

21 January 2022

Ms Roxane Marcelle-Shaw  
Council Secretary  
Professional Standards Councils  
GPO Box 4021  
SYDNEY NSW 2001  
By email: [pscinfo@psc.gov.au](mailto:pscinfo@psc.gov.au)

Dear Roxane,

**RE: Public consultation – Code of Ethics Exposure Draft**

Accounting Professional & Ethical Standards Board Limited (APESB) welcomes the opportunity to make a submission on the Professional Standards Councils' Code of Ethics Exposure Draft (the PSC Exposure Draft).

APESB is an independent entity with a primary purpose to develop, issue, and maintain high-quality professional and ethical pronouncements for the Australian accounting profession in the public interest. APESB's pronouncements apply to the members of the three major Australian professional accounting bodies; CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA).

The existence of professional and ethical standards to govern the conduct of accountants is a critical aspect of the accounting profession. We believe that a strong framework of professional and ethical standards assists accountants in addressing ethical issues when they arise and when adhered to, establishes robust professional conduct and contributes to the stakeholders' confidence in the work performed by accountants.

In Australia, APESB issues APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) and a range of professional and ethical standards that address non-assurance services for the accounting profession. APES 110 is based on the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the International Code of Ethics) issued by the International Ethics Standards Board for Accountants (the IESBA).

As the accounting profession in Australia has a well-established Code (APES 110), APESB is of the view that the guidance included in Part 1 of the PSC Exposure Draft is less likely to be relevant for the accounting associations.

APESB is supportive of the Professional Standards Council providing guidance on the development and revision of an association's Code of Ethics. As APESB's mandate is to issue a Code of Ethics for members of the professional accounting bodies in Australia, APESB's review primarily focused on Part Two: *Code Development* and Part 4: *Code Revision* of the PSC Exposure Draft.

APESB agrees that the focus of a Code of Ethics should be on improving practitioner standards and consumer protections. The premise of APES 110 is that professional accountants need to act in the public interest and not just in the interests of their employer or their client. It is the underlying theme across all the fundamental principles and requirements in APES 110.

APESB also agrees that implementing a regular review function is crucial in ensuring that a Code of Ethics stays relevant and practical for a profession. In developing, reviewing and issuing our pronouncements, APESB follows a transparent and rigorous due process that focuses on engagement with a range of stakeholders, including other standard-setters, professional accountants, firms and regulators. APESB's process represents global best practice and is explained in detail in its [Due Process and Working Procedures document](#).

The stages within APESB's due process are very similar to those in the PSC Exposure Draft (e.g., Drafting and redrafting, Consultation, Adoption, Communication and Review and Feedback). However, consultation in APESB's due process is extensive and occurs across all stages of the standard development process. The process starts with the establishment of taskforces consisting of subject matters experts and key stakeholders. The taskforce aims to create standards based on best practices and in accordance with the fundamental principles of APES 110. APESB also creates consultation opportunities through formal and informal ways, including consultation papers, exposure drafts, roundtables, discussion forums, and stakeholder meetings. APESB believes that consultation should be a key emphasis in the PSC's guidance on developing and revising a Code of Ethics for a professional association.

APESB is of the view that the proposed guidance in the PSC Exposure Draft could be improved by streamlining the parts into one document. Some parts of the guidance note, especially Parts 2 and 4, duplicate content. We understand that the due process to follow when developing a Code for the first time or reviewing an existing Code of Ethics is very similar. However, the duplication may reduce the effectiveness of the guidance. Removing the duplication in parts 2 and 4 and combining the parts into one cohesive document that guides users through developing and revising a Code of Ethics will reduce its length, improve its readability and usefulness as a resource for professional associations.

We trust you find these comments useful in your deliberations. If you wish to discuss further or should you require any additional information, please contact APESB's Chief Executive Officer, Channa Wijesinghe, at [channa.wijesinghe@apesb.org.au](mailto:channa.wijesinghe@apesb.org.au).

Yours sincerely



Nancy Milne OAM

**Chairman**