

# Meeting Highlights

4 MARCH 2021

## 1. Register of Interests

The Board noted Agenda Item 2 *Register of Interests*.

## 2. Issues Register

The Board noted Agenda Item 3 *APESB Issues Register 2021*.

## 3. Proposed revisions to APES GN 30 *Outsourced Services*

The Board noted Agenda Item 4 *Proposed revisions to APES GN 30 Outsourced Services*.

The Board approved the issue of the exposure draft ED 01/21 *Proposed revisions to APES GN 30 Outsourced Services*.

## 4. Project Update on Quality Management Standards

The Board noted Agenda Item 5 *Project Update on Quality Management Standards*.

The Board discussed options to address the impact of the new IAASB standards on quality management on APESB pronouncements, particularly APES 320 *Quality Control for Firms* (APES 320) and APES 325 *Risk Management for Firms*. The Board noted that the AUASB is planning to shortly release Australian equivalents of the international standards on quality management.

The Board approved Option 2 in the Technical Staff paper for APES 320 to be developed into a specific quality management standard for firms providing non-assurance services while maintaining consistency with the firm-level components of the international quality management standards.

## 5. Proposed Amending Standard to APES 110 on the Role and Mindset Expected of Professional Accountants

The Board noted Agenda Item 6 *Proposed Amending Standard to APES 110 on the Role and Mindset Expected of Professional Accountants*.

The Board approved the issue of an amending standard to the Code, *Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) to Promote the Role and Mindset Expected of Professional Accountants*, with an effective date of 1 January 2022.

## 6. International and other activities

The Board noted Agenda Item 7 *International and other activities*.

The Board agreed to hold a roundtable in March/April 2021 to discuss the IESBA's proposals in relation to the definition of a public interest entity.

## 7. Status of APES 230 *Financial Planning Services*

The Board noted Agenda Item 8 *Status of APES 230 Financial Planning Services*.

The Board discussed the letter received from CPA Australia requesting that APES 230 *Financial Planning Services* (APES 230) be suspended. The Board noted that APESB does not have the capacity to suspend its standards under its governing documents.

The Board discussed the relevance of APES 230 and its consumer interest focus and agreed that APES 230 should continue to be an issued standard. The Board reiterated their view that they hope that all of the Professional Bodies would support APES 230 given its public interest perspective.

The Board supported the continued monitoring of the legislative and regulatory environment for financial services and the engagement with FASEA.

## 8. Proposed revisions to APES 110 for the Objectivity of Engagement Quality Reviewer

The Board noted Agenda Item 9 *Proposed revisions to APES 110 for the Objectivity of the Engagement Quality Reviewer*.

The Board discussed the draft exposure draft and supported the proposals to ensure consistent use of terminology in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110), and new definitions relating to 'Engagement Quality Review' and 'Engagement Quality Reviewer'.

The Board agreed that the exposure draft should seek specific comments from stakeholders on the option of including Australian paragraphs in APES 110 to clarify the requirement in ISQM 2 *Engagement Quality Reviews* to have a two-year cooling-off period between acting as the Engagement Partner and the Engagement Quality Reviewer for the same audit client.

The Board approved the issue of ED 02/21 *Proposed 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*.

## 9. Proposed revisions to APES 110 for Non-Assurance Services

The Board noted Agenda Item 10 *Proposed revisions to APES 110 for Non-Assurance Services*.

The Board discussed a preliminary draft exposure draft which proposes amendments to the Non-Assurance Services (NAS) related provisions of APES 110, based on revisions that are to be introduced by the IESBA into the International Code.

The Board requested Technical Staff undertake further engagement with stakeholders concerning the NAS proposals and their implications in the Australian environment. It was noted that during this process the final recommendations of the Parliamentary Joint Committee on Corporations and Financial Services (PJC) Inquiry into Regulation of Auditing in Australia should also be taken into consideration.

## 10. Proposed revisions to APES 110 for Fee-related provisions

The Board noted Agenda Item 11 *Proposed revisions to APES 110 for Fee-related provisions*.

The Board discussed the preliminary draft exposure draft, which proposes amendments to the fees-related provisions of APES 110, based on revisions that are to be introduced by the IESBA into the International Code. The Board supported the following changes to the proposed exposure draft:

- Additional guidance on the categories of non-assurance services an auditor might provide; and
- Amendments to the requirement for firms to assess the impact of fee dependency on their independence when receiving multiple audit clients from one referral source to include a 20% threshold and the assessment to also occur at the individual partner/office levels.

The Board requested further stakeholder engagement be undertaken to inform the drafting of the requirement prohibiting an audit partner being incentivised for cross-selling of services, as recommended by the PJC Inquiry into the Regulation of Auditing in Australia.

## 11. Project Update on APES 330 *Insolvency Services*

The Board noted Agenda Item 12 *Project Update APES 330 Insolvency Services*.