accordance with the application paragraphs (as amended by this Standard) of each amended standard.

Operative Date

2. The amendments made by this Standard are operative as follows:
 - (a) Amendments to ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* (Issued March 2021 and amended to April 2022) (ASQM 1) apply from 1 January 2025; and
 - (b) Amendments to the following standards apply for periods beginning on or after 1 January 2025:
 - (i) ASQM 2 *Engagement Quality Reviews* (Issued March 2021 and amended to April 2022) (ASQM 2); and
 - (ii) ASA 720 *The Auditor's Responsibilities Relating to Other Information* (Issued December 2015 and amended to April 2022).

Introduction

Scope of this Standard

3. This Standard amends ASQM 1, ASQM 2 and ASA 720.

Objective

4. The objective of this Standard is to amend ASQM 1, ASQM 2 and ASA 720 on the issue of Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000), consistent with changes made to the corresponding standards issued by the International Auditing and Assurance Standards Board on the issue of International Standard on Sustainability Assurance ISSA 5000 *General Requirements for Sustainability Assurance Engagements*.

Definition

5. For the purposes of this Standard, terms have the meanings set out in each amended standard and in the *AUASB Glossary*, unless otherwise stated.

Amendments to Standards

6. Where relevant, this Standard uses underlining, striking out and other typographical material to identify the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined.
7. Where this amending standard inserts or deletes a footnote, subsequent footnotes and references thereto are updated throughout the amended standard.

Amendments to ASQM 1

8. Paragraph Aus 0.1 of ASQM 1 is amended as follows:

- (a) Subparagraph (e) becomes subparagraph (g);
- (b) Subparagraph (f) becomes subparagraph (h);
- (c) Insert the following new subparagraphs:
 - (e) assurance over information in sustainability reports for the purposes of Chapter 2M of the *Corporations Act 2001*;
 - (f) assurance over other sustainability information for other purposes;

9. Paragraph Aus 4.1 of ASQM 1 is amended as follows and footnote ‘*’ removed:

This ASQM is to be read in conjunction with relevant ethical requirements. Relevant ethical requirements are defined in paragraph Aus 16.8~~ASA 102~~.^{*} Law, regulation or relevant ethical requirements may establish responsibilities for the firm’s management of quality beyond those described in this ASQM (Ref: Para. A2).

10. Paragraph Aus 16.7 of ASQM 1 is amended as follows:

AUASB Standards means standards issued by the AUASB, comprising:

- (a) Australian Auditing Standards which means the suite of auditing standards issued by the AUASB, comprising:
 - Auditing Standards made under section 336 of the *Corporations Act 2001*;
 - *ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
 - *ASA 810 Engagements to Report on Summary Financial Statements*.
- (b) Australian Standards on Review Engagements;
- (c) Australian Standards on Assurance Engagements; ~~and~~
- (d) Australian Standards on Sustainability Assurance; and
- (~~e~~) Australian Standards on Related Services;

11. Paragraph Aus 16.8 of ASQM 1 is amended as follows:

Relevant ethical requirements means:

- (i) for sustainability assurance engagements, ‘relevant ethical requirements’ as defined in ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000); and
- (ii) for engagements other than sustainability assurance engagements, ‘relevant ethical requirements’ as defined in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. (Ref: Para. A22-A24; A62)

12. Insert new paragraph Aus 16.9 after paragraph Aus 16.8 of ASQM 1 as follows:

The Code means:

- (a) for sustainability assurance engagements, ‘the Code’ as defined in ASSA 5000; and
- (b) for engagements other than sustainability assurance engagements, APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board.

As a result of the insertion, ‘APESB Code’ will be replaced with ‘the Code’ throughout ASQM 1.

13. Paragraph A1 of ASQM 1 is amended to read as follows and footnotes 7 and 8 are inserted:

Other pronouncements of the AUASB, including ASRE 2400⁵ and ASAE 3000,⁶ also establish requirements for the engagement partner or engagement leader, as applicable, for the management of quality at the engagement level, including ASRE 2400⁵ and ASAE 3000⁶ for the engagement partner, and ASSA 5000⁷ for the engagement leader.⁸for the management of quality at the engagement level.

14. As a result of the footnotes insertion above, subsequent footnotes of this ASQM 1 are re-numbered and references to these footnotes are updated accordingly.

15. Paragraph A2 of ASQM 1 is amended to read as follows and footnote 9 is deleted:

The ~~APESB~~ Code⁹ contains requirements and application material for members or practitioners that enable members and practitioners to meet their responsibility to act in the public interest. As indicated in paragraph 15, in the context of engagement performance as described in this ASQM, the consistent performance of quality engagements forms part of the member’s or practitioner’s responsibility to act in the public interest.

16. Paragraph A22 of ASQM 1 is amended to read as follows:

The relevant ethical requirements that are applicable in the context of a system of quality management may vary, depending on the nature and circumstances of the firm and its engagements. The term “member” may be defined in relevant ethical requirements. For example, the ~~APESB~~ Code defines the term “member” and further explains the scope of provisions in the ~~APESB~~ Code that apply to individual members in public practice or practitioners and their firms.

17. Paragraph A23 of ASQM 1 is amended to read as follows:

The ~~APESB~~ Code addresses circumstances when law or regulation precludes the member from complying with certain parts of the ~~APESB~~ Code. It further acknowledges that some jurisdictions might have provisions in law or regulation that differ from or go beyond those set out in the ~~APESB~~ Code and that members or practitioners in those jurisdictions need to be aware of those differences and comply with the more stringent provisions, unless prohibited by law or regulation.

18. Paragraph A62 of ASQM 1 is amended to read as follows:

The ~~APESB~~ Code sets out the fundamental principles of ethics that establish the standards of behaviour expected of a member or practitioner and establishes the Australian Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The ~~APESB~~ Code also specifies the approach that a member or practitioner is required to apply to comply with the fundamental principles and, when applicable, the Australian Independence Standards. In addition, the

⁷ Australian Standard on Sustainability Assurance (ASSA) 5000, *General Requirements for Sustainability Assurance Engagements*

⁸ ASSA 5000, paragraph A25, states that the term engagement leader in ASSA 5000 is the equivalent of “engagement partner” in ASQM 1.

APESB Code addresses specific topics relevant to complying with the fundamental principles. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.

19. Paragraph A83 of ASQM 1 is amended to read as follows:

Law, regulation or AUASB standards may prescribe the time limits by which the assembly of final engagement files for specific types of engagements are to be completed. Where no such time limits are prescribed in law or regulation, the time limit may be determined by the firm. In the case of engagements conducted under the ASAs, ASSAs or ASAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report.

20. Paragraph A85 of ASQM 1 is amended to read as follows:

Law, regulation or AUASB standards may prescribe the retention periods for engagement documentation. If the retention periods are not prescribed, the firm may consider the nature of the engagements performed by the firm and the firm's circumstances, including whether the engagement documentation is needed to provide a record of matters of continuing significance to future engagements. In the case of engagements conducted under the ASAs, ASSAs or ASAEs, the retention period is ordinarily no shorter than five years from the date of the engagement report, or, if later, the date of the auditor's report on the group financial report, when applicable.

Amendments to ASQM 2

21. Paragraph Aus 0.1 of ASQM 2 is amended as follows:

- (a) Subparagraph (e) becomes subparagraph (g);
- (b) Subparagraph (f) becomes subparagraph (h);
- (c) Insert the following new subparagraphs:
 - ‘(e) assurance over information in sustainability reports for the purposes of Chapter 2M of the *Corporations Act 2001*;
 - (f) assurance over other sustainability information for other purposes;’

22. Paragraph Aus 0.2 of ASQM 2 is amended as follows:

This ASQM is effective for:

- (a) Audits and reviews of a financial report for periods beginning on or after 15 December 2022; ~~and~~
- (b) Audits and reviews over information in sustainability reports and other sustainability information for periods beginning on or after 1 January 2025; and
- (~~b~~c) Other assurance and related services engagements beginning on or after 15 December 2022. [Note: For operative dates of paragraphs changed or added by an Amending Standard, see Compilation Details.]

23. Paragraph Aus 2.1 of ASQM 2 is amended as follows and footnote ‘*’ removed:

This ASQM applies to all engagements for which an engagement quality review is required to be performed in accordance with ASQM 1.1 This ASQM is premised on the basis that the firm is subject to ASQM 1 or to national requirements that are at least as demanding. This ASQM is to be read in conjunction with relevant ethical requirements. Relevant ethical requirements are defined in paragraph Aus 16.8~~ASA 102~~.^{*} Law, regulation or relevant ethical requirements may establish responsibilities for the firm's management of quality beyond those described in this ASQM (Ref: Para. A2).

24. Paragraph Aus 13.1 of ASQM 2 is amended as follows:

(d) 'Relevant ethical requirements' means:

- (i) for sustainability assurance engagements, 'relevant ethical requirements' as defined in ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000); and
- (ii) for engagements other than sustainability assurance engagements, 'relevant ethical requirements' as defined in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.

(Ref: Para. A22-A24; A62)

25. Replace 'APESB Code' throughout ASQM 2 with 'the Code'.

26. Insert new paragraph Aus 13.2 after paragraph Aus 13.1 of ASQM 2 as follows:

(e) 'the Code' means:

- (i) for sustainability assurance engagements, 'the Code' as defined in ASSA 5000; and
- (ii) for engagements other than sustainability assurance engagements, APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board.

27. Paragraph A12 of ASQM 2 is amended to read as follows:

The relevant ethical requirements that are applicable when undertaking an engagement quality review may vary, depending on the nature and circumstances of the engagement or the entity. Various provisions of relevant ethical requirements may apply only to individual members or practitioners, such as an engagement quality reviewer, and not the firm itself.

28. Paragraph A13 of ASQM 2 is amended to read as follows:

Relevant ethical requirements may include specific independence requirements that would apply to individual members or practitioners, such as an engagement quality reviewer. Relevant ethical requirements may also include provisions that address threats to independence created by long association with an audit or assurance client. The application of any such provisions dealing with long association is distinct from, but may need to be taken into consideration in applying, the required cooling-off period in accordance with paragraph 19.

29. Paragraph A15 of ASQM 2 is amended to read as follows:

Relevant ethical requirements may include requirements and guidance to identify, evaluate and address threats to objectivity. For example, the ~~APESB~~ Code provides specific guidance, including examples of:

- Circumstances where threats to objectivity may be created when a member or practitioner is appointed as an engagement quality reviewer;
 - Factors that are relevant in evaluating the level of such threats; and
 - Actions, including safeguards, that might address such threats.
30. Paragraph A26 of ASQM 2 is amended to read as follows and footnotes 11 and 12 are inserted:
- ASAE 3000¹⁰ and ASSA 5000¹¹ also establishes requirements for the engagement partner and engagement leader, respectively, in relation to the engagement quality review.¹²
31. As a result of the footnotes insertion above, subsequent footnotes of ASQM 1 are re-numbered and references to these footnotes are updated accordingly.

Amendments to ASA 720

32. The following is added to the end of paragraph A3 of ASA 720:
- Sustainability reports or other sustainability-related information.
33. Paragraph A5 of ASA 720 is amended to read as follows:
- An annual report is different in nature, purpose and content from other reports, such as a report prepared to meet the information needs of a specific stakeholder group or a report prepared to comply with a specific regulatory reporting objective (even when such a report is required to be publicly available). Examples of reports that, when issued as standalone documents, are not typically part of the combination of documents that comprise an annual report (subject to law, regulation or custom), and that, therefore, are not other information within the scope of this Auditing Standard, include:
- ~~Separate industry or regulatory reports (for example, capital adequacy reports), such as may be prepared in the banking, insurance, and superannuation industries, or special purpose reports addressing certain kinds of sustainability information.~~
 - ~~Corporate social responsibility reports.~~
 - ~~Sustainability reports.~~
 - ~~Diversity and equal opportunity reports.~~
 - ~~Product responsibility reports.~~
 - ~~Labour practices and working conditions reports.~~
 - ~~Human rights reports.~~

* * *

¹¹ Australian Standard on Sustainability Assurance (ASSA) 5000, *General Requirements for Sustainability Assurance Engagements*

¹² ASSA 5000 paragraph A25, states that the term engagement leader in ASSA 5000 is the equivalent of “engagement partner” in ASQM 1