

Review of Submissions – General Comments

Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers

Review of Submissions – General Comments
 Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers

Note: Specific comments relating to Exposure Draft 02/21 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	N/A	CA ANZ	Thanks for the opportunity to provide input re the above ED.	No
2	N/A	CPA A	CPA Australia represents the diverse interests of more than 168,000 members working in over a 100 countries and regions supported by 19 offices around the world. We make this submission on behalf of our members and in the broader public interest.	No
3	N/A	IPA	Thank you for the opportunity to comment on exposure draft 02/21: <i>'Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Reviewer and Other Appropriate Reviewers.</i>	No
4	N/A	PP	<p>We appreciate the opportunity to provide our comments to the APESB on the project to include provisions in APES110 Code of Ethics for Professional Accountants (including Independence Standards) to address the threats to objectivity of engagement quality reviewers (EQR's) and other appropriate reviewers.</p> <p>Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are multidisciplinary firms and we are committed to high ethical standards across all areas of our practice. We focus primarily on the middle market, a distinct and differentiated component of the audit market from that primarily addressed by the "Big 4", and our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, not-for-profit entities, government entities, and small to medium sized enterprises.</p> <p>APESB has requested specific comments and feedback on the option of incorporating an Australian paragraph to enhance and clarify the requirement that an audit engagement partner cannot undertake the role of engagement quality reviewer for the same audit client without completing a two-year cooling-off period between the two roles.</p>	No

Review of Submissions – General Comments

Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			In addition, the APESB have requested respondents to express a clear overall opinion on whether the proposed amendments, as a whole, are supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter.	
5	N/A	CA ANZ	Overall, we support the APESB's proposals to incorporate the changes made by the International Ethics Standards Board for Accountants (IESBA) to the International Code of Ethics for Professional Accountants (including International Independence Standards).	No
6	N/A	CPA A	CPA Australia is supportive of the proposed amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the "Code") outlined in the APESB Exposure Draft (ED) issued in March.	No
7	N/A	PP	<p>Overall, we support the concept that the objectivity of the EQR is critical to an effective review and the proposed revisions to the Code take the appropriate steps to preserve objectivity by requiring an Engagement Partner (EP) to cool off for two years before becoming an EQR on the same client. However, the way the identification and evaluation of threats sections is written implies that these experienced and respected professionals cannot be trusted. The starting point seems to be that EP's and EQR's are unethical and because of that, they cannot be EQR's on each other's engagements and an EQR cannot be junior to an EP, despite being a partner with the appropriate knowledge and experience to perform the role.</p> <p>We also have concerns that with the ever-increasing number of measures being implemented in pursuit of the 'perfect audit' from a quality and independence perspective, that it may in fact have the opposite effect, as recent statistics show that there is and will continue to be a decline in the number of RCA's available to perform audits.</p>	No
8	N/A	PP	We support the view that the objectivity of EQR's is critical for a quality audit but do not support the view or inference in the ED that highly qualified, experienced and respected practitioners are incapable of performing their role as EP or EQR in accordance with the five fundamental principles of the Code based on the examples provided in the ED.	No
9	N/A	CA ANZ	Please let me know if you have any queries or would like to discuss this.	No

Review of Submissions – General Comments

Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
10	N/A	CPA A	If you have any queries about this submission, please don't hesitate to contact Ms. Clare Bannon, Senior Manager, Professional Standards, Public Practice and Professional Standards on Clare.Bannon@cpaaustralia.com.au or +613 9606 9865 or me on gary.pflugrath@cpaaustralia.com.au or +613 9606 9941.	No
11	N/A	IPA	If you would like to discuss the IPA comments, please contact me at vicki.stylianou@publicaccountants.org.au .	No
12	N/A	PP	If you would like to discuss any of the comments made in our response please contact Maxine Ambrosini, Director Independence & Quality, or myself.	No

RESPONDENTS

1	CA ANZ	Chartered Accountants Australia and New Zealand
2	CPA A	CPA Australia
3	IPA	Institute of Public Accountants
4	PP	Pitcher Partners