



## Welcome to *Professionalism*

### Issue 22

*In this issue we provide updates on our activities and technical projects for April - June 2019.*

### **Proposed Revisions to APESB Pronouncements**

Following the release of the restructured *Code of Ethics for Professional Accountants (including Independence Standards)* in November 2018, APESB is reviewing all its other twenty pronouncements during 2019.

The second exposure draft outlining these revisions was released in June; it covers five pronouncements grouped into the following related topics:

	<b>FIRM-WIDE PRONOUNCEMENTS</b> <ul style="list-style-type: none"> <li>• APES 310 <i>Client Money</i></li> <li>• APES 320 <i>Quality Control for Firms</i></li> <li>• APES 325 <i>Risk Management for Firms</i></li> </ul>	
<b>COMMENTS FOR ED 02/19 DUE 24 JULY 2019</b>		<b>PRONOUNCEMENTS FOR MEMBERS IN BUSINESS</b> <ul style="list-style-type: none"> <li>• GN 40 <i>Ethical Conflicts in the Workplace - Considerations for Members in Business</i></li> <li>• GN 41 <i>Management Representations</i></li> </ul>

### Key revisions include:

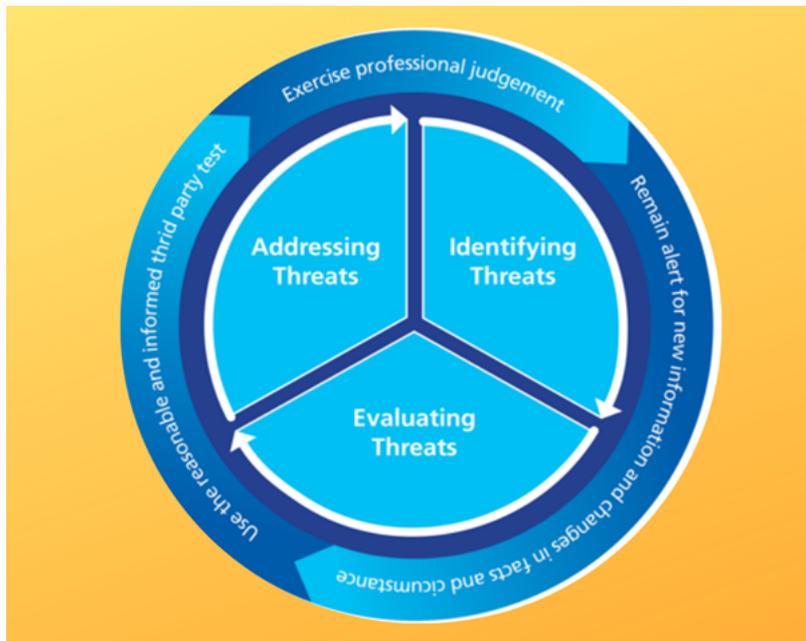
- Updated cross-references to the restructured Code
- Updated provisions and definitions
- Amendments to address matters on the APESB Issues Register
- The inclusion of reference to Non-compliance with Laws and Regulations (NOCLAR)
- Revisions to ensure consistency across all pronouncements.

The revised pronouncements are proposed to be effective from 1 January 2020, with early adoption permitted.

Stakeholders comments are due by 24 July 2019.

Read the [Exposure Draft](#)

Read the [Technical Alert](#)



## Are you APES 110 READY?

The restructured *Code of Ethics for Professional Accountants (including Independence Standards)* (The Code) (APES110) issued November 2018 is effective 1 January 2020.

## Are you prepared?

### Three Things You Need to Know to be APES 110 Ready

#### 1. The new Code structure

The Code is structured as follows:

- Scope and application
- Glossary
- Part 1 - includes the fundamental principles and the conceptual framework
- Part 2 - sets out requirements and guidance applicable to Members in Business
- Part 3 - sets out requirements and guidance applicable to Members in Public Practice
- Part 4 - sets out the independence standards applicable when providing assurance services. Part 4A is applicable to audits or reviews of Financial

Statements and Part 4B is applicable to Other Assurance Engagements.

## **2. The Conceptual Framework**

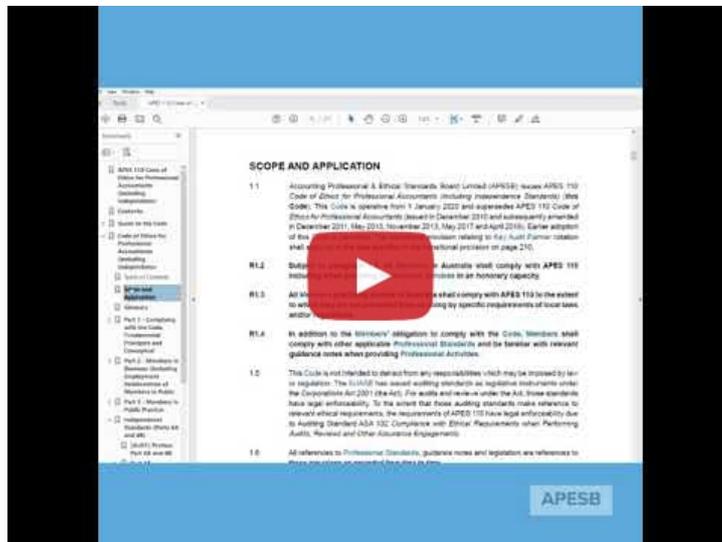
The Code is principles-based and sets out a conceptual framework to assist in the application of the fundamental principles. The overarching requirement for all Members to apply the conceptual framework is explicitly stated at the beginning of each section of the Code. The three main stages to the application of the framework are:

- identifying threats
- evaluating threats
- addressing the threats.

## **3. Identifying and dealing with threats**

The enhancements to the Conceptual Framework require a change in mindset. The Code now clearly states that not all threats can be addressed by the application of safeguards. Members need to deal with threats, 'not at an acceptable level' by:

- eliminating the circumstances that are creating the threats
- applying safeguards, or
- declining or ending the specific professional activity or service.



## Navigating the Code with APESB's interactive PDF

The Restructured Code of Ethics is available as an interactive PDF with enhanced features that include:

- Bookmarks Tab section for Table Contents
- Dynamic links to sections and sub-sections
- Pop-up definitions upon mouse rollover for defined terms
- Links to external websites

The PDF is available to download from the APESB website and is best viewed in Adobe Reader. Read and download the interactive Code on the APESB website.

### CA ANZ Audit Conferences

APESB were pleased to be part of the CA ANZ Audit and Accounting Conferences held in Brisbane, Sydney, Melbourne, Adelaide and Perth from March through to May 2019. The conferences were a great opportunity to engage with stakeholders on the restructured Code of Ethics and how to #beAPES110ready.

**Melbourne presentation**

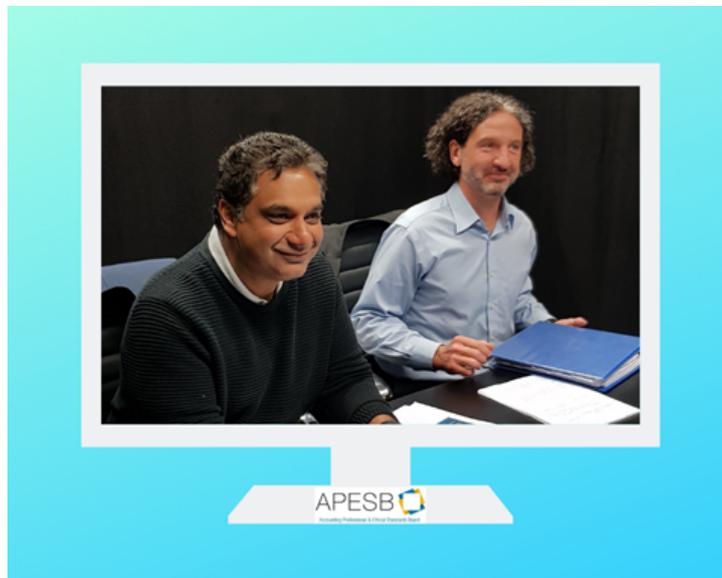


*CA ANZ Audit Conference organiser, Liz Giust and APESB CEO, Channa Wijesinghe.*

### **Monitoring Group Roundtable**

APESB in collaboration with the AUASB and NZ XRB welcomed Gerben Everts, outgoing Chair of the Monitoring Group, to a Roundtable discussion on the expected Consultation Paper in Sydney in May 2019. Stakeholders discussed the current proposed governance and structure of the international standard setting boards relating to audit and ethics and the Public Interest Framework.

### **Webinars**



*APESB CEO Channa Wijesinghe and APESB Technical Manager, Jon Reid preparing for the webinar.*

[view the presentation](#)

APESB in collaboration with CPA Australia and CA ANZ facilitated several stakeholder webinars in May to provide stakeholders with information and guidance on the proposed International Standards on Quality Management (ISQM1 & ISQM2), released by the International Auditing and Assurance Standards Board (IAASB) earlier this year. The webinars were well attended, especially from sole practitioners and small firms. The comments received from stakeholders helped inform the APESB's submission to the IAASB.

## International News

Submissions to the IAASB International Exposure Drafts on the proposed International Standards on Quality Management (ISQM1 & ISQM2) and the proposed revisions to Part 4B of the Code are now closed.

- The IESBA launched the eCode and it is available free-of-charge at [www.IESBAeCode.org](http://www.IESBAeCode.org).
- The IESBA released an updated Q&A publication, [\*IESBA Staff Q&A – Long Association of Personnel with an Audit Client\*](#) to align with the restructured International Code of Ethics. APESB will be updating its document to reflect this update later in 2019.
- Tom Seidenstein announced as the new Chair of the IAASB commencing 1 July 2019.
- Read the IFAC's Global Knowledge Gateway article, [\*Enhancing Quality Management – Your Views are Important\*](#).
- [View](#) the highlights from the IESBA Board meeting held 17 -19 June 2019 in Nashville, USA.



***An evening with IESBA Chairman, Dr Stavros Thomadakis***



We have added a dedicated Stakeholder Engagement Activities website page to showcase the highlights of the Thought Leadership event with IESBA Chairman, Dr Stavros Thomadakis, held in November 2018 in Sydney. The page includes Dr Thomadakis' Keynote speech and an event highlights video.

[View the event page](#)

Register to attend the next APESB Meeting

**16 August 2019**  
**CA ANZ offices**  
**Sydney**



[Register](#)



APESB is governed by an independent board of directors whose primary objective is to develop and issue, in the public interest, high-quality professional and ethical pronouncements. These pronouncements apply to the membership of the three major Australian professional accounting bodies (CPA Australia, CA ANZ and the IPA).

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