

AGENDA PAPER

Item Number: 8
Date of Meeting: 24 August 2023
Subject: Proposed compilation of the Code of Ethics

Action required For discussion For noting For information

Purpose

To seek the Board's approval:

- (a) to include editorial amendments to update cross-references in the proposed Compiled Code; and
- (b) subject to feedback and comments, to issue a Compiled APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (Compiled Code).

Background

To enhance the accessibility and usability of the Code, periodically APESB issues a Compiled Code, which compiles all amending standards with the original Code.

APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) was released in November 2018. Since 2018, the Board has issued several amending standards to the Code.

In May 2023, APESB issued a [compiled Code](#) which incorporated the Code and the following amending standards issued up until December 2022:

- [Amendment to Part 4B of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (September 2020);
- [Amendments to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\) to Promote the Role and Mindset Expected of Professional Accountants](#) (March 2021);
- [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](#) (February 2022);
- [Amendments to the Fee-related provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (July 2022);
- [Quality Management-related Conforming Amendments to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (November 2022);
and

- [Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\)](#) (December 2022).

In June 2023, the APESB issued the amending standard [Revisions to APES 110 Code of Ethics for Professional Accountants \(including Independence Standards\) Relating to the Definition of Engagement Team and Group Audits](#) (the ET-GA Amending Standard) with an effective date of 1 January 2024.

Key Considerations

The ET-GA Amending Standard included substantial changes, including:

- The addition of Section 405 *Group Audits*, sets out independence principles that apply to individuals and firms in a Group Audit, including those that audit Components and those outside the Group Auditor's firm network;
- A revised definition of "Engagement Team" that aligns with the definitions in ASA 220 *Quality Management for an Audit of a Financial Report and Other Historical Financial Information* and ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports Other Financial Information, or Other Assurance or Relates Services Engagements* issued by the Auditing and Assurance Standards Board;
- New defined terms related to the context of Group Audits and Audit Components; and
- New guidance to determine who is included in an "Engagement Team" or an "Audit Team".

Due to these substantive changes, which include new requirements and changes to several existing provisions, Technical Staff believe that a new version of the Compiled Code should be issued for the benefit of stakeholders.

Technical Staff have prepared an updated Compiled Code (refer to Agenda Item 8(a)) incorporating the approved ET-GA Amending Standard into the December 2022 Compiled Code. The ET-GA Amending Standard will come into effect from 1 January 2024.

The details of the compilation and the complete list of all paragraphs affected by amending standards are set out on pages 3 – 21 of Agenda Item 8(a) Draft Compiled Code June 2023.

Editorial Amendments

In preparing the compilation, Technical Staff compared this draft of the Compiled Code to the 2022 version of the [IESBA Handbook](#) released by the International Ethics Standards Board for Accountants (IESBA) on 9 September 2022, and the IESBA's [Final Pronouncement: Revisions to the Code Relating to the Definition of Engagement Team and Group Audits](#) released on 28 February 2023. Technical Staff noted no differences in the content of these publications.

However, when Technical Staff performed further reviews, it was noted that several cross-references in the Draft Compiled Code needed to be updated to reflect changes in paragraph numbering within Section 400 that were made in the ET-GA Amending Standard.

The proposed amendments are set out in the table below:

Page No.	Section/Paragraph number	Change required
41	2 - Definition of Public Interest Entity	The reference to paras 400.8 to AUST 400.8.1 A1 should be 400.13 to AUST 400.13.1 A1
136	AUST 400.13.1 A1	The reference to AUST R400.8.1 should be AUST R400.13.1
137	400.18 A4	The reference to R400.14 should be R400.19
193	600.7 A1	The reference to R400.14 should be R400.19
194	600.9 A2	The reference to R400.13 to R400.14 should be R400.18 to R400.19
196	R600.17	The reference to R400.13 to R400.14 should be R400.18 to R400.19
200	R600.26	The reference to R400.13 should be R400.18
202	601.5 A2	The reference to R400.14 should be R400.19
213	R605.3	The reference to R400.13 should be R400.18
215	R606.3	The reference to R400.13 should be R400.18
222	R609.3	The reference to R400.13 should be R400.18
264	Transitional Provisions – para 8	The reference to 605 is to be amended to 600 (to capture the conforming amendments listed above)
265	Conformity with International Pronouncements	The reference to AUST R400.8.1 should be AUST R400.13.1. Editorial amendments to the point on the Engagement Team definition being used in Part 3 so the dot point now reads: <ul style="list-style-type: none"> The defined term ‘Engagement Team’ in Part 3 of APES 110 is consistent with other APESB pronouncements, including APES 320 Quality Management for Firms that provide Non-Assurance Services.

The IESBA 2023 Handbook has not been released yet. Technical Staff will notify the IESBA’s Technical Staff about these editorial amendments for their consideration.

APESB Technical Staff are of the view that these amendments need to be made to the June 2023 version of the Compiled Code.

APESB Technical Staff seek the Board’s approval to include the editorial amendments noted above, and to issue the June 2023 version of the Compiled Code. Technical Staff will incorporate interactive features into the PDF of the Compiled Code before it is released.

Staff Recommendation

That the Board approve:

- (a) The inclusion of the editorial amendments noted in this paper to update cross-references within the draft Compiled Code; and
- (b) Subject to the Board’s feedback and comments, the issue of the Compiled APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (June 2023).

Material Presented

Agenda Item 8(a) Draft Compiled APES 110 Code of Ethics (June 2023)

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