

## AGENDA PAPER

**Item Number:** 7  
**Date of Meeting:** 7 December 2022  
**Subject:** Update on awareness of APESB pronouncements

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Action Required     For Discussion     For Noting     For Information

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### Purpose

To provide the Board with an update on stakeholder engagement activities undertaken in 2022 to increase awareness of APESB pronouncements.

### Background

APESB's vision is to achieve exemplary levels of professionalism and ethical behaviour in the accounting profession. APESB promotes professionalism and ethical behaviour and strives to maximise the integrity of the accounting profession through the [four strategic pillars](#); Standards, Engagement, Influence and Ethics Outreach.

During 2022, APESB continued with its core activity of developing and issuing high-quality professional and ethical standards, guidance notes and guidance material in the public interest:

- Amending Standard to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) issued on 18 February 2022 to address the [Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers](#). The Amending Standard adds a new section 325 on identifying, evaluating, and addressing threats to objectivity and new guidance clarifying the interaction of long association provisions in the Code with ASQM 2 *Engagement Quality Reviews* (issued by the Auditing and Assurance Standards Board (AUASB)).
- [APES 320 Quality Management for Firms that provide Non-Assurance Services](#) reissued on 22 February 2022 (reissued APES 320). The amended scope now only applies to non-assurance practices. There is a high-level alignment of APES 320's elements to the components of ASQM 1 issued by the AUASB, which will apply to Australian assurance practices.
- [Proposed amendments to the Non-Assurance Services \(NAS\) provisions of the Code](#) include prohibitions of the provision of NAS to Public Interest Entity (PIE) audit clients if those services might create a self-review threat, and new proposed prohibitions relating to certain tax services, legal advice and corporate finance services. The ED was open for public comment between 1 July 2022 and 7 October 2022 (refer to Agenda Item 5 of this Board meeting for the proposed final Standard).
- Amending Standard to the Code issued on 7 July 2022 to revise the [fee-related provisions](#). The strengthened requirements align with the changes to the International

Ethics Standards Board for Accountants (IESBA) Code, enhance the transparency and governance of fees paid to auditors and address a key recommendation from the Parliamentary Joint Committee (PJC) on the Regulation of Auditing in Australia.

- [Proposed revisions to the definitions of Listed Entity and PIE](#) in the Code to provide guidance on the factors to consider when determining whether an entity should be subject to the additional independence requirements applicable to PIEs. The ED is open for public comment between 22 July 2022 and 12 December 2022.
- [APES 205 Conformity with Accounting Standards](#) (APES 205) was revised on 25 October 2022 to address changes made by the Australian Accounting Standards Board (AASB). The AASB removed the application of the 'Reporting Entity' concept and thus the ability to prepare Special Purpose Financial Statements (SPFS) for certain for-profit private sector entities, and increased SPFS disclosure requirements for certain not-for-profit and for-profit private sector entities.
- [Proposed quality management-related conforming amendments to five APESB pronouncements](#) issued on 28 October 2022. Key proposals align the pronouncements with the reissued APES 320 and AUASB quality management standards, address matters on the APESB's Issues Register and amend APES 315 *Compilation of Financial Information* to conform with recent changes to APES 205. The ED is open for public comment between 28 October 2022 and 16 December 2022.
- [Quality Management-related Conforming Amendments to the Code](#) issued on 10 November 2022 to align to revisions made to the IESBA Code resulting from new quality management standards issued by the International Auditing and Assurance Standards Board and conforming and consequential amendments for terminology, concepts and principles used in the reissued APES 320 and AUASB quality management standards.
- [Compiled Code](#) issued on 20 November 2022 consisting of the restructured Code issued in November 2018 (effective 1 January 2020) and incorporating the following amending standards:
  - Part 4B;
  - Promote the Role and Mindset Expected of Professional Accountants;
  - Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers;
  - Fee-related provisions; and
  - Quality Management-related Conforming Amendments.

## Matters for Consideration

APESB continued its commitment to creating awareness of its standards and promoting ethical behaviour within the accounting profession in 2022. The following activities demonstrate APESB's significant efforts to increase awareness of APESB's pronouncements under the other three strategic pillars, Engagement, Influence and Ethics Outreach.

**Engagement:** with key stakeholders, including professional accountants, the public, government bodies, regulators and the professional accounting bodies.

- [APES 320 Webinar](#): on 3 May 2022, Channa Wijesinghe (APESB CEO) and Jon Reid (APESB Senior Technical Manager) presented with AUASB Technical Director Matthew Zappulla on the reissued APES 320 and AUASB quality management standards, including on implementation considerations for SMPs and hybrid firms.
- [APESB Online Roundtable](#): on 9 May 2022, Caroline Lee (IESBA Deputy Chair and Engagement Team and Group Audit Taskforce Chair), Channa Wijesinghe (APESB CEO & IESBA Member) and Jon Reid (APESB Senior Technical Manager) presented on IESBA's Exposure Drafts on Engagement Team and Group Audits and Technology.

- [CPA Australia Ten Questions with APESB Event](#): on 27 July 2022, Channa Wijesinghe (APESB CEO) presented in this online event on technology, fees and NAS, sustainability, APES 205, APES 320 and IESBA's Tax Planning project.
- [APESB and AUASB Joint Webinar](#): on 26 August 2022, Channa Wijesinghe (APESB CEO) and Matthew Zappulla (AUASB Technical Director) hosted a joint webinar with presentations from Jacinta Hanrahan (APESB Principal) and Johanna Foyster (AUASB Senior Project Manager) on proposed revisions relating to PIEs, including the new definition and proposed transparency disclosure in the auditor's report.
- [Presentation to Professional Standards Councils](#): on 2 September 2022, Nancy Milne (APESB Chairman) and Channa Wijesinghe (APESB CEO) provided an update presented to the PSC on APESB, including APESB's role and mandate, global audit regulation and ethics, the NAS project, fees and APES 320.
- [APES 320 Webinar](#): on 17 November 2022, Channa Wijesinghe (APESB CEO) and Jon Reid (APESB Senior Technical Manager) presented at a CA ANZ webinar on the reissued APES 320, its philosophy and scope, key revisions and SMP and adoption considerations.
- Taskforce meetings were convened for APES 215 *Forensic Accounting Services* (APES 215) to assist APESB in reviewing the Standard in light of submissions received from ASIC and to obtain industry-specific expertise.
- Non-assurance Services Survey results released on stakeholder feedback on whether providing non-assurance services to audit clients impact the public perception of an auditor's independence.
- [Technology Surveys on Forensic Accounting and Valuation Services](#) were issued to obtain feedback from professional accountants on how accountants use artificial intelligence and digital technologies and to determine whether additional professional and ethical obligations or guidance are required in APES 215 and APES 225 *Valuation Services*.

**Influence:** *the national and international agenda in relation to professional and ethical standards.*

- **International developments:**

- APESB made three submissions to the IESBA:
  - IESBA's [Proposed Revisions to the Code relating to the Definition of Engagement Team and Group Audits](#) on 8 June 2022;
  - IESBA's [Proposed Technology-Related Revisions to the Code](#) on 16 June; and
  - IESBA's [Strategy Survey](#) on 8 July 2022.
- APESB's CEO Channa Wijesinghe attended IESBA Board meetings in his capacity as an IESBA Board member and participated in the IESBA's Tax Planning and Related Services Taskforce's work to develop two new proposed sections of the IESBA Code (i.e., Sections 280 and 380) during the year.
- Participated in the IESBA's National Standard Setters Group virtual meetings held in May 2022.
- Continued engagement with the New Zealand Auditing and Assurance Standards Board (NZAuASB) on Trans-Tasman matters of mutual interest, including a presentation from NZAuASB's Chair, Mr Robert Buchanan, on NAS at the June 2022 Board meeting.

- IESBA Technology Experts Group (TEG): Jon Reid (Senior Technical Manager) provided technical support to the TEG, which consists of members with practical experience in using and implementing technology that provided advice and input to IESBA's Technology Working Group.
- APESB made a joint submission with the New Zealand External Reporting Board (XRB) to the IESBA in October 2022 on the proposed approach for the IESBA Code to develop ethics and independence standards for sustainability reporting and assurance. Refer to agenda item 6.
- **National developments:**
  - A [submission](#) to the Professional Standards Councils (PSC) on its Codes of Ethics Exposure Draft on 21 January 2022.
  - A [submission](#) to the Australian Law Reform Council on Financial Services Legislation: Interim Report on 25 February 2022.
  - A [submission](#) to the AUASB on its Agenda Consultation on 28 July 2022.
  - Participation in the AASB and AUASB's [Sustainability Reporting Project Advisory Panel](#) to monitor international developments and provide input to AASB and AUASB Technical Staff. Additionally, from April 2022, the standard setters and professional bodies met periodically to monitor and discuss standard-setting and profession-wide sustainability issues.
  - Collaboration with AUASB, AASB, ASIC, ATO, and other stakeholders on projects of mutual interest.

**Ethics Outreach:** *promoting that professionalism and ethical conduct drive the behaviour of accountants and conducting outreach activities in collaboration with key stakeholders.*

- [APESB Presentation to the Australian Chapter of the Institute of Chartered Accountants of Sri Lanka](#): on 17 February 2022, Channa Wijesinghe (APESB CEO) presented on accounting ethics and regulation in Australia, promoting professionalism and the ethical conduct of accountants.
- [IESBA Global PIE Webinars](#): during October 2022, Channa Wijesinghe (APESB CEO & IESBA Member) shared Australia's experience in developing and adopting an expanded local definition of PIE as part of an online panel to assist national standard setters, professional accountancy organisations and regulators with adopting and implementing the new IESBA PIE provisions for the Asian and African regions.  
The International Federation of Accountants, IESBA, the ASEAN Federation of Accountants and the Pan African Federation of Accountants jointly hosted the sessions.
- [CA ANZ Global Ethics Day event](#): on 19 October 2022, Rachel Grimes (APESB Board Member) presented at the CA ANZ Global Ethics Day event, promoting professionalism and the ethical conduct of accountants.
- National Tax Summit of the Tax Institute: on 20 October 2022, Channa Wijesinghe (APESB CEO & IESBA Member) participated in a panel discussion on changing landscape for large market tax advisers in Australia, moderated by FRC Chairman Andrew Mills. The panel also included ATO Deputy Commissioner Rebecca Saint and EY Tax Consultant Alf Capito.

## **Recommendation**

That the Board note the update on activities undertaken during the year to raise awareness of APESB pronouncements.

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**Date:** 24 November 2022