

Project Proposal – Revision of APES 110 Code of Ethics for Professional Accountants to incorporate amendments to the IESBA’s Code

Introduction

The International Ethics Standards Board for Accountants (IESBA) is currently in the process of revising the IESBA *Code of Ethics for Professional Accountants* (the International Code) via several coordinated and interconnected projects.

In accordance with APESB’s due process, the revisions to the International Code need to be considered in the Australian context in accordance with APESB’s Due Process.

Background

The IESBA commenced work on a project to restructure the International Code in April 2014. Due to the comprehensive nature of the review and wide scale impact, IESBA is coordinating the restructure project in conjunction with a number of its existing projects.

The current projects being considered by the IESBA are:

- [Structure of the Code](#);
- [Safeguards in the Code](#);
- [Review of Part C of the Code](#); and
- [Long association provisions of Personnel with an Audit or Assurance Client](#) (Long Association).

It is expected that the final pronouncement for Long Association will be issued at the September 2016 IESBA Board meeting. The IESBA is also expected to approve the Exposure draft (ED) for Phase 2 of the Structure Project at their December 2016 meeting. This ED is expected to contain the proposed provisions for the current projects as well.

The IESBA have also released the following pronouncements:

- [Non-compliance with Laws and Regulations](#) (NOCLAR); and
- [Non-assurance services \(NAS\) provisions for Audit Clients](#).

APESB need to consider the revisions to the International Code as each IESBA project commences and as pronouncements are issued. APESB has held roundtables with stakeholders and also made submissions on IESBA EDs released to date in respect of these projects.

APESB now need to commence a project to update APES 110 *Code of Ethics for Professional Accountants* (APES 110) and related APESB pronouncements, subject to the finalisation of each IESBA project.

APESB will need to consider the finalised (or close to finalised) IESBA pronouncements first. This would be the pronouncements on NOCLAR, Long Association and NAS (the **finalised IESBA pronouncements**). APESB would then need to consider exposure drafts released by the IESBA on its current projects as they are released (Structure Phase 2, Safeguards and Part C).

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- Project Objective:**
- To update APES 110 *Code of Ethics for Professional Accountants* (the Code) to be consistent with the IESBA's revised International Code.

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- Project Steps:**
- APESB ED 1 (Stage 1)**
- Review new provisions of the revised IESBA Code;
 - Develop an APESB ED for the Board's review that incorporates the provisions from the finalised IESBA pronouncements into APES 110 (APESB ED 1);
 - Present the draft of APESB ED 1 to the Board for consideration at the November 2016 Board meeting;
 - Release APESB ED 1 for public comment (Dec 2016);
 - Consider respondents' comments and their impact on APESB ED 1 and amend as required (Mar – Apr 2017);
 - Present the final Standard and Basis for Conclusion for the Board's approval (May – June 2017).
 - At this stage APESB will have to make a determination on whether to release the standard or to defer it depending on IESBA's progress on Structure Phase 2 ED and related projects.

APESB ED 2 (Stage 2)

- Monitor the progress of the IESBA Phase 2 and related projects (Nov – Dec 2016);
- Review proposed new provisions of the revised IESBA Code (for ongoing projects) released via IESBA EDs (expected Dec 2016);
- Host Roundtable events to obtain stakeholder feedback on IESBA EDs (Mar – Apr 2017);
- Develop Submissions on the IESBA's EDs (Mar – Apr 2017);
- Review new provisions of the revised IESBA Code (for ongoing projects) on final IESBA pronouncements (Sep 2017);
- Develop APESB ED 2 on IESBA's Structure Phase 2 ED and related projects for the Board's review;
- Present the draft of the APESB Stage 2 ED for Board approval (Nov 2017);
- Release APESB Stage 2 ED for public comment (Dec 2017);
- Consider respondents' comments and their impact on the ED and amend as required (Mar- Apr 2018);
- Present the final Standard and Basis for Conclusion for the Board's approval (May 2018);

Restructured APES 110 (Stage 3)

- Prepare a combined restructured Code incorporating the standards from Stage 1 and 2 (May-June 2018);
 - Release the restructured Code publicly and upload the Code onto the APESB website (June 2018).
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- Project Structure:**
- Board – provide feedback and oversee the revision of the Code;
 - APESB Technical Director – principal drafting editor; and
 - APESB Secretariat – provide administrative support.

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- Project Risk Assessment**
- Risk area 1: Risk of costs rising significantly during the project.
 - Probability: Low
 - Impact: Low
 - Effect on Project: Minimal
 - Risk reduction actions: Monitoring of time and costs on a regular basis
 - Risk area 2: Risk of proposed provisions not being accepted by Professional Accounting Bodies and accounting professionals.
 - Probability: Low
 - Impact: Medium
 - Effect on Project: It may increase the need for stakeholder engagements.
 - Risk reduction actions: Liaise and consult with stakeholders throughout the project development process.

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- Resource Requirements:**
- Estimated Technical Staff time over the life of this project will be approximately 4 - 6 months. This would cover the various stages of this project.
 - Costs to hold two Roundtable events – includes room hire, catering, travel and accommodation for APESB Staff and Board Members (as required) and sundry costs. Costs will be covered by existing allocation for events and thought leadership activities in APESB's budget.
 - Other sundry costs like printing and stationary.
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Timeline:	August 2016	Approve project proposal
	November 2016	Present APESB ED 1 for Board approval.
	December 2016	Release APESB ED 1 for public comment.
		Expected release of the IESBA Exposure Draft on Structure & Safeguards (IESBA ED Phase 2)
	Jan - Feb 2017	Review and analyse proposed provisions in the IESBA ED – Phase 2.
	Feb - Mar 2017	Host Roundtable events on the IESBA ED Phase 2 and APESB ED 1.
	Mar – Apr 2017	Develop Submission on the IESBA ED. Collate feedback received on APESB ED 1.
	April 2017	Prepare revisions to APES 110 for stakeholder feedback on APESB ED 1.
	May 2017	Present the final standard on APESB ED 1 and the basis of conclusions for Board approval.
	June 2017	Finalise APESB ED Stage 1 on restructured Code.
	Sept 2017	Expected release of the IESBA’s final restructured Code incorporating Phase 2 ED
	Oct 2017	Prepare APESB ED 2 based on IESBA’s restructured Code
	Nov 2017	Present APESB ED 2 for Board approval.
	Dec 2017	Release APESB ED 1 for public comment.
	Mar - Apr 2018	Collate respondents’ comments and prepare revisions to incorporate stakeholder feedback on APESB ED 2.
	May 2018	Present the final standard on APESB ED 2 and the basis for conclusions for Board approval.
	June 2018	Release restructured Code incorporating APESB ED 1 & 2.

Impact on other APESB pronouncements

The potential revised sections of the Code will impact other APESB pronouncements as the Code is the fundamental standard in the APESB framework of professional standards.

Impact on accounting, auditing, or other relevant standards

The restructured APES 110 will continue to be aligned with the international Code. The Auditing and Assurance Standards Board (AUASB) pronouncement ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* (ASA 102) specifically references APES 110. Once the restructured APES 110 is issued the AUASB needs to be notified that ASA 102 will require revision to refer to the restructured APES 110.

Related legislative developments

None noted.

Related international developments

Other than the IESBA developments, no other developments that impact upon the Code is noted at this stage.

Benefits of developing the pronouncement

Revision of APES 110 will ensure that it continues to be aligned with the IESBA Code.