

28 March 2023

APESB issues revised APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350) to replace the existing APES 350 (Issued November 2019).

The key changes in the revised APES 350 consist of:

- Revisions to definitions and paragraph 6.1 to reflect the terminology, concepts and principles used in the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* issued in February 2022 (effective 1 January 2023) and ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* issued by the Auditing and Assurance Standards Board in March 2021 (effective 15 December 2022); and
- Alignment of wording in paragraph 3.19 with Section 114 *Confidentiality* of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) regarding a legal, regulatory, or professional duty or right to disclose.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES 350 will be effective for Engagements commencing on or after 1 April 2023 with early adoption permitted.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES 350 (Issued November 2019)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*, which was originally issued in December 2009 and revised in March 2011, August 2015 and November 2019.

Paragraph Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional standard APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document</i> (the Standard), which is effective for Engagements commencing on or after <u>1 April 2023</u> January 2020 and supersedes APES 350 issued in <u>November 2019</u> August 2015 . Earlier adoption of this Standard is permitted.
1.6	The Standard should be applied to the extent practicable where a Member in Public Practice provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with an Engagement which is not in connection with a Public Document.
2	Assurance Client means the responsible party <u>and also, in an attestation that is the person (or persons) who:</u> (a) In a direct reporting Engagement, the party taking responsibility is responsible for the subject matter; or (b) In an assertion-based Engagement, is responsible for the Subject Matter Information and (who might be the same as the responsible party for the subject matter).
2	Assurance Engagement means an Engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the Subject Matter Information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). This includes an Engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements. (For guidance on Assurance Engagements, see the <i>Framework for Assurance Engagements</i> issued by the AUASB. The <i>Framework for Assurance Engagements</i> describes the elements and objectives of an Assurance Engagement and identifies Engagements to which <i>Australian Auditing Standards</i> (ASAs), <i>Standards on Review Engagements</i> (ASREs) and <i>Standards on Assurance Engagements</i> (ASAEs) apply.)
2	Engagement Team means all Partners and staff performing the Engagement, and any <u>other individuals engaged by the Firm or a Network Firm</u> who perform procedures on the Engagement, excluding an . This excludes External Experts engaged by the Firm or by a Network Firm. <u>Engagement Teams include any other individuals who perform procedures on the Engagement who are from a Network Firm or a service provider.</u>
2	Independence comprises: (a) Independence of mind – the state of mind that permits the expression of a conclusion without being affected by influences that compromise

Paragraph Reference	Revisions
	<p>professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism.</p> <p>(b) Independence in appearance – the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude that a Firm’s, or an Engagement Team member’s, integrity, objectivity or professional scepticism has been compromised.</p>
2	<p>Network means a larger structure:</p> <p>(a) That is aimed at cooperation; and</p> <p>(b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality <u>management control</u> policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.</p>
2	<p>Partner means any individual with authority to bind the Firm with respect to the performance of an <u>Professional Services Engagement</u>.</p>
2	<p>Subject Matter Information means the outcome of the evaluation or measurement or evaluation of the underlying a-subject matter <u>against the criteria, i.e., the information that results from applying the criteria to the underlying subject matter</u>. It is the Subject Matter Information about which Member in Public Practice gathers sufficient appropriate evidence to provide a reasonable basis for expressing a conclusion in the Member’s report.</p>
3.19	<p>Where a Member in Public Practice provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee, the proper performance of the work will generally require the Member to disclose confidential information of the Client to the Due Diligence Committee, subject to any overriding restrictions on disclosure of information (including those commonly referred to as ethical wall arrangements). Unless the Member has a legal, regulatory or professional <u>duty or right to disclose obligation of disclosure</u>, the Member should not disclose any information relating to the Client’s affairs to a party, other than to a DDC Member, DDC Observer or Reporting Person, without obtaining the Client’s prior permission in Writing.</p>
6.1	<p>A Member in Public Practice shall prepare working papers in accordance with this Standard that appropriately document the work performed, including aspects of the Engagement that have been provided in Writing. The documentation prepared by the Member shall:</p> <p>(a) provide a sufficient and appropriate record of the procedures performed for the Engagement;</p> <p>(b) identify the source of significant information the Member has used in the conduct of the Engagement; and</p> <p>(c) demonstrate that the Engagement was carried out in accordance with this Standard and all other Professional Standards applicable to the Engagement, including:</p> <p>(i) policies and procedures established in accordance with APES 320 <u>Quality Management Control for Firms that provide Non-Assurance Services; or</u></p> <p>(ii) <u>where the Engagement is determined to be an Assurance Engagement, responses, which are policies or procedures</u></p>

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	<p style="text-align: center;"><u>to address one or more quality risk(s), designed and implemented in accordance with ASQM 1³; and (iii) any applicable ethical, legal and regulatory requirements.</u></p>
<u>Footnote 3</u>	<p><i><u>Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements issued by the AUASB.</u></i></p>
Appendix 1	Due Diligence Sign-off – Amended