

Review of Supplementary Submissions – General Comments

Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers

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Note: Supplementary specific comments relating to Exposure Draft 02/21 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	N/A	CA ANZ	<p>Addendum to Submission on Exposure Draft ED 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers.</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) is appreciative of the opportunity to submit further comment on the proposals to revise APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) (“the Code”) to address the Objectivity of an Engagement Quality Reviewer (“EQR”) and other appropriate reviewers (“the ED”).</p> <p>This addendum examines the application material paragraphs at 325.8 A3 and 325.8 A4, proposed content at AUST R325.8.1 and the consequential amendment, footnote 7, at R540.17. These paragraphs are reproduced below:</p> <p><i>Cooling-off Period</i></p> <p>325.8 A3 ASQM 2 Engagement Quality Reviews (ASQM 2) required the Firm to establish policies or procedures that specify, as a condition for eligibility, a cooling-off period of two years before the Engagement Partner can assume the role of Engagement Quality Reviewer. This serves to enable compliance with the principle of objectivity and the consistent performance of quality engagements.</p> <p>325.8 A4 The cooling-off period required by ASQM 2 is distinct from, and does not modify, the partner rotation requirements in Section 540, which are designed to address threats to Independence created by long association with an Audit Client.</p> <p>[Optional AUST paragraph –to clarify the cooling-off requirement to Audit Clients]</p> <p>AUST R325.8.1 In accordance with ASQM 2, where a Member in Public Practice has acted as an Engagement Partner for an Audit Client, the Member shall not act in the role of an Engagement Quality Reviewer for that same Audit Client unless the Member has undertaken a two-year cooling-off period between finishing the role of Engagement Partner and commencing the role as the Engagement Quality Reviewer.</p>	No

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			<p>Footnote 7at R540.17 Members should refer to AUST 325.8.1 which requires a Member to undertake a two year cooling-off period between the time they finish being an Engagement Partner for an Audit Client and then assuming the role of Engagement Quality Reviewer for the same Audit Client.</p>	
2	N/A	DTT	<p>Re: Exposure Draft 02/21 Objectivity of Engagement Quality Reviewers</p> <p>We appreciate being provided with the opportunity to comment, after the close of the comment period, on <i>Exposure Draft 02/21: Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers</i>, issued by the Accounting Professional & Ethical Standards Board (APESB).</p>	No
3	N/A	EY	<p>Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>EY welcomes the opportunity to submit comment on the proposals to revise APES 110 <i>Code of Ethics for Professional Accountants (Including Independence Standards)</i> (the Code) to address the Objectivity of an Engagement Quality Reviewer (EQR) and other appropriate reviewers.</p>	No
4	N/A	GT	<p>As noted at the September APESB meeting please refer comments relating to the proposed amendments to APES 110 Code of Ethics for Professional Accountants addressing the Objectivity of the Engagement Quality Reviewer (EQR) and Other Appropriate Reviewers.</p>	No
5	N/A	KPMG	<p>Comment on Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants</p> <p>KPMG appreciates being provided with the opportunity to comment, after the close of the comment period, on <i>Exposure Draft 02/21: Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers</i>, issued by the Accounting Professional and Ethical Standards Board ("APESB").</p>	No
6	N/A	CA ANZ	<p>Recommendations</p> <p>Commensurate with CA ANZ's views in our submission dated 9 June 2021, overall, CA ANZ supports the APESB's proposals to incorporate changes to the Code introduced by the International Ethics Standard Board for Accountants ("IESBA"). CA ANZ recognises the complexities created by the engagement quality reviewer eligibility requirements</p>	No

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			in ASQM 2 and Long Association Requirements in Section 540 of the Code. To address these complexities, CA ANZ recommends the following changes to the drafting of Section 325 and Footnote 7 at R540.17.	
7	N/A	DTT	Deloitte is supportive of the adoption by the APESB of, and alignment with, the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code).	No
8	N/A	EY	We are supportive of the Accounting Professional Standards & Ethical Standards Board's proposals to incorporate changes to the Code introduced by the International Ethics Standard Board for Accountants (IESBA) and recognise the complexities created by the engagement quality reviewer eligibility requirements in ASQM 2 and Long Association Requirements in Section 540 of the Code.	No
9	Section 325 and para R540.17	GT	Recommendation: Grant Thornton supports the APESB's proposal to incorporate changes to the Code introduced by the International Ethics Standard Board for Accountants (IESBA), however, recommends the following changes to the drafting of Section 325 and Footnote 7 at R540.17 proposed for APES 110.	No
10	N/A	KPMG	KPMG is supportive of the APESB's intent of amending APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") to incorporate changes made by the International Ethics Standards Board for Accountants (IESBA) to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the International Code).	No
11	N/A	CA ANZ	Should you have any questions about the matters raised in this addendum to our submission or wish to discuss them further, please contact Josephine Haste, Josephine.haste@charteredaccountantsanz.com .	No
12	N/A	DTT	We would be pleased to discuss our comments with you. If you wish to do so, please do not hesitate to contact me on (02) 9322 5258.	No
13	N/A	EY	We would be pleased to discuss our comments with APESB and its staff. Should you wish to do so, please contact me (leigh.walker@au.ey.com or (0438 262 555).	No
14	N/A	GT	Should you have any questions or wish to discuss please contact me.	No
15	N/A	KPMG	We would be pleased to discuss our comments with you. If you wish to do so, please contact me on (02) 9335 7487, or Andrew Bryant on (03) 9288 6036.	No

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RESPONDENTS

1	CA ANZ	Chartered Accountants Australia and New Zealand
2	DTT	Deloitte Touche Tohmatsu
3	EY	Ernst & Young
4	GT	Grant Thornton
5	KPMG	KPMG