Specific Comments Table – APES 320 Attachment 1

[The following is an extract from CA ANZ's submission on APES 320 and where applicable the Technical Staff response to these issues are dealt with in the Specific Comments table]

Appendix 2 – General Comments in response to the Exposure Draft

Table 1 – Changes in Terminology

Extant APES 320	Proposed reissued APES 320	CA ANZ Comments
System of Quality Control	SQM	If alignment between ASQM 1 and APES 320 is not the predominant purpose for reissuing APES 320, then CA ANZ does not see the need for this change in terminology. Further, retaining the extant name of the standard might create a clearer distinction between APES 320 and ASQM 1. CA ANZ is not strongly opposed to the change in terminology.
Relevant Ethical Requirements	Professional Standards	CA ANZ supports this change to terminology
Reasonable Assurance	Reasonable Confidence	CA ANZ considers the term 'Reasonable Confidence' to be more appropriate for a non-assurance engagement.
Engagement Quality Control Reviewer	Appropriate Reviewer	CA ANZ supports the use of the term 'Appropriate Reviewer' consistent with the use of the term in The Code of Ethics for Professional Accountants ("**The Code**")
Suitably Qualified External Person	Service Provider	CA ANZ supports this change to terminology.

Table 2 – Changes to Definitions

New Definitions	Amended Definitions	Removed Definitions	CA ANZ Comments
AUASB	Assurance Engagement	Date of Report	CA ANZ supports the removal of definitions and/or phrasing which is audit centric.

CA ANZ acknowledges that the term "Independence" is used more widely than only in audit and assurance standards. However, with the recent introduction of the '*Role and Mindset*' provisions in the Code, it may be more appropriate for the term "Independence" to be reserved for engagements that require Independence as defined by The Code, relevant legislation and/or accounting and auditing standards. We recommend that the APESB review other professional standards to determine whether '*role and mindset*' is a more appropriate term, weighed against the level of public interest in various non-assurance services. |
External Expert	Assurance Practice	Engagement Quality Review(er)	
Member in Business	Engagement Partner	Key Audit Partner	
Public Document	Engagement Team	Listed Entity	
Service Provider	Inspection	Reasonable Assurance	
SQM	Monitoring	Relevant Ethics Requirements	
Those Charged with Governance	Network	Suitably Qualified External Person	

Table 3 and 4- Proposed Partially New Requirements

Table 3

Extant APES 320 (para 10)	Proposed APES 320 (para 3.14)

System of Quality Control Elements:
• Leadership responsibilities for quality within the Firm
• Relevant Ethical Requirements
• Acceptance and Continuance of Client Relationships and Specific Engagements
• Human Resources
• Engagement Performance
  Monitoring
	SQM Elements:
	• Governance and Leadership
	• Professional Standards
	  Acceptance and Continuance of Client Relationships and Specific Engagements
	• Resources
	• Information and Communication
	• Engagement Performance
	  Monitoring and remediation

CA ANZ Comments
CA ANZ supports the new requirement of *'Information and Communication'* and the amendments to *'Resources'* and *'Governance & Leadership'* to appropriately broaden the scope and practically reflect practice operations. Where the public interest is clearly benefited, we support general, high-level alignment with ASQM 1 reflected in the proposed amendments to the elements of quality management

Table 4

Extant APES 320	Proposed APES 320	CA ANZ Comments
Any person assigned operational responsibility has sufficient and appropriate experience, ability and authority (para 17)	Any person assigned authority (para 3.14): • Has appropriate influence and authority; • Understands and is accountable for the role; and • Has a direct line of communication to the person with ultimate responsibility.	CA ANZ considers the proposed changes to operational responsibility for quality management to be inconsistent with the public interest risk attributable to non-assurance practices. CA ANZ recommends that the extant requirement is adopted to allow SMPs greater flexibility in operational management of their SQM.
Sufficient human resources with competence capabilities and commitment to ethics (para 47)	Sufficient and appropriate resources for the SQM (para 4.19): • Extant human resources material remains • New application material for technology and intellectual resources and service providers.	CA ANZ supports the changes to Resources, including retaining the extant material for human resources. CA ANZ supports the application material included for technology and intellectual services and service providers.
Assignment of responsibility to the Engagement Partner (para 54)	Additional criteria that the Engagement Partner has capacity to be sufficiently and appropriately involved (para 4.26(c)).	CA ANZ supports the inclusion of the additional criteria (c) in requirement paragraph 4.26
Policies and procedures for Engagement performance (paras 58 & 63)	Additional criteria that Engagement Teams understand and fulfil responsibilities (para 4.38)	CA ANZ supports the partially new requirements at paragraph 4.38. The extant requirements and application material clearly articulate responsibilities as described in paragraph 4.38. While we are not strongly opposed to sub-paragraph 4.38 (a), we consider the sub-paragraph to be a duplication of other requirements.

Table 5 – Proposed New Requirements

Proposed APES 320	CA ANZ Comments
Network Firms Firm responsible for SQM irrespective of compliance with Network Firm Requirements (para 3.16)	CA ANZ questions whether this new requirement is needed. As the professional standards are mandatory for all members in Australia (paragraph 1.4 & 3.1), it follows that the requirements of APES 320 must be adhered to locally. CA ANZ recommends removing this requirement.
Information and Communication Establish policies and procedures that address (para 4.59): • Obtaining, generating and using information about the SQM; and • Communicating this within the Firm and externally on a timely basis. New application material to support the introduction of a new element.	CA ANZ supports the new principles based requirement at 4.59 and application material for Information and Communication. While this requirement has been derived from ASQM 1, it has been simplified, allowing for greater scalability for NAS.