

Exposure Draft 05/22: Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)

Review of Submissions – General Comments Exposure Draft 05/22: Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)
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Note: Specific comments relating to Exposure Draft 05/22 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	ACNC	<p>ACNC submission – Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>The Australian Charities and Not-for-profits Commission (ACNC) welcomes the Accounting Professional & Ethical Standards Board's (APESB) invitation to comment on the Exposure Draft on proposed revisions to the definitions of listed entity and public interest entity (PIE) in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), in particular the 'Request for Specific Comments':</p> <p><i>'APESB is seeking respondents' specific comments and feedback as to whether there are categories of entities not captured by the extant AUST application material that should be included in proposed paragraph AUST 400.18 A3 as these entities are generally considered to be a Public Interest Entity in Australia.'</i></p> <p>About the ACNC and the charity sector</p> <p>The ACNC is the national regulator of charities with the following statutory objects – to:</p> <ol style="list-style-type: none"> 1. maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; 2. support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and 3. promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector. <p>The ACNC regulates nearly 60,000 charities (at 4 January 2023) in Australia which are a subset of the not-for-profit sector (charities must be not-for-profits, but most not-for-profits are not charities).</p> <p>The ACNC is careful to balance each of our legislative objects above and has considered them in responding to the proposed revisions to APES 110.</p> <p>Our comments are focused on the impact of the proposed amendments on charities.</p> <p>While the ACNC acknowledges stakeholder expectations regarding the independence of an audit firm in conducting an audit engagement for large size charities, especially those with public interest in their financial</p>	No

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			condition, reputation, and social impacts, the ACNC is not in a position to explicitly suggest any charities or certain categories to be included in the proposed paragraph AUST 400.18 A3.	
2	N/A	CA ANZ	<p>Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide comments on the proposed amendments to the definitions of Listed entity and Public Interest Entity (the definitions) in APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) (APES 110) (the ED).</p>	No
3	N/A	CPAA	<p>Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) – Exposure Draft 05/22</p> <p>CPA Australia represents the diverse interests of more than 170,000 members working in over a 100 jurisdictions and regions. We make this submission on behalf of our members and in the broader public interest.</p>	No
4	N/A	Deloitte	<p>Exposure Draft 05/22 - Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>We appreciate the opportunity to comment on Exposure Draft 05/22 Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (“the Australian Code”) issued by the Accounting Professional & Ethical Standards Board (APESB) in July 2022 (the ED).</p>	No
5	N/A	EY	<p>Exposure Draft 05/22 - Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>EY welcomes the opportunity to comment on ED 05/22.</p>	No
6	N/A	IPA	<p>Re: Exposure Draft 05/22 Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>Thank you for the opportunity to comment on Exposure Draft 05/22.</p>	No

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7	N/A	KPMG	<p>Proposed Revisions to the Definitions of Listed Entity and Public Interest entity in APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</p> <p>KPMG welcomes the opportunity to comment on the proposed revisions to the definitions of 'Listed Entity' and 'Public Interest Entity' (PIE) in APES 110 Code of Ethics for Professional Accountants (Including Independence Standards) ("APES 110") ("the ED").</p>	
8	N/A	CA ANZ	<p>Overall CA ANZ is supportive of the ED's proposed revisions to APES 110 in the interests of conformity with the revised definitions in the IESBA's Code of Ethics for Professional Accountants, including replacing "Listed Entity" with "Publicly Traded Entity".</p> <p>We have some specific comments, in Appendix A, which address the connections and drafting of certain paragraphs, which we believe should be clarified.</p>	No
9	N/A	CPAA	<p>Overall, CPA Australia supports the APESB's proposed amendments to APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the "Code") outlined in the Exposure Draft (ED) 05/22, issued in July 2022.</p>	No
10	N/A	Deloitte	<p>As stated in our correspondence on previous revisions to APES 110, we consider that the Australian Code should reflect the wording and structure of the International Code of Ethics for Professional Accountants (including International Independence Standards) (the International Code) preferably with no changes, unless changes are required for legislative or regulatory reasons.</p> <p><i>Comments</i></p> <p>We are supportive of the revisions proposed by the APESB in ED 05/22 to incorporate the changes made to the International Code.</p>	No
11	N/A	EY	<p>EY is supportive of the Accounting Professional & Ethical Standards Board's (APESB) efforts to enhance the definitions of Listed Entity and Public Interest Entity within APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (APES 110 or the Code), aligning the Australian Code with the IESBA's amendments. We broadly agree that APESB's proposed changes will reinforce and strengthen auditor independence, and in turn promote increased confidence in financial reporting.</p> <p>However, EY are concerned that a number of Australian-specific amendments, if adopted in their current form, will create significant barriers to adoption and enforcement of these provisions.</p>	No

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12	N/A	IPA	IPA is generally supportive of the range of proposed amendments to the Code to align with the requirements of the IFAC IESBA <i>International Code of Ethics for Professional Accountants (including Independence Standards)</i> .	No
13	N/A	KPMG	KPMG is supportive of the APES Board's intent of amending APES 110 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) subject to the following suggestions:	No
14	N/A	CPAA	CPA Australia <u>responded</u> to the International Ethics Standards Board for Accountants (IESBA) consultation on this topic in May 2021. In that submission we noted: <i>Broadening the definition and defining a larger group of entities as PIEs in the Code of Ethics may potentially significantly increase the costs of doing business for those entities that are subsequently drawn into a new definition. For some entities, particularly smaller entities which may be included in a broader definition, there are issues to be considered beyond independence requirements for the external auditors. The entities themselves may be faced with higher audit costs, and may need to change auditors, as certain jurisdictions have different regulatory requirements for auditors that audit PIEs and those that audit non-PIEs.</i>	No
15	N/A	KPMG	We also note the following additional comments: Expanding the number of entities considered as PIEs can increase cost and complexity, so any amendment needs to be carefully considered. The impact of an expanded definition will also have a disproportionate impact on smaller firms.	No
16	N/A	CPAA	<i>It is unfortunate that different definitions are being used by the International Auditing and Assurance Standards Board (IAASB) and IESBA. ... It is argued by some that clear definitions (if indeed the definitions are clear) will assist preparers, auditors and users in understanding reporting and auditing requirements. However, the use of a range of different definitions adds complexity and complications. [I]t is critical that international standard setters – i.e., the IASB, IAASB and IESBA in particular – work more closely together to ensure that there is greater consistency in definitions and requirements that impact the manner in which the standards for reporting, auditing and auditor independence are implemented and used.</i> These observations remain valid for this ED issued by the APESB.	No

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17	N/A	EY	We also take this opportunity to request APESB make available marked-up versions of their Exposure Drafts, both from the previous standard and from the IESBA Code (where relevant) to improve stakeholder transparency and understanding of the proposed changes.	No
18	N/A	IPA	IPA encourages the APESB to provide a timely compilation of the Code once the proposed amendments are adopted to facilitate useability and comprehension of the Code without the need for users to refer to multiple documents and to minimise the risk of misapplication.	No
19	N/A	ACNC	The sector would benefit from APESB issuing a similar Independence Guide to the 2020 guide noted above.	No
20	N/A	ACNC	If you have queries about this submission, please contact our Reporting team at Reporting@acnc.gov.au .	No
21	N/A	CA ANZ	Appendix B provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Melanie Scott Senior Policy Advocate – Reporting and Assurance at melanie.scott@charteredaccountantsanz.com .	No
22	N/A	CPAA	Responses to specific questions asked in the ED are included in the Attachment to this letter. If you have any queries about this submission, please don't hesitate to contact Ms. Melissa Read, Senior Manager, Professional Standards, Professional Standards and Business Support on melissa.read@cpaaustralia.com.au or +61 (0) 481 476 275 or me on gary.pflugrath@cpaaustralia.com.au or +613 9606 9941.	No
23	N/A	Deloitte	We would be pleased to discuss our comments with you. If you wish to do so, please feel free to contact me at (02) 9322 5258.	No
24	N/A	EY	We would be pleased to discuss our comments with the Board and with technical Staff. Should you wish to do so, please contact me at leigh.walker@au.ey.com or on 03 9288 8454.	No
25	N/A	IPA	Our response to the request for specific comments is included in the Attachment. If you have any queries with respect to our comments or require further information, please don't hesitate to contact me at vicki.stylianou@publicaccountants.org.au or on mobile 0419 942 733.	No
26	N/A	KPMG	We would be pleased to discuss our comments with you. If you wish to do so, please contact me at kaleighton@kpmg.com.au , or Andrew Bryant at abryant@kpmg.com.au .	No

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27	N/A	CA ANZ	<p>Appendix B</p> <p>About Chartered Accountants Australia and New Zealand</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 134,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.</p> <p>Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.</p> <p>CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.</p> <p>Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.</p> <p>We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.</p> <p>Our support of the profession extends to affiliations with international accounting organisations.</p> <p>We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.</p> <p>We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.</p>	No

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28	N/A	IPA	<p>About the IPA</p> <p>The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.</p>	No

RESPONDENTS

1	ACNC	Australian Charities and Not-for-profits Commission
2	CA ANZ	Chartered Accountants Australia and New Zealand
3	CPAA	CPA Australia
4	Deloitte	Deloitte Touche Tohmatsu
5	EY	Ernst & Young
6	IPA	Institute of Public Accountants
7	KPMG	KPMG