

## AGENDA PAPER

**Item Number:** 5  
**Date of Meeting:** 25 June 2020  
**Subject:** Proposed amendments to Part 4B of the Code

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**Action Required**       **For Discussion**       **For Noting**       **For Information**

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### Purpose

To obtain the Board's approval to issue the Exposure Draft *Proposed Amendments to Part 4B of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (Part 4B ED), subject to the Board's review comments and editorials.

### Background

APESB issued the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) in November 2018, with an effective date of 1 January 2020. The Code is based on the International Code of Ethics for Professional Accountants (including International Independence Standards) (the International Code), which is issued by the International Ethics Standards Board for Accountants (the IESBA).

In January 2020, the IESBA issued a final pronouncement [Revisions to Part 4B of the Code to Reflect Terms and Concepts Used in International Standard on Assurance Engagements 3000 \(Revised\)](#) (Part 4B Revisions), which will take effect in the International Code from June 15, 2021.

The Part 4B Revisions incorporate enhanced requirements and guidance in respect of how the conceptual framework and Independence Standards in the Code apply to Assurance Engagements performed using International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

In Australia, the Auditing and Assurance Standards Board (AUASB) issue the *Standard on Assurance Engagements (ASAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, which is based on the equivalent international standard noted above.

## Key Considerations

To maintain alignment with the International Code, Technical Staff are proposing to issue for exposure the Part 4B Revisions to the Code.

The Part 4B revisions provide greater clarity as to types of assurance engagements, the parties to an assurance engagement, and their roles and responsibilities, including the applicable related independence requirements.

The proposed key amendments included in the exposure draft are summarised below:

- Amendments to requirements and application paragraphs to reflect the two types of assurance engagements referred to in ASAE 3000 (Revised) as Attestation Engagement and Direct Engagement. These types of engagements replace assertion-based and direct-reporting engagements;
- The addition of definitions for Attestation Engagement, Criteria, Direct Engagement, Responsible Party, Subject Matter Information, and Underlying Subject Matter, in line with ISAE 3000 (revised);
- Amendment to the definition of Assurance Client, Assurance Engagement and Financial Statements to align with the ASAE 3000 (revised);
- The addition of application material to clarify the roles of the various parties to an Assurance Engagement;
- Amendments to clarify the independence requirements for attestation engagements; and
- The removal of requirements and application material now covered by the above definitions.

The proposed Part 4B ED is presented as a clean version and a marked-up version at agenda papers 5 (a) and 5 (b), respectively.

## Staff Recommendation

The Board approve, subject to review and editorial comments, the release of the proposed Exposure Draft *Proposed Amendments to Part 4B of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* for public comment.

## Materials Presented

Agenda Item 5 (a)	Draft ED <i>Proposed Amendments to Part 4B of the Code</i> (Clean version)
Agenda Item 5 (b)	Draft ED <i>Proposed Amendments to Part 4B of the Code</i> (Marked-up version)

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**Date:** 12 June 2020