

## **ISSUES REGISTER FOR APESB PROFESSIONAL PRONOUNCEMENTS**

**Current as at 1 March 2018**

### **Note to Stakeholders**

The following is a summary of issues raised by stakeholders in relation to APESB pronouncements. Issues have been compiled by standard or guidance note, with the intended response and current status. Members of the professional accounting bodies, firms, professional bodies and other stakeholders are encouraged to report to APESB via the APESB website ([www.apesb.org.au](http://www.apesb.org.au) then Standards & Guidance/Issues Register) any new issues that need to be addressed by APESB when a pronouncement is next updated or reviewed.

Issues are entered into the register when brought to the attention of APESB by external stakeholders or through identification during internal reviews of the standard or guidance note. The issue remains on the register until it has been resolved to the satisfaction of the Board.

**APES 110 : Code of Ethics for Professional Accountants  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
110.1	A stakeholder has recommended the need for guidance regarding the interaction of the Code's requirements with those of the APRA Prudential Standards, in respect of the revised long association requirements. [As part of a submission to APESB's Long Association ED 01/17]	This issue has been noted.	This issue is being considered as part of the 2018 Code restructure project.

**APES 205 : Conformity with Accounting Standards  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
205.1	Technical Staff has identified the need to consider any potential implications of the AASB's differential reporting project on APES 205, including those provisions relating to Members' financial reporting responsibilities.	This issue has been noted.	This matter will be considered in the next revision of APES 205.
205.2	The Technical Staff have identified amendments required to the Definitions section in APES 205 due to the previous Auditing Standards (AUSs) being finally replaced by ASAs. This change affects the definitions of 'AuASB', 'Auditing and Assurance Guidance' and 'Auditing and Assurance Standards'.	Issue identified as part of the revision of APES 310.	APESB will incorporate these editorials into the next revision of the standard.

**APES 210 : Conformity with Auditing and Assurance Standards  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
210.1	The Technical Staff have identified amendments required to the Definitions section in APES 210 due to the previous Auditing Standards (AUSs) being finally replaced by ASAs. This change affects the definitions of 'AuASB', 'Auditing and Assurance Guidance' and 'Auditing and Assurance Standards'.	Issue identified as part of the revision of APES 310.	APESB will incorporate these editorials into the next revision of the standard.

**APES 215 : Forensic Accounting Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
215.1	Paragraph 3.1 of APES 215 currently requires Members to comply with Section 100 of the Code and relevant law. This paragraph could be updated to refer to both laws and regulations.	This issue was considered during the 2016 Annual Review of APES 215.	APESB will incorporate this amendment at the next revision of APES 215.
215.2	Technical Staff has identified the need to consider the implications of the NOCLAR provisions of the Code to APES 215.	This issue has been noted.	APESB will consider this matter in the next revision of APES 215.

**APES 220 : Taxation Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
220.1	<p>Stakeholders noted that references to laws and regulations could be enhanced to clarify their application. In particular:</p> <ul style="list-style-type: none"> <li>- the reference to Taxation Law in paragraph 3.1 should be broadened to applicable laws and regulations.</li> <li>- the need for Members to comply with the “spirit of the law” as well as “the letter of the law”.</li> <li>- the requirement in paragraph 3.11 could be clarified to mean that maintaining professional competence and taking due care may include obtaining an understanding of foreign laws and regulations when performing cross border tax work.</li> </ul>	<p>This issue was considered during the 2016 Annual Review of APES 220.</p>	<p>Matters relating to references to laws and regulations will be considered in the proposed revised APES 220.</p> <p>An exposure draft of the proposed revised APES 220 will be presented for Board consideration at its March 2018 meeting.</p> <p>The implications of the NOCLAR provisions will be considered in the exposure draft, as well as whether additional guidance or clarification in the requirements are required.</p>
220.2	<p>A Professional Body noted that APES 220 could be strengthened by including specific references to outsourcing obligations such as Part A of the Code (specifically paragraph 130.5) or to APES GN 30 <i>Outsourced Services</i>.</p>	<p>This issue was considered during the 2016 Annual Review of APES 220.</p>	<p>Additional guidance that references specific sections of the Code or APES GN 30 will be considered in the proposed revised APES 220.</p> <p>An exposure draft of the proposed revised APES 220 will be presented for Board consideration at its March 2018 meeting.</p>
220.3	<p>A stakeholder raised that the guidance in paragraph 11.3 of APES 220 on storing documentation electronically could be expanded to consider cyber security.</p>	<p>This issue was considered during the 2016 Annual Review of APES 220.</p>	<p>The issue of cyber security will be considered in the proposed revised APES 220, including as part of the technology neutrality review of APES 220.</p> <p>An exposure draft of the proposed revised APES 220 will be presented for Board consideration at its March 2018 meeting.</p>

**APES 220 : Taxation Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
220.4	<p>A stakeholder has noted that practices of some firms appear to be inconsistent with the independence requirements of the Code, particularly when tax advisers and audit and assurance practitioners work in the same firm. The stakeholder cited that in these instances, firms sometimes place too much emphasis on the tax partners not being directly involved in the audit and assurance services as an adequate safeguard to threats to independence, particularly, when they are based in office locations different from the audit and assurance teams.</p>	<p>The issue raised by the stakeholder has been noted.</p>	<p>Technical Staff believe that there is a need for Independence requirements to be emphasised in APES 220, including references to Section 290 and Section 291 of the Code.</p> <p>An exposure draft of the proposed revised APES 220 will be presented for Board consideration at its March 2018 meeting.</p>

APES 225 : Valuation Services  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

**APES 230 : Financial Planning Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
230.1	<p>Members in Public Practice who provide credit advice are regulated under the <i>National Consumer Credit Protection Act</i> and not the <i>Corporations Act 2001</i>. APES 230 requires Members to act in the best interests of their Client, which is defined in the standard as Division 2 of Part 7.7A of the Corporations Act.</p> <p>While Members in Public Practice providing credit advice can comply with the general obligation to act in their Client's best interest, they cannot comply with the remaining obligations defined in Division 2. However, ASIC has stated in RG 175.239 that satisfying the safe harbor of Section 961B in Division 2 is not the only way to demonstrate an individual is acting in their Client's best interest.</p>	<p>This matter has been raised in the Six Month Review of APES 230.</p>	<p>APESB has released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of best interest duty requirements.</p> <p>APESB is currently reviewing submissions to the consultation paper and is undertaking further engagement with key stakeholders to inform this review.</p>
230.2	<p>The Technical Staff review identified editorial amendments to the definition of "Member in Public Practice".</p>	<p>The required change has been raised in the Six Month Review of APES 230.</p>	<p>APESB will incorporate the editorials in the next revision of APES 230.</p>
230.3	<p>Some stakeholders continue to raise issues in respect of the professional fees requirements in APES 230 and their effectiveness in practice.</p>	<p>The Board discussed this issue and determined to engage with key stakeholders to explore the issues.</p>	<p>APESB has released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of requirements relating to professional fees.</p> <p>APESB is currently reviewing submissions to the consultation paper and is undertaking further engagement with key stakeholders to inform this review.</p>
230.4	<p>Technical Staff has identified the need to consider the potential implications on APES 230 of the planned Code of Ethics for professional planners to be developed by the Financial Adviser Standards and Ethics Authority (FASEA).</p>	<p>This issue has been noted.</p>	<p>APESB will monitor any developments by FASEA and will consider the impacts, if any, to APES 230.</p>

**APES 305 : Terms of Engagement  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
305.1	<p>A stakeholder noted that section 4 of APES 305 could refer to legal requirements such as the Financial Services Guide.</p> <p>Technical Staff note that Members are required to include details of relevant legislation in paragraph 4.4(c). To ensure all legal requirements are captured this paragraph could be amended to include a specific reference to regulations.</p>	This issue was raised and considered during the 2016 Annual Review of APES 305.	APESB will consider this amendment at the next revision of APES 305.
305.2	Paragraph 4.8 of APES 305 provides guidance on specifying fees and billing agreements in an Engagement Document. A stakeholder suggested that the guidance could be clarified by including references to how fees are calculated, and the need to disclose referral fees or commissions.	This issue was raised and considered during the 2016 Annual Review of APES 305.	APESB will consider this amendment at the next revision of APES 305.
305.3	Technical Staff identified that the definition of Engagement Document in APES 305 refers to it being in a written form. Paragraph 3.5 outlines that the terms of engagement can be in the form of an electronic communication. Including a definition of the term 'Writing' will assist in clarifying that written form may include electronic formats. The definition would be consistent with the definition of 'Writing' in APES 220 <i>Taxation Services</i> .	This issue was considered during the 2016 Annual Review of APES 305.	APESB will consider this amendment at the next revision of APES 305.
305.4	Technical Staff has identified the need to consider potential revisions to APES 305 relating to the NOCLAR provisions of the Code, including appropriate amendments to engagement letters to address NOCLAR provisions.	This issue has been noted.	APESB will consider this matter at the next revision of APES 305.

**APES 310 : Dealing with Client Monies  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
310.1	A stakeholder noted the difficulties members have to open a trust account with the term 'trust account' in the title with their banks (as required by paragraph 5.1).	Issue has been noted.	<p>The requirement to open a Trust Account to hold monies received in trust also existed in the previous APS 10 which was originally issued in 1997.</p> <p>APESB, with input from the Professional Bodies, the Australian Bankers Association (ABA) and the Tax Practitioners Board (TPB), is in the process of finalising an Information Sheet and template covering letter that Members in Public Practice can use when opening trust accounts with their banks.</p> <p>The proposed Information Sheet will highlight key provisions of APES 310, including the requirements relating to opening of trust accounts.</p>
310.2	The Technical Staff review identified that due to amendments made to the international Code issued by the IESBA and subsequent changes to APES 110, the Definitions section in APES 310 require revision.	Required changes have been raised in the Annual Review of APES 310.	These amendments have been incorporated in the APES 310 ED issued in December 2017.

**APES 310 : Dealing with Client Monies  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
310.3	<p>The requirements of paragraph 7.7(d) state that a Member in Public Practice shall provide a statement detailing the application of Client Monies and interest earned in respect of all transactions, at least annually (unless previously communicated during the year). Paragraph 7.8(c) specifies that this must be done within 30 Business Days of the applicable year end.</p> <p>A stakeholder advised that his Firm provides Clients with quarterly reports that include bank account statements throughout the year. At year end however, the 30 Business Day deadline is difficult to achieve as the quarterly and year end reporting packages that are sent to Clients are time consuming to prepare. This makes it challenging to finalise within the 30 Business Days timeframe. The result is that for first 3 quarters of the year, the Firm is in compliance with APES 310 and then for the final quarter's transactions, there is a potential breach of APES 310.</p>	The issue raised by the stakeholder is noted.	<p>The APES 310 ED issued in December 2017 has addressed this issue, wherein a Member can provide the required Statement within an alternative reporting period not exceeding 90 business days of the applicable year-end date provided that the Member has:</p> <ul style="list-style-type: none"> <li>• communicated in writing to the Client the details of the transactions on a regular basis during the year; and</li> <li>• agreed with the client to an alternative reporting period.</li> </ul> <p>An exposure draft on proposed revised APES 310 Client Monies was issued in December 2017.</p>
310.4	An internal review of APES 310 found that the term 'Engagement' is used in its capitalised form in Paragraph 1.1. However, the term Engagement is not defined in the Standard.	Required changes noted.	<p>Proposed revised APES 310 included an updated paragraph 1.1 wherein the term "Assurance Engagement" was used and defined in section 2 Definitions.</p> <p>An exposure draft on proposed revised APES 310 <i>Client Monies</i> was issued in December 2017.</p>

**APES 310 : Dealing with Client Monies  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
310.5	A stakeholder noted that the term “dealing” is an antiquated term that requires revision.	The issue raised by the stakeholder is noted.	<p>To address this issue, APESB has renamed the proposed revised Standard to APES 310 Client Monies to highlight the broader application of the standard to Members who perform services involving client monies. The term 'dealing with' will still be used in the body of the standard as it adequately captures the activities that APES 310 addresses, and encompasses terms such as 'holding or receiving client monies'.</p> <p>An exposure draft on proposed revised APES 310 Client Monies was issued in December 2017.</p>
310.6	A stakeholder noted that where a Member in Public Practice transacts on a Client Bank Account and the Client’s authorisation is required for the transaction to occur (compared to where the Member is authorised to transact on an account in isolation), consideration needs to be given as to whether these circumstances should fall within the scope of APES 310.	The issue raised by the stakeholder is noted.	The exposure draft on the proposed revised APES 310 <i>Client Monies</i> (issued December 2017) proposes that co-signatory roles are within the scope of the Standard.

**APES 310 : Dealing with Client Monies  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
310.7	A stakeholder noted that a number of financial institutions do not specify in their terms and conditions that there is no right of set-off when Trust Accounts are opened. This is not in accordance with the requirements of APES 310. Paragraph 5.4(a) of the standard requires that the terms and conditions of the Trust Account specify there is no right of set-off.	The issue raised by the stakeholder is noted.	<p>APESB, with input from the Professional Bodies, the Australian Bankers Association (ABA) and the Tax Practitioners Board (TPB), is in the process of finalising an Information Sheet and template covering letter that Members in Public Practice can use when opening trust accounts with their banks.</p> <p>The proposed Information Sheet will specify that there is no right of set-off for the Trust Accounts, as required by APES 310.</p>
310.8	A stakeholder raised an issue in respect of unclaimed monies. APES 310 does not currently include any guidance in respect of unclaimed monies when the amount is below the threshold for unclaimed monies legislative requirements.	The issue raised by the stakeholder is noted.	<p>The APESB has included in the revised APES 310 ED that Members should consider whether amounts below the threshold should be donated to charity.</p> <p>An exposure draft on proposed revised APES 310 <i>Client Monies</i> incorporating the amendment was issued in December 2017.</p>

**APES 310 : Dealing with Client Monies  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
310.9	<p>Professional Body quality review processes have found that Members in Public Practice have been able to obtain Clients' signatures on initial engagement letters. However, difficulties have been encountered when Members request access to documentation from the Client for the purposes of an APES 310 audit. Members are experiencing difficulties obtaining permission from their Client to allow for an APES 310 audit to occur. Members may potentially breach the confidentiality requirements of APES 110 by complying with APES 310.</p> <p>It was also noted that in some instances, documentation is kept at the Client's premises which introduces additional difficulties when providing auditors with access to work papers for audit testing.</p>	The issue raised by the stakeholder is noted.	<p>Additional guidance on this matter has been included in the proposed revised APES 310, indicating that in instances when a Member experiences difficulties in obtaining client permission to allow access to documentation, the Member should:</p> <ul style="list-style-type: none"> <li>• explain the purpose of the request for access to the client;</li> <li>• document a verbal permission from the client;</li> <li>• inform the auditor of client monies about the client's refusal to give access; and</li> <li>• consider obtaining advice from the Member's Professional Body in case of client refusal.</li> </ul> <p>An exposure draft on proposed revised APES 310 Client Monies incorporating these amendments was issued in December 2017.</p>
310.10	A Professional Body has raised a question regarding the requirement for Members to obtain their respective Professional Accounting Bodies' approval before changing their existing Auditor of Client Monies or if they wish to resign as an Auditor of Client Monies.	The issue raised by the stakeholder is noted.	In the exposure draft of the proposed revised APES 310 <i>Client Monies</i> (issued December 2017), it was proposed that Members are required to notify their respective Professional Accounting Bodies in respect of a change in Auditor of Client Monies, or when resigning as an Auditor of Client Monies.

**APES 315 : Compilation of Financial Information  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
315.1	Technical Staff has identified the need to consider the implications of the NOCLAR provisions of the Code to APES 315, including the need to update the guidance relating to engagement letters for compilation engagements.	This issue has been noted.	APESB will consider this matter at the next revision of APES 315.

**APES 320 : Quality Control for Firms  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
320.1	<p>Technical Staff has noted that as part of its Audit Quality initiative, the IAASB is currently undertaking a project that aims to enhance ISQC1 and develop the proposed new standard ISQC2. ISQC1 remains as the standard for managing Quality Control at the Firm level. The proposed new standard ISQC2 is intended to strengthen the requirements and guidance in respect of engagement quality reviews, including clarifying the criteria for selecting engagement quality reviewers and their responsibilities.</p> <p>APES 320 conforms with ISQC1, with some changes to accommodate Australian legislation and environment and fit within the structure of APESB standards.</p>	This issue has been noted.	APESB will continue to monitor the progress of this IAASB project, and assess its implications on APES 320.

**APES 325 : Risk Management for Firms  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
325.1	Technical Staff has identified the need to consider the implication of the NOCLAR provisions of the Code to APES 325.	This issue has been noted.	APESB will consider this matter in the next revision of APES 325.

**APES 330 : Insolvency Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
330.1	<p>In February 2016, new legislation affecting insolvency services was issued - the <i>Insolvency Law Reform Act 2016</i> (Cth).</p> <p>The Act will become effective in two tranches in 2017 - from 1 March in respect of promoting competency and professionalism among insolvency practitioners, and from 1 September in respect of enhancing insolvency administration processes.</p> <p>Shortly APESB will need to review APES 330 to ensure the standard reflects the new legislation.</p>	This matter has been noted during the 2016 Annual Review of APES 330.	APESB is collaborating with key stakeholders in the review of APES 330 to ensure that it reflects the newly enacted legislation.
330.2	Paragraph 3.1 of the standard currently requires Members to comply with Section 100 of the Code and relevant law. This paragraph could be updated to refer to both laws and regulations to ensure consistency with other APESB standards.	This issue was noted during the 2016 Annual Review of APES 330.	This amendment will be addressed in the next revision of APES 330.
330.3	The definition of Professional Bodies in APES 330 needs to be updated to replace the reference to the Institute of Chartered Accountants Australia with Chartered Accountants Australia and New Zealand.	This issue was noted during the 2016 Annual Review of APES 330.	This amendment will be addressed in the next revision of APES 330.
330.4	Technical Staff has identified the need to consider the implication of the NOCLAR provisions of the Code to APES 330.	This issue has been noted.	This matter will be considered in the next revision of APES 320.

APES 345 : Reporting on Prospective Financial Information Prepared in Connection with a Public Document  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	<b>No current issues</b>		

**APES 350 : Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
350.1	The Technical Staff have identified amendments required to the Definitions section in APES 350 due to the previous Auditing Standards (AUSs) being finally replaced by ASAs. This change affects the definitions of 'AuASB', 'Auditing and Assurance Guidance' and 'Auditing and Assurance Standards'.	Issue identified as part of the revision of APES 310.	APESB will incorporate these editorials into the next revision of the standard.

APES GN 20 : Scope and Extent of Work for Valuation Services  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

APES GN 21 : Valuation Services for Financial Reporting  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

**APES GN 30 : Outsourced Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
30.1	<p>A Professional Body has raised the issue of whether APES GN 30 is effective and used by Members in Public Practice in a proper manner.</p> <p>The Professional Body has suggested that APESB conduct a survey of its use and consider whether transforming it into a Standard would make it more effective.</p>	<p>This issue was noted and considered during the 2017 annual review of APES GN 30.</p>	<p>At its November 2017 meeting, the Board approved the project plan to undertake a review of APES GN 30 to assess its effectiveness and use by Members.</p>

**APES GN 31 : Professional and Ethical Considerations relating to Low Doc Offering Sign-offs  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	<b>No current issues</b>		

**APES GN 40 : Ethical Conflicts in the Workplace - Considerations for Members in Business  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
40.1	<p>Technical Staff has noted the need to revise APES GN 40 to incorporate amendments relating to the NOCLAR standard and whistleblower protections legislation.</p> <p>APESB issued the NOCLAR amending standard in May 2017 and will become effective from 1 January 2018, with early adoption permitted.</p> <p>The Government intends to enact whistleblower protections legislation by mid-2018.</p>	<p>This issue was noted and considered during the 2017 annual review of APES GN 40.</p>	<p>At its August 2017 meeting, the APESB Board approved the proposal to undertake a project in 2018 for the revision of APES GN 40, to incorporate amendments in respect of the NOCLAR provisions of the Code and whistleblower protections legislation.</p>

**APES GN 41 : Management representations  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
41.1	<p>Technical Staff has noted the need to revise APES GN 41 to incorporate amendments relating to the NOCLAR standard.</p> <p>APESB issued the NOCLAR amending standard in May 2017 and will become effective from 1 January 2018, with early adoption permitted.</p>	<p>This issue was noted and considered during the 2017 annual review of APES GN 41.</p>	<p>At its November 2017 meeting, the APESB Board approved the proposal to undertake a project in 2018 for the revision of APES GN 41, to incorporate amendments in respect of the NOCLAR provisions of the Code and whistleblower protections legislation.</p>