



APES 210 CONFORMITY WITH AUDITING AND ASSURANCE STANDARDS

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1. Scope and application

- 1.1 Accounting Professional & Ethical Standards Board Limited (APESB) issues professional standard APES 210 Conformity with Auditing and Assurance Standards (the Standard), which is effective from the date of issue.
- 1.2 APES 210 sets the standards for Members involved in the conduct of Assurance Engagements and Related Services Engagements. The Standard applies to Members in Public Practice as well as Members in Business who undertake work, including honorary work, that is within the scope of an Assurance Engagement or Related Services Engagement. Such Members in Business are deemed to be Members in **Public**^{4,5} Practice for the purposes of this Standard. The mandatory requirements of this Standard are in bold type, preceded or followed by discussion or explanations in grey type. APES 210 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.
- 1.3 **Members in Public Practice in Australia shall follow the mandatory requirements of APES 210 when they conduct Assurance Engagements or Related Services Engagements.**
- 1.4 **Members in Public Practice outside of Australia shall follow the provisions of APES 210 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations in the country they are practising.**⁷
- 1.5 **Members in Public Practice shall be familiar with relevant Professional Standards and guidance notes when providing Professional Services. All Members shall comply with the fundamental principles outlined in the Code.**
- 1.6 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.
- 1.7 All references to Professional Standards are references to those provisions as amended from time to time.
- 1.8 In applying the requirements outlined in APES 210, Members should be guided not merely by the words but also by the spirit of the Standard and the Code.

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2. Definitions

For the purpose of this Standard:

Assurance Engagement means an Engagement in which a conclusion is expressed by a Member in Public Practice designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

This ¹³includes an Engagement in accordance with Framework for Assurance Engagements and other standards applicable to Related Services Engagements¹⁴ issued by the Auditing and Assurance Standards Board (AUASB) or in accordance with specific relevant standards for Assurance Engagements.

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Conformity with Auditing and Assurance Standards

Auditing and Assurance Guidance means:

- a) the Guidance Statements and other guidance publications, as defined in the *Foreword to AUASB Pronouncements*, issued by the AUASB; and
- b) the Auditing and Assurance Guidance Statements and other guidance publications issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia.

Auditing and Assurance Standards mean:

- a) in relation to reports for reporting periods and Engagements commencing on or after 1 July 2006:
 - i. the AUASB Standards, as described in *ASA 100 Preamble to AUASB Standards* and the *Foreword to AUASB Pronouncements*, issued by the AUASB, and operative from the date specified in each standard; and
 - ii. those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards, and
- b) in relation to reports for reporting periods and Engagements commencing prior to 1 July 2006, the Auditing and Assurance Standards issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia.

AuASB means the Auditing and Assurance Standards Board which issued Australian Auditing and Assurance Standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia.

AUASB means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the *Australian Securities and Investments Commission Act 2001*.

Audit Engagement means an Assurance Engagement to provide a reasonable level of assurance that a financial report is free of material misstatement, such as an Engagement in accordance with Australian auditing standards. This includes a statutory audit which is an audit required by legislation or other regulation, and other audits conducted for the purposes of the *Corporations Act 2001*.

Client means an individual, firm, entity or organisation to whom or to which Professional Services are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

Code means APES 110 *Code of Ethics for Professional Accountants*.

Engagement means an agreement, whether written or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.

Financial Statements means a structured representation of historical or prospective financial information, which ordinarily includes explanatory notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term can refer to a complete set of Financial Statements, but it can also refer to a single financial statement, for example, a balance sheet, or a statement of revenue and expenses, and related explanatory notes. The requirements of the financial reporting framework determine the form and content of the Financial Statements and what constitutes a complete set of Financial Statements.

Conformity with Auditing and Assurance Standards

For the purposes of this Standard, the term financial report is considered to be equivalent to Financial Statements.

Firm means (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
(b) An entity that controls such parties;
(c) An entity controlled by such parties; or
(d) An Auditor-General's office or department.

Member means a member of a professional body that has adopted this Standard as applicable to their membership, as defined by that professional body.

Member in Business means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or professional bodies, or a Member contracted by such entities.

For the purposes of this Standard a Member in Business shall be deemed to be a Member in Public Practice if the Member in Business undertakes work, including honorary work, that is within the scope of an Assurance Engagement or Related Services Engagement.

Member in Public Practice means a Member, irrespective of functional classification (e.g. audit, tax, or consulting) in a Firm that provides Professional Services. The term is also used to refer to a Firm of Members in Public Practice and means a practice entity as defined by the applicable professional body.

For the purposes of this Standard a Member in Public Practice includes a Member in Business who undertakes work, including honorary work, that is within the scope of an Assurance Engagement or Related Services Engagement.

Professional Services means services requiring accountancy or related skills performed by a Member in Public Practice including accounting, auditing, taxation, management consulting and financial management services.³⁰

Professional Standards mean all Standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable professional body.⁸

Related Services Engagement means an Engagement involving agreed upon procedures to information or any other Engagement as specified by the AUASB. These Engagements do not provide any assurance.

Review Engagement means an Assurance Engagement to express a conclusion on whether, on the basis of the procedures which do not provide all the evidence that would be required in an audit, anything has come to the attention of the Member in Public Practice that causes the Member to believe that the financial information (including Financial Statements) or non financial²⁹ information is not prepared in all material respects in accordance with an applicable framework or criteria, which is an Engagement conducted in accordance with applicable assurance standards on Review Engagements.

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3. Fundamental responsibilities of Members in Public Practice

Public interest

3.1 In accordance with Section 100, **Introduction and Fundamental Principles** of the Code, Members in Public Practice shall observe and comply with their public interest obligations when they conduct Assurance Engagements or Related Services Engagements.

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Independence

3.2 When engaged to perform an Assurance Engagement, a Member in Public Practice shall comply with Section 290 **Independence – Assurance Engagements** of the Code.

3.3 A Member in Business who conducts an Assurance Engagement or Related Service Engagement for an employer will not be able to comply with the requirement to be independent.³²

Professional competence and due care

3.4 In accordance with Section 130 **Professional Competence and Due Care** of the Code, a Member in Public Practice who is performing an Assurance Engagement **to provide assurance that is based on Auditing and Assurance Standards other than those issued by the AUASB**³⁴ shall ensure that the Member or the Firm has the requisite professional knowledge and skill or shall engage a suitably qualified external person. If the Member is unable to engage a suitably qualified person when required, the Member shall decline the Engagement.

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4. Auditing and Assurance Standards

4.1 **Except for the circumstances described in paragraph 4.3, a**³⁵ Member in Public Practice shall comply with Auditing and Assurance Standards when engaged to perform an Audit Engagement.

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4.2 **Except for the circumstances described in paragraph 4.3, a**³⁵ Member in Public Practice shall comply with **the applicable**³⁶ Auditing and Assurance Standards when **performing a Review Engagement, other Assurance Engagement, or a Related Services Engagement**, (whether of financial or non-financial information).

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4.3 Where legislation³⁷ or other government authority requires a departure from Auditing and Assurance Standards, a Member in Public Practice shall disclose that fact in the Member's report. In these circumstances,³⁸ a Member shall not assert compliance with any of those standards in the Member's report.

5. Auditing and Assurance Guidance

- 5.1 A Member in Public Practice should follow relevant Auditing and Assurance Guidance when conducting Assurance Engagements (whether of financial or non-financial information).

Conformity with International Pronouncements

The International Ethics Standard Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 210.