

AGENDA PAPER

Item Number: 6
Date of Meeting: 23 February 2023
Subject: Proposed compilation of the Code of Ethics

Action required For discussion For noting For information

Purpose

To seek the Board's approval, subject to feedback and comments, to issue a Compiled APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Compiled Code).

Background

To enhance the accessibility and usability of the Code, periodically APESB issues a Compiled Code, which compiles all amending standards with the original Code.

APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) was released in November 2018. Since 2018, the Board has issued several amending standards to the Code.

In November 2022, APESB issued a [compiled Code](#) which incorporated the Code and the following amending standards:

- [Amendment to Part 4B of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (September 2020);
- [Amendments to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\) to Promote the Role and Mindset Expected of Professional Accountants](#) (March 2021);
- [Amendments to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers](#) (February 2022);
- [Amendments to the Fee-related provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (July 2022); and
- [Quality Management-related Conforming Amendments to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (November 2022).

At the time the compiled Code was approved, it was noted that there were still substantial changes to be made to the Code in the proposed amending standard on Non-Assurance Services (NAS).

The amending standard [Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (the NAS Amending Standard) was subsequently approved by APESB at the December 2022 Board meeting with an effective date of 1 July 2023.

Key Considerations

The NAS Amending Standard issued by APESB since the release of the November 2022 Compiled Code included substantial changes, including:

- New requirements in the non-assurance services (NAS) provisions in Section 600 and 950 (refer to pages 180 – 217 and 251 – 255 of Agenda Item 6 (a)) prohibit the provision of NAS to a public interest entity audit client where it might create a self-interest threat, strengthen communication with those charged with governance about the provision of NAS, and prohibit certain NAS being provided.
- The prohibition on assuming management responsibility for all audit clients (refer to Section 400) and for other assurance clients (Section 900) and related material has been relocated to increase its prominence and to emphasise it relates to all aspects of Part 4A and 4B (refer to pages 132-133 and 224-225 of Agenda Item 6 (a)).

Due to these substantive changes, which include new requirements and changes to several existing provisions, Technical Staff believe that a new version of the Compiled Code should be issued for the benefit of stakeholders.

Technical Staff have prepared an updated compiled code (refer to Agenda item 6(a)) that incorporates the approved NAS Amending Standard to the Compiled Code issued in November 2022. The NAS amending standard will come into effect from 1 January 2023.

The details of the compilation and the complete list of all paragraphs affected by amending standards are set out on pages 3 – 18 of Agenda Item 6(a) Draft Compiled Code December 2022.

In preparing the compilation, Technical Staff compared this draft of the Compiled Code with the 2022 version of the [IESBA Handbook](#) released by the International Ethics Standards Board for Accountants (IESBA) on 9 September 2022. Technical Staff noted no matters that required further action.

Staff Recommendation

Subject to the Board's feedback and comments, the Board approve the issue of the Compiled APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (December 2022).

Material Presented

Agenda Item 6 (a) Draft Compiled Code of Ethics (December 2022)

Authors: Jacinta Hanrahan
 Rachael Tiong
 Shannon Heng

Date: 12 February 2023