

Proposed Standard: APES 210 Conformity with Auditing and Assurance Standards

[Supersedes APES 210 Conformity with Auditing and Assurance Standards issued in November 2011]

Prepared and issued by
Accounting Professional & Ethical Standards Board Limited

EXPOSURE DRAFT
ISSUED:

xx/15
May 2015

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Commenting on this Exposure Draft

This Exposure Draft, APES 210 *Conformity with Auditing and Assurance Standards* was developed and approved by the Accounting Professional & Ethical Standards Board Limited (APESB).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by 10 July 2015.**

Comments should be addressed to:

The Chairman
Accounting Professional & Ethical Standards Board Limited
Level 7, 600 Bourke Street
MELBOURNE VIC 3000
AUSTRALIA

APESB would prefer that respondents express a clear overall opinion on whether the proposed Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. APESB regards both critical and supportive comments as essential to a balanced view of the proposed Standard.

Respondents are asked to submit their comments electronically through the APESB website, using the link <http://www.apesb.org.au/apesb-exposure-drafts-open-for-comment>.

Please submit comments in both a PDF and Word file. All comments will be considered a matter of public record and will ultimately be posted on the website www.apesb.org.au.

APESB prefers that comments are submitted via its website. However, if there are practical difficulties comments can also be sent to sub@apesb.org.au or mailed to the address noted above.

Obtaining a copy of this Exposure Draft

This Exposure Draft is available on the APESB website: www.apesb.org.au. Alternatively, any individual or organisation may obtain one printed copy of this Exposure Draft without charge until **10 July 2015** by contacting:

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Reasons for issuing Exposure Draft xx/15

Accounting Professional & Ethical Standards Board Limited (APESB) proposes to revise APES 210 *Conformity with Auditing and Assurance Standards* (APES 210) primarily due to revisions made by the International Ethical Standards Board (IESBA) to definitions in the International Code in March 2013 and APESB's subsequent amendments to APES 110 *Code of Ethics for Professional Accountants* (the Code) in November 2013.

Overview of the proposed changes

The following summary provides an overview of the proposed revisions to the existing professional standard APES 210:

- Addition of the objectives of APES 210 (paragraph 1.1);
- Effective date of APES 210 (paragraph 1.2);
- Amendment of the following definitions: Assurance Engagement, Auditing and Assurance Standards, Client, Firm, Member, Member in Public Practice, Professional Services and Professional Standards; and
- Addition of the following definitions: Professional Activity and Professional Bodies.

Respondents should not rely on this summary of differences to determine what changes, if any, are required to their current practices, policies or methodologies. Respondents should read the entire Exposure Draft to determine the significance of its proposals.

Proposed operative date

It is intended that this Standard will be operative from 1 January 2016 with earlier adoption permitted.

APES 210 Conformity with Auditing and Assurance Standards

[Supersedes APES 210 Conformity with Auditing and Assurance Standards issued in November 2011]

Prepared and issued by
Accounting Professional & Ethical Standards Board Limited

REVISED: [Month/Year]

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Contents

	Section
Scope and application	1
Definitions.....	2
Fundamental responsibilities of Members.....	3
- Public interest	
- Independence	
- Professional competence and due care	
Auditing and Assurance Standards	4
Auditing and Assurance Guidance.....	5
<i>Conformity with International Pronouncements</i>	
<i>Appendix 1: Summary of revisions to the previous APES 210 (Issued 30 September 2008 Issued 30 November 2011)</i>	

1. Scope and application

1.1 The primary objectives of APES 210 *Conformity with Auditing and Assurance Standards* are to specify a Member's professional obligations when the Member performs an Assurance Assignment or an Assurance Engagement in respect of:

- fundamental ethical obligations
- a Member's obligations to comply with applicable Independence requirements;
- a Member's obligation to comply with Auditing and Assurance Standards; and
- a Member's obligation to consider relevant Auditing and Assurance Guidance.

1.2 Accounting Professional & Ethical Standards Board Limited (APESB) issues professional standard APES 210 *Conformity with Auditing and Assurance Standards* (the Standard), which is effective from ~~the date of issue~~ 1 January 2016 and supersedes APES 210 issued in November 2011. Earlier adoption of this Standard is permitted.

1.23 APES 210 sets the standards for Members to comply with Auditing and Assurance Standards when they conduct Assurance Assignments or Assurance Engagements. The mandatory requirements of this Standard are in ~~bold~~ bold-type (black lettering), preceded or followed by discussion or explanations in normal type (grey type lettering). APES 210 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.

1.43 In undertaking work, including honorary work that is within the scope of an Assurance Engagement, a Member in Business is a Member in Public Practice for the purpose of this Standard.

1.54 **Members in Australia shall follow the mandatory requirements of APES 210.**

1.65 **Members outside of Australia shall follow the provisions of APES 210 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations in the country in which they are working.**

1.76 **Members shall be familiar with relevant Professional Standards and guidance notes. All Members shall comply with the fundamental principles outlined in the Code.**

1.87 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.

1.98 All references to Professional Standards are references to those provisions as amended from time to time.

1.109 In applying the requirements outlined in APES 210, Members should be guided not merely by the words but also by the spirit of the Standard and the Code.

2. Definitions

For the purpose of this Standard:

Assurance Assignment means an Assignment in which a conclusion is expressed by a Member in Business designed to enhance the degree of confidence of the intended users about the outcome of the evaluation or measurement of a subject matter against criteria.

Assurance Engagement means an Engagement in which a Member in Public Practice expresses a conclusion ~~is expressed by a Member in Public Practice~~ designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria.

This includes an Engagement in accordance with the Framework for Assurance Engagements issued by the ~~Auditing and Assurance Standards Board (AUASB)~~ or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements.

Assignment means an instruction, whether written or otherwise, by an employer to a Member in Business relating to the provision of services by a Member in Business. However, consultations with the employer prior to such instruction are not part of an Assignment.

AuASB means the Auditing and Assurance Standards Board which issued Australian auditing and assurance standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia.

AUASB means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the *Australian Securities and Investments Commission Act 2001*.

Auditing and Assurance Guidance means:

- (a) the guidance statements and other guidance publications, as defined in the *Foreword to AUASB Pronouncements*, issued by the AUASB; and
- (b) the auditing and assurance guidance statements and other guidance publications issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia.

Auditing and Assurance Standards means:

- (a) the AUASB standards, as described in *ASA 100 Preamble to AUASB Standards*, *ASA 101 Preamble to Australian Auditing Standards* and the *Foreword to AUASB Pronouncements*, issued by the AUASB, and operative from the date specified in each standard; and
- (b) those standards issued by the AuASB, which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards.

Client means an individual, firm, entity or organisation to whom or to which Professional ~~Services Activities~~ are provided by a Member in Public Practice in respect of Engagements of either a recurring or demand nature.

Code means APES 110 *Code of Ethics for Professional Accountants*.

Engagement means an agreement, whether written or otherwise, between a Member in Public Practice and a Client relating to the provision of Professional Services by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.

Firm means:

- (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) An entity that controls such parties, through ownership, management or other means;
- (c) An entity controlled by such parties, through ownership, management or other means; or
- (d) An Auditor-General's office or department.

Member means a member of a ~~p~~Professional ~~b~~Body that has adopted this Standard as applicable to their membership, as defined by that ~~p~~Professional ~~b~~Body.

Member in Business means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or professional bodies, or a Member contracted by such entities.

Member in Public Practice means a Member, irrespective of functional classification (e.g., audit, tax, or consulting) in a Firm that provides Professional Services. ~~The This~~ term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable ~~p~~Professional ~~b~~Body.

Professional Activity means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.

Professional Bodies means the ~~Institute of Chartered Accountants Australia Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.~~

Professional Services means services requiring accountancy or related skills performed by a Member in Public Practice including accounting, auditing, taxation, management consulting and financial management servicesProfessional Activities performed for Clients.

Professional Standards means all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable ~~p~~Professional ~~b~~Body.

3. Fundamental responsibilities of Members

Public interest

3.1 In accordance with Section 100 *Introduction and Fundamental Principles* of the Code, Members shall observe and comply with their public interest obligations when they perform an Assurance Assignment or an Assurance Engagement.

Independence

3.2 When engaged to perform an Assurance Engagement, a Member in Public Practice shall comply with Section 290 *Independence – Audit and Review Engagements* or Section 291 *Independence – Other Assurance Engagements* of the Code, as applicable.

Professional competence and due care

3.3 In accordance with Section 130 *Professional Competence and Due Care* of the Code, a Member in Public Practice who is performing an Assurance Engagement shall ensure that the Member or the Firm has the requisite professional knowledge and skill or shall engage a suitably qualified external person. If the Member is unable to engage a suitably qualified person when required, the Member shall decline the Engagement.

4. Auditing and Assurance Standards

4.1 Except for the circumstances described in paragraph 4.2, a Member shall comply with Auditing and Assurance Standards.

4.2 Where legislation or other government authority requires a departure from Auditing and Assurance Standards, a Member shall disclose that fact in the Member's report. In these circumstances, a Member shall not assert compliance with any of those standards in the Member's report.

5. Auditing and Assurance Guidance

5.1 A Member should follow relevant Auditing and Assurance Guidance.

Conformity with International Pronouncements

The International Ethics Standards Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 210.

APPENDIX 1

Summary of revisions to the previous APES 210 (Issued on 30 November 2011)

APES 210 *Conformity with Auditing and Assurance Standards* was originally issued on 30 September 2008 and subsequently revised on 30 November 2011. APES 210 has been revised by APESB in XX 2015. A summary of the revisions is given in the table below.

Table of revisions*

<u>Paragraph affected</u>	<u>How affected</u>
1.1	Added
1.2 – Paragraph 1.1 of existing APES 210 relocated	Amended
1.3 – Paragraph 1.2 of existing APES 210 relocated	Amended
2 – Definition of Assurance Engagement	Amended
2 – Definition of Auditing and Assurance Standards	Amended
2 – Definition of Client	Amended
2 – Definition of Firm	Amended
2 – Definition of Member	Amended
2 – Definition of Member in Public Practice	Amended
2 – Definition of Professional Activity	Added
2 – Definition of Professional Bodies	Added
2 – Definition of Professional Services	Amended
2 – Definition of Professional Standards	Amended
Appendix 1	Added

* Refer Technical Update 2015/x