

## AGENDA PAPER

**Item Number:** 2  
**Date of Meeting:** 6 March 2020  
**Subject:** Review of APESB Issues Register

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Action required     For discussion     For noting     For information

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### Purpose

To provide the Board with the APESB Issues Register updated for all current issues as at 1 March 2020.

### 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 on a periodic basis to reflect the activities of the APESB Technical Work Program.

### Consideration of Issues

Over the course of 2019 and early 2020, APESB have revised and reissued all 21 pronouncements. This has led to a high level of matters from the 2019 issues register being resolved.

A summary of the key matters resolved from the 2019 issues register, new matters recorded on the issues registered and key developments for current issues are noted below:

#### Key matters resolved from the 2019 issues register

- **Restructure of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)**

As part of the Code restructure project, pervasive changes were made to the overall structure of the Code. This had consequences for cross-references to the Code in all other APESB pronouncements. All APESB pronouncements have now been updated to be consistent with the restructured Code.

- **NOCLAR**

Responding to non-compliance with laws and regulations (NOCLAR) provisions became effective in the Code from 1 January 2018. While cross-references to these provisions were included in the standards that were revised in 2018, there were a number of pronouncements that still required updating at the start of 2019. The following pronouncements were updated for these provisions in 2019:

- APES 225 *Valuation Services* (APES 225);
- APES 315 *Compilation of Financial Information* (APES 315);
- APES 325 *Risk Management for Firms* (APES 325);
- APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document* (APES 345);
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350);
- APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* (APES GN 40); and
- APES GN 41 *Management Representations* (APES GN 41).

- **Removal of references to the AuASB**

The AUASB has now replaced all previous auditing standards (AUSs) with ASAs. Therefore, the references to the now superseded AuASB and ASAs have been removed from APES 205 *Conformity with Accounting Standards*, APES 210 *Conformity with Auditing and Assurance Standards* and APES 350 *Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document*.

- **Updates to ensure consistency with laws and regulations**

The issues addressed in relation to laws and regulations included:

- APES 330 *Insolvency Services* which was revised to align with the *Insolvency Law Reform Act 2016* (Cth); and
- References to the new whistleblowing legislation have been included in APES GN 40 and APES GN 41.

- **Addition of templates and guidance**

To enhance the usefulness of APESB pronouncements, the following additional templates and guidance have been included in the noted pronouncement:

- An example of a Limited Assurance Engagement Report included in APES 310 *Client Monies*; and
- An example of a *Declaration of Independence, Relevant Relationships, and Indemnities* and additional guidance on Independence and reasonable costs and expenses have been included in APES 330 *Insolvency Services*.

- **APES GN 20 Scope and Extent of Work for Valuation Services**

The Scope and Application section of APES GN 20 has been revised to be consistent with other APESB pronouncements and to include a cross-reference to APES GN 21 *Valuation Services for Financial Reporting*.

Matters added to the issues register

Pronouncement	New matters
APES 110 <i>Code of Ethics for Professional Accountants</i>	<ul style="list-style-type: none"><li>• The definition of Administration needs to be updated to align with the definition in APES 330.</li><li>• APES 110 refers to reforms to whistleblowing legislation proposed in 2017. The reforms have now been finalised and legislated, which needs to be reflected in APES 110.</li><li>• Request for additional guidance on how the whistleblowing legislation interacts with the confidentiality requirements in APES 110.</li></ul>
APES 305 <i>Terms of Engagement</i>	<ul style="list-style-type: none"><li>• Consideration is needed to determine if a mandatory requirement should be included in APES 305 to declare the use of outsourced services in a Member's engagement letter. This suggestion was provided by a stakeholder in response to a specific question in ED 03/19 <i>Revision of APESB pronouncements</i>.</li></ul>

Key progress on matters on the issues register

Pronouncement	Progress on current matters
APES 230 <i>Financial Planning Services</i>	<p>There are a number of matters on the issues register that relate to APES 230 including:</p> <ul style="list-style-type: none"><li>• Application of the 'best interest of the client' to the provision of credit advice.</li><li>• The impact of the FASEA Code of Ethics for Financial Planners and Advisors.</li><li>• The effectiveness of the requirements relating to professional fees.</li><li>• The impact of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.</li></ul> <p>To consider the approach to address these matters, APESB issued Consultation Paper <a href="#">CP 01/19</a> in December 2019. The comment period for this consultation paper closes 10 March 2020.</p>

**Staff Recommendation**

The Board note the 2020 APESB Issues Register.

**Material presented**

Agenda Item 2(a): APESB Issues Register

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**Date:** 21 February 2020