

AGENDA PAPER

Item Number: 3
Date of Meeting 23 February 2023
Subject: Review of APESB's Issues Register

Action required For discussion For noting For information

Purpose

To:

- (a) provide the Board with an update on APESB's Issues Register as of 23 February 2023; and
- (b) seek the Board's approval to close off Issues Register Items.

Background

The APESB Issues Register is available on the [APESB website](#) to inform stakeholders of issues reported to the APESB or identified by an internal technical review in respect of each APESB professional pronouncement. The document is updated periodically to reflect the activities of the APESB Technical Work Program.

Consideration of Issues

(a) Closure of Issue relating to Independence requirements in APES 110

During the review of the Issues Register, Technical Staff considered issue 110.1, relating to the potential adoption of varying Independence requirements for the provision of non-assurance services.

In December 2022, APESB issued an amending standard to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110), which set out the independence requirements relating to non-assurance services. The amending standard was based on the International Ethics Standards Board for Accountants (IESBA) released

revisions to the non-assurance service provisions of the *International Code of Ethics for Professional Accountants (including International Independence Standards)*. APESB Technical Staff note that the provisions are also mostly consistent with the provisions released in New Zealand.

The item also notes that APESB is monitoring developments from the Parliamentary Joint Committee (PJC) inquiry into audit regulation and the impact it may have on the Code. The Federal Government is yet to respond to the PJC recommendations.

Technical staff are of the view that, even though the government's response to the PJC inquiry has not been issued, as the amending standard has been released, this matter could be removed from the Issues Register pending the receipt of any new concerns.

Technical staff seeks board approval to close the Issues Register item of the review of independence requirements in APES 110 [Item no. 110.1].

(b) Closure of Issue relating to the definition of Member in Guidance Notes

An issue had been previously noted for the guidance notes APES GN 20, APES GN 21 and APES GN 31 as to whether the definition of Member needed to refer to the adoption of a pronouncement rather than the adoption of a standard.

In considering this matter, Technical staff noted that the guidance notes set out guidance on the application of related standards (for example, APES 225 and APES 350). However, they do not create mandatory requirements; therefore, it may be difficult to clearly state that a member has adopted the guidance. As such, Technical Staff are of the view that no change is required to the definition of Member and recommend the closure of the related items on the Issues Register.

(c) Summary of changes from the 2022 Issues Register

A summary of key matters resolved from the 2022 Issues Register, new matters recorded on the Issues Register and key developments for current issues are noted below:

Key matters resolved from the 2022 Issues Register

- **Revision to APESB pronouncement for Quality Management**

APESB is conducting a project to update APESB pronouncements because of the reissue of APES 320 *Quality Management for Firms that provide Non-Assurance Services*.

To date, proposed conforming amendments have been issued for the following pronouncements:

- APES 315 *Compilation of Financial Information*
- APES 325 *Risk Management for Firms*
- APES 345 *Reporting on Prospective Financial Information Prepared in connection with a Public Document*
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Comment*

- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*

The Board is considering the outcome of the exposure draft process for these standards at the February 2023 meeting. Subject to the Board's approval of these revised pronouncements, APESB Technical Staff has removed the relevant issues recorded in the register for APES 315, APES 325, APES 345, APES 350 and APES GN 31 as these matters were addressed in the Exposure Draft. This includes the issues for APES 345 and APES 350 relating to confidentiality references which were also addressed in the Exposure Draft.

- **Post Implementation Review of APES 305 *Terms of Engagement* and APES GN 30 *Outsourced Services***

In October 2022, APESB Technical Staff engaged with the professional accounting bodies to determine if they were aware of any issues or concerns regarding the revised APES 305 and APES GN 30. The professional bodies confirmed they have no significant issues or concerns. This matter was reported to the Board at the December 2022 Board Meeting. It was agreed that no further changes were required to APES 305; however, additional guidance could be developed in APES GN 30 with respect to geographical location (added to the Issues Register as noted below).

- **Revision to APES 205 *Conformity with Accounting Standards***

APESB considered the impact of APES 205 *Conformity with Accounting Standards* from the Australian Accounting Standards Board's (AASB) revision of the Australian Financial Reporting Framework. To address the financial reporting amendments made by the AASB, APESB issued the revised APES 205 in October 2022.

Matters added to the Issues Register

Pronouncement	New matters
APES GN 30 <i>Outsourced Services</i>	During the post-implementation review of APES GN 30, it was noted that additional guidance was required in the examples in appendix 1 to clarify the intention of 'geographical location'.

Progress on matters on the Issues Register

Pronouncement	Progress on current matters
APES 215 <i>Forensic Accounting Services</i>	APESB has issued an Exposure Draft (ED 07/22) which proposes amendments to address the matters listed on the Issues Register. The comment period for the ED closes on 20 February 2023. The final revised APES 215 is expected to be released in 2023.
Revision to APESB pronouncements for Quality Management	The project to update APESB pronouncements for quality management-related conforming amendments is progressing. At the February 2023 Board Meeting, the Directors will consider the issue of 5 revised pronouncements (APES 315, APES 325, APES 345, APES 350 and APES GN 31). Further pronouncements are expected to be updated in 2023.

Staff Recommendation

That the Board:

- (a) approve the closure of the Issues Register item 110.1 relating to Independence and the provision of non-assurance services and the issue relating to the definition of Member in the Guidance Notes; and
- (b) note the 2023 APESB Issues Register.

Material presented:

Agenda Item 3(a): APESB Issues Register

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Date: 8 February 2023