

AGENDA PAPER

Item Number: 2

Date of Meeting: 28 August 2020

Subject: Proposed revisions to Part 4B of the Code (ED 01/20)

Action required For discussion For noting For information

Purpose

To obtain the Board's approval, subject to the Board's review comments and editorials, to issue amending standard *Proposed amendments to Part 4B of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

Background

APESB issued the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) in November 2018, with an effective date of 1 January 2020. The Code is based on the International Code of Ethics for Professional Accountants (including International Independence Standards) (the International Code), which is issued by the International Ethics Standards Board for Accountants (the IESBA).

In January 2020, the IESBA issued a final pronouncement [Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 \(Revised\)](#) (Part 4B Revisions), which will take effect in the International Code from June 15, 2021.

At the June 2020 Board Meeting, APESB considered the Part 4B Revisions and considered revisions to the IESBA's definition of Assurance Engagement to specifically refer to *The Framework for Assurance Standards* rather than to the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000), which is specific to assurance engagements other than audit and review engagements. The Board agreed to issue an exposure draft (ED 01/20), where the definition of Assurance Engagement referred to the broader *Framework for Assurance Engagements*.

Consideration of Issues

APESB received five submissions from stakeholders on ED 01/20, which are tabulated in a General Comments table and Specific Comments table at Agenda Items 2(a) to 2(b), respectively.

Stakeholders were generally supportive of the proposed revisions to the pronouncements, with the majority of stakeholders agreeing with the APESB's proposals.

The key issue raised by stakeholders related to the definition of Assurance Engagement. While one stakeholder commented on the importance of maintaining consistency with the international standards to avoid ambiguity in the application, other stakeholders were supportive of the proposed amendment to the definition of Assurance Engagement.

APESB Technical Staff also discussed the definition of Assurance Engagement with Technical Staff from the IESBA. The IESBA Technical Staff explained that the reference to ISAE 3000 was included in the definition of Assurance Engagement, as it is an authoritative document. The *Framework for Assurance Engagements* is not a standard. It contains no requirements that apply to audit, review and other assurance engagements.

The IESBA Technical Staff are in the process of providing further details on the rationale for this approach to the APESB. APESB Technical Staff will give a verbal update at the Board Meeting on any additional matters raised by the IESBA.

APESB Technical Staff have discussed this matter with the AUASB Technical Staff, which has resulted in the AUASB's Submission to the APESB. In principle, the AUASB agrees with the approach adopted in APESB's ED 01/20 (refer to item 1 in the specific comments table at agenda item 2 (b)).

Based on the feedback from stakeholders, and the consideration of the matters raised by the IESBA, APESB Technical Staff does not recommend any changes to the proposals in ED 01/20. Based on the fact that no changes are suggested to the proposals in the ED 01/20, Technical Staff have not reproduced the amending standard in this agenda paper.

Recommendation

Subject to the Board's review comments, the Board approves the issue of the amending standard *Proposed Amendments to Part 4B of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* with an effective date of 1 July 2021.

Materials Presented

Agenda Item 2(a)	General Comments Table – ED 01/20
Agenda Item 2(b)	Specific Comments Table – ED 01/20

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Date: 12 August 2020