

Latest Developments in the Code of Ethics Impacting Accounting Practices – Including AI

CA ANZ Public Practitioners Breakfast

19 August 2025



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Agenda

- Foundations of the Code
- Technology-Related Revisions to the Code
- Artificial Intelligence
- Tax Planning and Related Services
- Firm Culture and Governance
- Sustainability
- Key Standards in the APES 300 Series
- Q&A

Foundations of the Code



International Ethics Standards Board for Accountants (IESBA)

IESBA's **mission** is to serve the public interest by setting high-quality global ethics and independence standards as a cornerstone to:

- ethical behaviour in business and organisations; and
- public trust in financial and non-financial information



The **IESBA Code** is:

- Adopted or used in > **130** jurisdictions, including **17** G20 countries
- Adopted by the largest **35** international networks of firms (the Forum of Firms) for transnational audits
- Translated in around **40** languages, including all major UN languages

IESBA Leadership and Members



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About the IESBA Code

International Ethics Standards
Board for Accountants®

Handbook of the
International Code of Ethics
for Professional Accountants

— including —
International Independence Standards

2024 Edition

Full adoption
of the IESBA
Code by
APESB in
Australia



Compiled APES 110 Code of Ethics for
Professional Accountants (including
Independence Standards)

Compiled as at January 2025

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The IESBA Code/APES 110

Fundamental Principles

Integrity

Objectivity

Professional Competence &
Due Care

Confidentiality

Professional Behaviour

Threats

Self Interest

Self Review

Advocacy

Familiarity

Intimidation

Conceptual Framework



Technology-Related Revisions to the Code



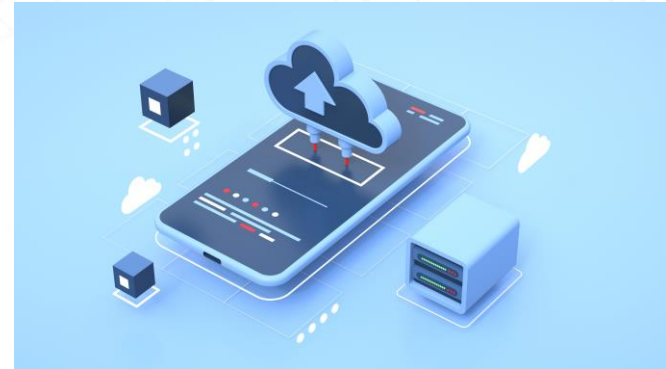
Ethics and Technology

Opportunities

- AI, data analytics, blockchain, cloud
- Greater efficiency, better insights

Ethical Challenges

- Data privacy & confidentiality
- Bias & fairness in algorithms
- Professional scepticism in automated environments



Technology is a tool, not a substitute for professional judgement.

IESBA Response

New technology-related changes to the Code (April 2023)



- Applies to assurance on non-financial information
- Draws attention to competence, confidentiality & leadership
- Considers ethical threats from use of technology & complexity when exercising professional judgment
- Addresses the ethical dimension of using output of technology
- Strengthens independence provisions for technology-related services & business relationships

Technology Working Group Phase 2 report (Nov 2022)



- Data used for AI training
- Transparency & explainable AI; data governance, including custody of data
- Ethical leadership & decision-making
- Communication with TCWG
- Reliance on, or use of, experts
- Business relationships
- Advocacy of the Code and development of non-authoritative guidance.

Technology related revisions to the Code

- In June 2024, APESB issued the Technology-related [Amending Standard](#)
- Revisions based on IESBA Final Pronouncement [Technology-related Revisions to the Code](#) issued April 2023
- Guides the ethical mindset and behavior of Members in dealing with changes brought by technology



Effective from 1 January 2025

Overview of Technology-related revisions

Draws attention to the **competence, confidentiality, & leadership** imperatives of the digital age

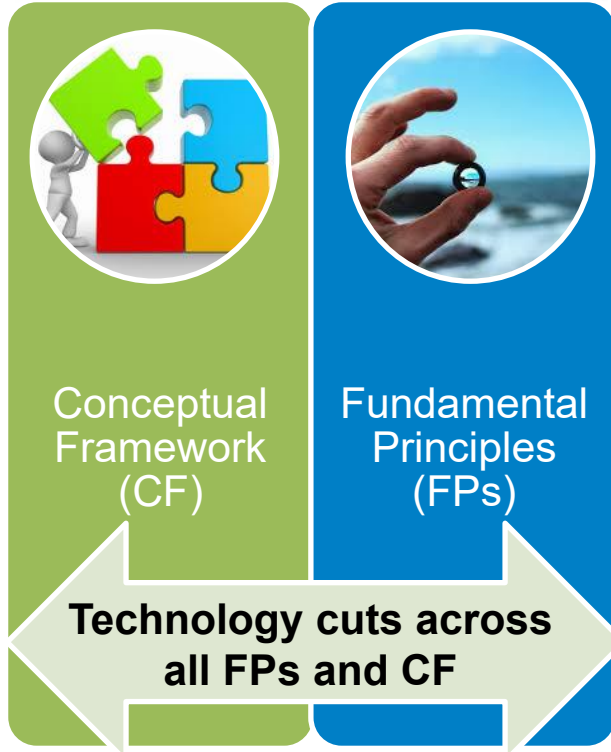
Considers ethical threats from **use of technology & complexity** when exercising professional judgment

Addresses the ethical dimension of **using output of technology**

Strengthens **auditor independence** for technology-related services & business relationships

Applies to assurance on **non-financial information** (e.g. ESG disclosures)

Technology and the Conceptual Framework



- Importance of **maintaining confidentiality** throughout the data governance cycle
- Data available might not be sufficient for effective use of technology.
- Technology might not be appropriate for the **purpose** for which it is to be used.
- The accountant might not have **sufficient information and expertise**, or access to an expert with sufficient understanding, to use and explain the technology and its appropriateness for the purpose intended.
- The technology was designed or developed using the knowledge, expertise or judgement of the accountant or employing organisation.

Ethical considerations when using technology output

- The **nature of the activity** to be performed by the technology.
- The expected use of, or extent of **reliance** on, the output of the technology.
- Whether the accountant has the ability, or has access to an expert with the ability, to understand, **use and explain** the technology and its appropriateness for the purpose intended.
- Whether the technology used has been appropriately **tested and evaluated** for the purpose intended.
- **Prior experience** with the technology → whether its use for specific purposes is generally accepted.
- The employing organisation's **oversight** of the design, development, implementation, operation, maintenance, monitoring, updating or upgrading of the technology.
- The **controls** relating to the use of the technology, including procedures for authorising user access to the technology and overseeing such use.

Artificial Intelligence



Academics apologise for AI blunder implicating Big Four

by Tom Herbert

A group of academics has apologised to the Big Four after it was revealed they had used material generated by artificial intelligence to implicate the firms in non-existent scandals via a submission to the Australian Parliament.

6th Nov 2023, 10 comments



ACCOUNTING & AUDIT

86% of Accountants Expect Technology to Drive their Firms' Growth in 2023

In 2023, accountants expect to spend an average of \$15,800 on technology improvements and upgrades. Nearly half expect to invest in and adopt automation tools...

FORBES > INNOVATION

The Future Of Accounting: How Will Digital Transformation Impact Accountants?

Microsoft lays off an ethical AI team as it doubles down on OpenAI

Rebecca Bellan @rebeccabellan / 6:26 PM PDT • March 13, 2023

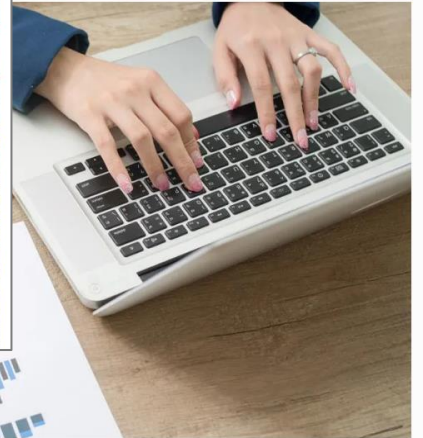
Comment



Forbes Councils Member
Council
Membership (Fee-Based)

May 19, 2021, 09:40am EDT

ENERGY, with decades of international
t, Spend Management and Technology.



GETTY

Use of AI

58%



of employees report intentionally using AI tools in their work on a regular basis.

48%



of employees report that they have uploaded company information, such as financial, sales, or customer information, into public AI tools.

Source: [UoM and KPMG, Trust, attitudes and use of AI: A global study 2025](#)

Building and using AI Ethically

- **Understand the model:** the data, its operation and potential unintended consequences
- Be comfortable with the inputs and the **control structure** monitoring the system and its output
- Utilise a **“human in the loop”** approach
- Have the ability and competence to ask the **“right” questions**

Can be achieved by the Member keeping current and educating themselves on relevant practical guidance and “best practices” specific to their role



Other Ethical Considerations when Using AI

Bias and discrimination

The extent to which bias is impacting the **outputs of technology**, and to ensure that they have the appropriate mindset, competence and tools to do this.

Risk profile

The approach to AI learning might also affect its risk profile for producing **accurate and reliable outputs**

Use of data

How data was made available for **training and testing the AI system** – and how confidentiality, including data privacy, has been considered and maintained

Increased need for being alert, having an inquiring mind, applying professional scepticism and being aware of bias

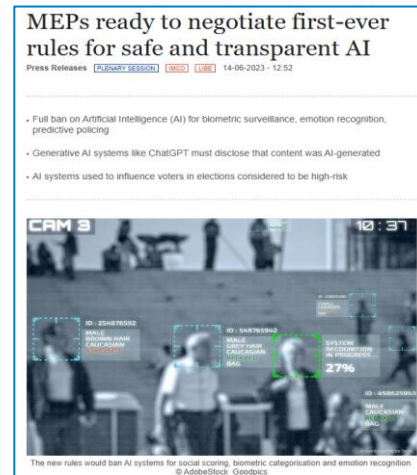
AI Ethics Guidelines

Around 200 sets of AI ethics guidelines have been developed by various governments, multilateral organisations, nongovernmental organisations and corporations.



In November 2021, UNESCO's General Conference of 193 member states adopted the [Recommendation on the Ethics of AI](#)

In June 2024, the EU Parliament approved [landmark AI regulation](#) aimed to promote the uptake of human-centric and trustworthy AI and to protect health, safety, fundamental rights and democracy from its harmful effects.



Bringing it back to the Code

Integrity

Objectivity

Professional
competence and due
care

Confidentiality

Professional behaviour

Tax Planning and Related Services



Tax Planning and Related Services



- In January 2025, APESB issued the [Amending Standard](#) addressing Tax Planning and Related Services and revised [APES 220 Taxation Services](#)
- Revisions based on new global ethics standards for tax planning and related services, see IESBA Final Pronouncement [Revisions to the Code Addressing Tax Planning and Related Services](#) issued in April 2024
- Effective from **1 July 2025**, with early adoption permitted

Broad Spectrum of Tax Planning

Project Objective

Develop an **ethical framework** to guide judgements and decisions when Members in public practice (MIPPs) provide TP services or Members in business (MIBs) perform TP activities



Applicability

- **Members in Business** – All entities (Section 280)
- **Members in Public Practice** – All clients: individuals and entities (Section 380)

Exclusions

- Tax compliance or preparation
- Tax evasion

Overview of Tax Planning & Related Services Provisions

Description of
Tax Planning

Related
Services

Role of Member
in Acting in
Public Interest

Compliance
with Laws and
Regulations

Responsibilities of
Management and
Those Charged
with Governance

Responsibilities
of Members

Establishing a
Credible Basis

Applying
“Stand-back
Test”

Multi-
jurisdictional
Tax Benefits

Navigating the
“Gray Zone”

Applying the
Conceptual
Framework

Disagreement
with Client

TP Products/
Arrangements
Developed by a
Third Party

Documentation

Credible Basis

- A Member can only provide, recommend or advise on a Tax Planning arrangement (TP arrangement) if the Member has concluded that there is a **credible basis**.
- When determining whether there is a credible basis:
 - Use professional judgement;
 - Must be based on **tax laws and regulations** prevailing at time of the assessment; and
 - Consider jurisdictional variations.
- If there is no credible basis, should **explain rationale** to employer or client.



Consideration of the Overall Tax Planning Advice

- Having established a credible basis → , the Member performs a stand back test.
- Critical public interest test
- Stand back test involves considering **reputational and commercial risks**, and wider economic consequences.
- Consider **adverse implications** such as negative publicity, fines or penalties.
- Consider the tax base of the jurisdiction(s) – OECD BEPS
- Communication of the final basis of the Member's conclusion.

Documentation

- APES 110 **mandates** documentation in line with APES 220 existing requirements
- APES 110 **encourages** documentation of the following
 - Purpose, circumstances & substance of TP arrangement
 - Identity of ultimate beneficiaries
 - Nature of any uncertainties
 - Member's analysis, courses of action considered, judgements made and conclusions reached
 - Results of discussions with the employer/client and other parties
 - Client's response to Member's advice & any disagreements



Documentation may be required by other professional standards or legislation (e.g., ASQM 1, or TPB requirements)

Firm Culture & Governance



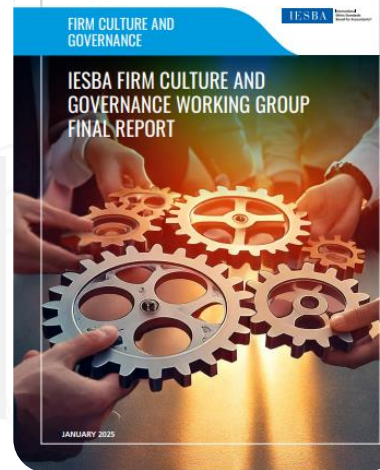
Reason for the Project

Consultation on IESBA's Strategy and Work Plan highlighted:

- Persisting **high-profile cases of unethical behavior** in accounting firms & their **adverse impact on the reputation** of the accountancy profession
- Requests for IESBA to consider a **strategic and constructive response**

Stakeholder feedback generally recognised that:

- While the Code addresses ethics for individuals, it does not comprehensively address the culture of a firm to facilitate and promote ethical behaviour
- Developing a principles-based framework for accounting firms, addressing the culture and governance of firms in order to instil best practices in ethical conduct
- IESBA approved a new project with two work streams



***Extensive
outreach and
information
gathering***

IESBA Firm Culture & Governance project

Key Themes



Sustainability



Building out Ethics as the Third Pillar of the Sustainability Standards Infrastructure

Sustainability Reporting and Assurance

Standardized approach for **reporting** information



Reliable, comparable and decision useful information

Reporting Standards

Standardized approach for providing independent **assurance**



Credible and trustworthy information

Assurance Standards

Ethical mindset and behaviors to guide judgments and drive actions



Trustworthy information that is factual and not misleading

IESBA – Ethics and Independence Standards

NEW PART 5 OF THE IESBA CODE OF ETHICS

For Professional Accountants

PART 1

Complying with the Code, the Fundamental Principles, and the Conceptual Framework

(All Professional Accountants)
Section 100–199

PART 2

Professional Accountants in Business (PAIBs)

Part 2 is also applicable to individual PAPPs when performing professional activities pursuant to their relationship with the firm

Section 200–299

PART 3

Professional Accountants in Public Practice (PAPPs)

Section 300–399

PART 4A

International Independence Standards
Independence for Audits and Reviews

Section 400–899

PART 4B

International Independence Standards
Independence for Assurance Engagements other than Audit Engagements, Review Engagements, and Sustainability Assurance Engagements Addressed in Part 5

Section 900–999

NEW

For All Sustainability Assurance Practitioners

PART 5

International Ethics Standards for Sustainability Assurance (including international Independence Standards) (IESSA)

For Sustainability Assurance Engagements Scoped to Part 5

Section 5100–5600

Key Characteristics of AESSA (New Part 5)



Equivalent to Ethics and Independence Standards for Audit



Profession-Agnostic (for All Practitioners)



Standalone (New Part 5 of APES 110)



Framework-Neutral

Refresher on selected Standards in APES 300 Series



Key APES 300 Standards for Firms

The following standards help firms establish strong professional and ethical foundations:

- APES 305 *Terms of Engagement*
- APES 310 *Client Monies*
- APES 320 *Quality Management for Firms that provide Non-Assurance Services*
- APES 325 *Risk Management for Firms*



Strong systems & controls protect a firm's operations, reputation and clients

Further Information

For more information visit www.apesb.org.au

Follow the APESB [LinkedIn page](#) for timely updates,

To download APESB's mobile app:



Purpose & Disclaimers

This set of PowerPoint slides has been developed by APESB Technical Staff and the IESBA Technical Staff on the Code, applicable standards and relevant proposals.

These slides provide only an *overview* and do not purport to present all the detailed requirements or changes. The slides should be read in conjunction with the Code, applicable standards and relevant proposals. These slides do not form part of the Code, the text of which is authoritative.

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Q&A

