

Constituents' Submissions – Specific Comments Table
Exposure Draft 02/15: Revision of APESB pronouncements (ED 02/15)

Note: General comments relating to ED 02/15 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph/ Page No. in Exposure Draft	Respondent	Respondents' Comments
1	<p>Definition 'Assurance Engagement'</p> <p>APES 205 (page 15) APES 210 (page 25)</p>	Deloitte	<p>I do however have one comment that I would like to make which is as follows:</p> <ul style="list-style-type: none"> The definition of an assurance engagement that has been insert in both APES 205 and APES 210 is not consistent with the definition in the recent update to the framework for assurance engagements – paragraph 10 states “an assurance engagement is an engagement in which an assurance practitioner <u>aims to obtain sufficient appropriate evidence in order</u> to express a conclusion”. The underlined words have not been included in your definition and in my view are important as they acknowledge that there may be instances when the member cannot get sufficient appropriate evidence to express a conclusion.
2	<p>Definition 'Financial Statements'</p> <p>APES 205 (page 16)</p>	CA ANZ	<p>In the course of conducting their professional engagements our members use pronouncements of the APESB, the Auditing and Assurance Standards Board (AUASB) and the Accounting Standards Board. It is therefore important that the definitions used by all three standard setters are exactly the same. Common definitions will increase consistent application of all standards and improve efficiency and clarity to users. To provide an example, in the exposure draft your proposed amended definition of financial statements does not agree to the definition provided in the AUASB's glossary.</p> <p>We have a number of other specific comments, which we have included in the table attached.</p>
3	<p>Definition 'Professional Bodies'</p> <p>APES 205 (page 17) APES 210 (page 26) APES 220 (page 33) APES 305 (page 46) APES 325 (page 55) APES 345 (page 66) APES GN 30 (page 78) APES GN 40 (page 93)</p>	CA ANZ	<p>Impact of the merger of the Institute of Chartered Accountants in Australia (ICAA) and the New Zealand Institute of Chartered Accountants (NZICA).</p> <p>The change has been drafted to refer to the merged entity as “the Chartered Accountants Australia and New Zealand”. The word “the” should be removed from the name, giving the revised wording:</p> <p>Professional Bodies means Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.</p>

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4	Definition 'Special Purpose Financial Statements' APES 205 (page 17)	CA ANZ	Revision of definitions due to amendments to APES 110 Code of Ethics for Professional Accountants (Code). The definition of Special Purpose Financial Statements differs from the definition in APES 110.
5	Definition 'Audit Engagement' APES 205 (page 15)	CA ANZ	Revision of definitions due to amendments to APES 110 Code of Ethics for Professional Accountants (Code). Although consistent with APES 110, there is a typographic error in the definition of Audit Engagement . Remove the unnecessary comma from: “...in all material respects (or give a true and fair view or are presented fairly, in all material respects),, in accordance with...” to become “...in all material respects (or give a true and fair view or are presented fairly, in all material respects), in accordance with...”
6	Definition 'Professional Activity' APES GN 40 paragraph 3.3 (page 93)	CA ANZ	Revision of definitions due to amendments to APES 110 Code of Ethics for Professional Accountants (Code). Given the definition of Professional Activity much of the wording of this paragraph are superfluous. We suggest: “Activities performed by Members in Business for the Employer can fall under the definition of Professional Activity. Typically, this includes activities performed by financial accountants, tax accountants, financial analysts, financial planners, management accountants, internal auditors and financial controllers.
7	Definition 'Compliance Framework' APES GN 205 (page 16)	CA ANZ	Revision of definitions due to amendments to APES 110 Code of Ethics for Professional Accountants (Code). The term is not defined in APES 110. The wording in the ED is similar, but not identical to, the definition of Compliance Framework in the AUASB Glossary. We recommend the follow definitions should be used. “ <i>Compliance Framework</i> (relating to financial reporting) (refer Applicable Financial Reporting Framework) <i>Compliance Framework</i> (not relating to financial reporting) means a framework used by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.

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8	Paragraph 1.1	CPA Australia	While we find the 'objectives' paragraph added in each standard valuable, we are of the view that the content should be common in every standard to the extent possible.
9	Paragraph 1.1	CPA Australia	We are also of the view that this paragraph should refer to 'professional and ethical requirements' instead of referring to professional obligations, so that it is better aligned with the terminology of the Code. We provide specific comments and suggestions for the objectives for each standard below.
10	Interpretation paragraph APES 205 (1.10) APES 210 (1.11) APES 220 (1.10) APES 305 (1.10) APES 325 (1.11) APES 345 (1.11) APES GN 30 (1.12) APES GN 40 (1.10)	CPA Australia	The proposed interpretation paragraph included in section 1 of each standard uses the term 'importing'. While we appreciate that the term may be commonly used in some disciplines, we do not think it is necessary in the standards, as this paragraph can be simply expressed as: "In this Standard, unless otherwise specified, words in the singular include the plural and vice versa, words of one gender include another gender and words referring to persons include corporations or organisations, whether incorporated or not."
11	APES 205 (1.3) APES 210 (1.3) APES 220 (1.3) APES 305 (1.3) APES 325 (1.4) APES 345 (1.3)	CPA Australia	In relation to the proposed change to the expression of the mandatory requirements in the standards, we are of the view that the reference to bold and normal is adequate and there is no need to refer to black and grey lettering, as these latter terms are more commonly used in law and do not actually reflect the colour of the font.
12	APES 205 (1.1)	CPA Australia	We are of the view that paragraph 1.1 could be more appropriately expressed as: The primary objectives of APES 205 <i>Conformity with Accounting Standards</i> are to specify a Member's professional and ethical requirements when the Member prepares, presents, audits, reviews or compiles Financial Statements, in respect of: <ul style="list-style-type: none"> • fundamental responsibilities; • taking reasonable steps to ensure a Reporting Entity prepares General Purpose Financial Statements; and • the disclosures in an entity's Special Purpose Financial Statements

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13	APES 205	CPA Australia	The terms “financial report” and “financial statements” are used interchangeably in defining some of the terms. Both terms can have distinct meanings in specific circumstances (for example, as set out in section 295 of the Corporations Act 2001). To ensure clarity, we recommend referring to “financial statements”. This will also align with the primary objective of conformity with accounting standards, which set out the requirements for the preparation of financial statements.
14	APES 205	CPA Australia	A definition of “Compliance Framework” as part of the definition of “Applicable Financial Reporting Framework” is superfluous as “Compliance Framework” is also separately defined. We recommend removing the paragraph referring to “Compliance Framework” within the definition of “Applicable Financial Reporting Framework”.
15	APES 205	CPA Australia	We recommend clarifying the terms “General Purpose Framework” and “Special Purpose Framework” by expanding them to refer to “General Purpose Financial Statements Framework” and “Special Purpose Financial Statements Framework”.
16	APES 210 (1.1)	CPA Australia	<p>We are of the view that paragraph 1.1 could be more appropriately expressed as:</p> <p>The primary objectives of APES 210 <i>Conformity with Auditing and Assurance Standards</i> are to specify a Member’s professional and ethical requirements when the Member performs an Assurance Assignment or an Assurance Engagement, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • compliance with applicable Independence requirements; • compliance with Auditing and Assurance Standards. <p>We are of the view that the last proposed point: “a Member’s obligation to consider relevant Auditing and Assurance Guidance” presents as an obligation something that is presented as a guidance in the standard and we think it should be removed.</p>
17	APES 220 (1.1)	CPA Australia	<p>We are of the view that paragraph 1.1 could be more appropriately expressed as:</p> <p>The primary objectives of APES 220 <i>Taxation Services</i> are to specify a Member’s professional and ethical requirements in relation to a Taxation Service performed for a Client or Employer, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • preparation and lodgement of returns to Revenue Authorities; • association with tax schemes and arrangements; • involvement with estimates;

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			<ul style="list-style-type: none"> • false and misleading information; • professional engagement matters; • dealing with Client monies; • professional fees; and • documentation requirements.
18	<p>APES 220 Definition 'Client Monies' 9.1</p> <p>9.3</p>	CPA Australia	<p>The proposed paragraph 1.1 refers to Client monies and section 9 addresses Client monies. We are of the opinion that a definition of client monies should be added in this standard, section 9 should refer to the requirements in APES 310 <i>Dealing with Client Monies</i> and the reference to 'prompt' transmission in paragraph 9.1 should be updated to reflect them.</p> <p>Further, the reference to 'maintained in accordance with the requirements of the professional body to which the Member belongs' in paragraph 9.3 should be removed as APES 310 now includes the requirements.</p>
19	APES 305 (1.1)	CPA Australia	<p>The proposed paragraph 1.1 states:</p> <p>"The primary objectives of APES 305 <i>Terms of Engagement</i> are to specify a Member in Public Practice's professional obligations in respect of:</p> <ul style="list-style-type: none"> • documenting and communicating the Terms of Engagement to a Client; • providing guidance to a Member on matters to be included in an Engagement Document; • providing guidance to a Member on when an Engagement Document should be reissued in respect of a recurring Engagement; and • to specify the Member's obligations in respect of limitation of liability schemes." <p>Since the provision of guidance in the standard does not specify professional obligations, we are of the view that the primary objectives of this standard could be more clearly expressed as:</p> <ul style="list-style-type: none"> • documenting and communicating the Terms of Engagement to a Client; • specifying the Member's obligations in respect of limitation of liability schemes <p>In line with our comments in relation to the other standards, we are of the view that 'professional obligations' should be replaced by 'professional and ethical requirements'.</p>

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20	APES 325 (1.1)	CPA Australia	We are of the view that the reference to 'mandatory obligations' in paragraph 1.1 should be replaced with requirements.
21	APES 345 (1.1)	CPA Australia	<p>The proposed objectives of this standard refer to member's obligations in the commentary and bullet points, thus stating the same content twice. We propose that the objectives can be expressed more clearly as:</p> <p>The primary objectives of APES 345 <i>Reporting on Prospective Financial Information prepared in connection with a Public Document</i> are to specify the professional and ethical requirements of a Member in Public Practice who performs a Reporting Service Engagement, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • applicable Independence requirements; • relationships and the provision of other Professional Services that create threats to compliance with the fundamental principles; • reporting and documentation; • communication with Those Charged with Governance; and • the impact of any litigation between the Client or its related entities and the Firm.
22	APES GN 30 (1.1)	CPA Australia	<p>We are of the view that the reference to professional and ethical responsibilities should be made in the objectives of guidance notes, as well as standards. We propose that in relation to APES GN 30 the primary objectives are expressed as:</p> <p>The primary objectives of APES GN 30 <i>Outsourced Services</i> are to provide guidance in relation to the professional and ethical responsibilities of a Member in Public Practice, who provides or utilises an Outsourced Service, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • management of risks associated with the performance or utilisation of Outsourced Services; • matters to be included in the Outsourcing Agreement pertaining to Outsourced Services*; • monitoring and management of Outsourced Services; and • documentation. <p>* The term 'service level agreement' used in the proposed objectives is not found in the guidance note. We are of the view that it should be replaced by the term 'outsourcing agreement', which is defined and used in the guidance note.</p>

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23	APES GN 40 (1.1)	CPA Australia	<p>We are of the view that given the broad coverage of APES GN 40, which includes guidance on the overall framework of the Code, its primary objectives can be more accurately expressed as:</p> <p>The primary objectives of APES GN 40 <i>Ethical Conflicts in the Workplace – Considerations for Members in Business</i> are to provide guidance to a Member in Business on the Code and its application when dealing with ethical conflicts in the workplace, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • the application of the conceptual framework in the Code to identify, evaluate and address ethical issues; • specific circumstances such as dealing with conflicts of interest, reporting of information, acting with sufficient expertise, financial interests and inducements; and • the disclosure of confidential information of an Employer to a third party - whistleblowing.

Staff Instructions:

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents’ comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order. Use acronyms only for respondents. Update the attached table with details of additional respondents.

RESPONDENTS

1	Deloitte	Deloitte
2	CA ANZ	Chartered Accountants Australia & New Zealand
3	CPA Australia	CPA Australia