

AGENDA PAPER

Item Number: 8
Date of Meeting: 20 November 2019
Subject: Independence Guide Revision & Update – Progress Report

Action Required For Discussion For Noting For Information

Purpose

To provide the Board with a progress report on the project to revise and update the Independence Guide.

Background

The Independence Guide was originally published in October 2005 as an initiative of CPA Australia and the Institute of Chartered Accountants Australia (now Chartered Accountants Australia and New Zealand (CA ANZ)). The most recent edition of the [Independence Guide \(Fourth Edition\)](#) was published in February 2013 by CA ANZ, CPA Australia and the Institute of Public Accountants (IPA).

The professional bodies approached the APESB in May 2019 to manage a revision and update to the Independence Guide and agreed to provide funding for the project. The new edition of the Guide will be co-branded between APESB, CA ANZ, CPA Australia, and the IPA.

The revised Independence Guide will clarify how the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) applies in respect of independence, focusing primarily on auditor independence, which will be very useful for practitioners in the current environment.

The Board discussed the proposed project to revise and update the Independence Guide at the June 2019 Board meeting and requested the development of a Heads of Agreement (HoA) to formalise the obligations of all parties in the arrangement. The HoA was finalised between the APESB and the three professional bodies on the 6th of September 2019.

Invitation to Tender

Technical Staff issued an [Invitation to Tender](#) for the revision and update to the Independence Guide on the APESB website on 9 September 2019, with a closing date of 24 September 2019, which was subsequently extended to 1 October 2019. The Invitation to Tender was promoted in several ways, including:

- via posts on the APESB website and LinkedIn;
- direct outreach;
- at the Emerging Issues Group meeting on 4 September 2019; and
- at the Large National Networks meeting on 19 September 2019.

The Board approved the engagement of the successful tenderer, Ms Elizabeth Giust of Qualitas Consultants, at the October 2019 Board meeting. Ms Giust demonstrates over 30 years' experience in auditing, quality control and risk management in large and mid-tier firms in Australia and globally.

Consideration of issues

Technical Staff have undertaken initial work to align the Independence Guide to the restructured Code. Technical Staff and Ms Giust (Project Team) will work closely to revise and update chapters of the Independence Guide as detailed in Appendix A of the Invitation to Tender.

Technical Staff met with Ms Giust on 24 October 2019 for an initial project planning meeting and a stakeholder communication plan has subsequently been developed.

Stakeholder Engagement

The Project Team have contacted the following stakeholders requesting initial feedback on experiences with the Independence Guide to date and whether they are aware of additional examples that could be relevant to the Guide or if they have experienced any issues with examples in the Guide:

- Australian Securities and Investments Commission (ASIC), Australian Taxation Office (ATO), Australian Charities and Not-for-profits Commission (ACNC) and Australian Prudential Regulatory Authority (APRA);
- Auditing and Assurance Standards Board (AUASB), Financial Reporting Council (FRC) and New Zealand Auditing and Assurance Standards Board (NZAuASB);
- Firms including PwC, EY, KPMG, Deloitte, Grant Thornton, BDO, William Buck, Pitcher Partners, ShineWing Australia, Crowe Horwath and Nexia;
- Other members of the Large National Networks, including; and
- The Professional Bodies.

Way Forward

The Project Team will undertake the following activities to finalize the revised Independence Guide:

- Convene meetings with ASIC, ATO, ACNC and APRA during November and December 2019;
- Review and analyse initial feedback/examples received from stakeholders during December 2019 and early January 2020;
- Prepare a draft revised Independence Guide by late January 2020, incorporating any additional examples/feedback from stakeholders and amendments as required for the restructured Code and changes to laws, regulations and professional standards;
- Seek additional detailed feedback from stakeholders on the draft revised Independence Guide during February 2020; and
- Finalise the revised Independence Guide for publication in March 2020.

Recommendation

The Board note this progress report on the project to revise and update the Independence Guide.

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Date: 6 November 2019