

30 September 2020

APESB issues amendments to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*

Accounting Professional & Ethical Standards Board Limited (APESB) today issued an amending standard to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

The key changes in the amending standard are to Part 4B of the Code to align with the terms and concepts used in *Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The amendments provide a clear distinction between the types of Assurance Engagements covered in the Code, the parties to an Assurance Engagement and their roles and responsibilities, and the applicable independence requirements that therefore apply.

To support these changes, new definitions are included in the Code for Attestation Engagement, Criteria, Direct Engagement, Responsible Party, Subject Matter Information, and Underlying Subject Matter, with the existing definitions of Assurance Client, Assurance Engagement and Financial Statements also being amended.

These amendments align Part 4B of the Code with the international requirements issued by the International Ethics Standards Board for Accountants (IESBA).

Please refer to Appendix 1 of this technical update for details of the revisions. The amendments to APES 110 will be effective from 1 July 2021 with early adoption permitted.

The interactive PDF of the amending standard is available from APESB's website: www.apesb.org.au.

– ENDS –

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Appendix 1

Amendments to APES 110 (Issued November 2018)

APESB has approved the following revisions to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* which was originally issued in November 2018.

Paragraph/Section Reference	Revisions
SCOPE AND APPLICATION	
1.1	Accounting Professional & Ethical Standards Board Limited (APESB) issues APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (this Code). This Code is operative from 1 January 2020 and supersedes APES 110 <i>Code of Ethics for Professional Accountants</i> (issued in December 2010 and subsequently amended in December 2011, May 2013, November 2013, May 2017 and April 2018). Earlier adoption of this Code is permitted. The <u>Transitional provisions relating to Key Audit Partner rotation and revisions to Part 4B shall apply up to the date as specified in the respective transitional provisions on page 23 240.</u>
GLOSSARY	
Assurance Client	The r <u>R</u> esponsible p <u>P</u> arty that is the person (or persons) who: (a) In a direct reporting engagement, is responsible for the subject matter; or (b) and also, in an assertion-based Attestation e <u>Engagement, is responsible the party taking responsibility for the s</u> Subject m <u>M</u> atter i <u>I</u> nformation and (who might be the same as the Responsible Party) responsible for the subject matter.
Assurance Engagement	An engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the r <u>R</u> esponsible p <u>P</u> arty about the s <u>S</u> ubject m <u>M</u> atter i <u>I</u> nformation (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). This includes an engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements. (For guidance on Assurance Engagements, see the <i>Framework for Assurance Engagements</i> issued by the AUASB. The <i>Framework for Assurance Engagements</i> describes the elements and objectives of an Assurance Engagement and identifies engagements to which <i>Australian Auditing Standards</i> (ASAs), <i>Standards on Review Engagements</i> (ASREs) and <i>Standards on Assurance Engagements</i> (ASAEs) apply.) <u><i>In Part 4B, the term "Assurance Engagement" addresses Assurance Engagements other than Audit Engagements or Review Engagements.</i></u>

Paragraph/Section Reference	Revisions
<u>Attestation Engagement</u>	<p><u>An Assurance Engagement in which a party other than the Member in Public Practice measures or evaluates the Underlying Subject Matter against the Criteria.</u></p> <p><u>A party other than the Member also often presents the resulting Subject Matter Information in a report or statement. In some cases, however, the Subject Matter Information may be presented by the Member in the assurance report. In an Attestation Engagement, the Member's conclusion addresses whether the Subject Matter Information is free from material misstatement.</u></p> <p><u>The Member's conclusion may be phrased in terms of:</u></p> <ul style="list-style-type: none"> <u>(i) The Underlying Subject Matter and the applicable Criteria;</u> <u>(ii) The Subject Matter Information and the applicable Criteria; or</u> <u>(iii) A statement made by the appropriate party.</u>
<u>Criteria</u>	<p><u>In an Assurance Engagement, the benchmarks used to measure or evaluate the Underlying Subject Matter. The "applicable Criteria" are the Criteria used for the particular engagement.</u></p>
<u>Direct Engagement</u>	<p><u>An Assurance Engagement in which the Member in Public Practice measures or evaluates the Underlying Subject Matter against the applicable Criteria and the Member presents the resulting Subject Matter Information as part of, or accompanying, the assurance report. In a Direct Engagement, the Member's conclusion addresses the reported outcome of the measurement or evaluation of the Underlying Subject Matter against the Criteria.</u></p>
<u>Financial Statements</u>	<p>A structured representation of Historical Financial Information, including related notes, intended to communicate an entity's economic resources or obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The related notes ordinarily comprise a summary of significant accounting policies and other explanatory information. The term can relate to a complete set of Financial Statements, but it can also refer to a single Financial Statement, for example, a balance sheet, or a statement of revenues and expenses, and related explanatory notes. The requirements of the financial reporting framework determine the form and content of the Financial Statements and what constitutes a complete set of Financial Statements. For the purposes of this Code, financial report is considered to be an equivalent term to Financial Statements.</p> <p><i><u>The term does not refer to specific elements, accounts or items of a Financial Statement.</u></i></p>
<u>Responsible Party</u>	<p><u>In an Assurance Engagement, the party responsible for the Underlying Subject Matter.</u></p>
<u>Subject Matter Information</u>	<p><u>The outcome of the measurement or evaluation of the Underlying Subject Matter against the Criteria, i.e., the information that results from applying the Criteria to the Underlying Subject Matter.</u></p>
<u>Underlying Subject Matter</u>	<p><u>The phenomenon that is measured or evaluated by applying Criteria.</u></p>

Paragraph/Section Reference	Revisions
PART 4B - INDEPENDENCE FOR ASSURANCE ENGAGEMENTS OTHER THAN AUDIT AND REVIEW ENGAGEMENTS	
900.1	<p>This Part applies to Assurance Engagements other than Audit Engagements and Review Engagements (referred to as “Assurance Engagements” in this Part). Examples of such engagements include:</p> <ul style="list-style-type: none"> • Performance aAssurance on a company's <u>an entity's</u> key performance indicators. • <u>Assurance on an entity's compliance with law or regulation.</u> • <u>Assurance on performance Criteria, such as value for money, achieved by a public sector body.</u> • <u>Assurance on the effectiveness of an entity's system of internal control.</u> • <u>Assurance on an entity's greenhouse gas statement.</u> • An audit of specific elements, accounts or items of a Financial Statement.
900.3	<p>APES 320 <i>Quality Control for Firms</i> (APES 320) requires a Firm to establish policies and procedures designed to provide it with reasonable assurance that the Firm, its personnel and, where applicable, others subject to Independence requirements maintain Independence where required by relevant ethics standards. <u>In addition</u>, Auditing and Assurance Standards establish responsibilities for Engagement Partners and Engagement Teams at the level of the engagement. The allocation of responsibilities within a Firm will depend on its size, structure and organisation. Many of the provisions of Part 4B do not prescribe the specific responsibility of individuals within the Firm for actions related to Independence, instead referring to “Firm” for ease of reference. Firms assign responsibility for a particular action to an individual or a group of individuals (such as an Assurance Team) in accordance with APES 320. In addition <u>Additionally</u>, an individual Member in Public Practice remains responsible for compliance with any provisions that apply to that Member's activities, interests or relationships.</p>
900.5	<p>When performing Assurance Engagements, the Code requires Firms to comply with the fundamental principles and be independent. This Part sets out specific requirements and application material on how to apply the conceptual framework to maintain Independence when performing such Assurance e<u>Engagements other than Audit Engagements or Review Engagements</u>. The conceptual framework set out in Section 120 applies to Independence as it does to the fundamental principles set out in Section 110.</p>
900.7	<p>Description of Other Assurance Engagements</p> <p>Assurance Engagements are designed to enhance intended users' degree of confidence about the outcome of the evaluation or measurement of a subject matter against criteria. In an Assurance Engagement, the Firm aims to obtain sufficient appropriate evidence in order to <u>expresses a conclusion designed to enhance the degree of confidence of the intended users (other than the Responsible pParty) about the Subject Matter Information outcome of the evaluation or measurement of a subject matter against criteria. The Framework for Assurance Engagements issued by the AUASB Standard on Assurance Engagements (ASAE) 3000 (Revised), Assurance Engagements Other</u></p>

Paragraph/Section Reference	Revisions
	<i>than Audits or Reviews of Historical Financial Information</i> describes the elements and objectives of an Assurance Engagement <u>conducted under that Standard</u>, and identifies engagements to which Auditing and Assurance Standards apply. For a description of the elements and objectives of an Assurance Engagement, refer to the <i>Framework for Assurance Engagements</i> issued by the AUASB provides a general description of Assurance Engagements. An Assurance Engagement might be an Attestation Engagement or a Direct Engagement.
900.8	<p>In this Part, the term ‘Assurance Engagement’ refers to Assurance Engagements other than Audit Engagements and Review Engagements.</p> <p>The outcome of the evaluation or measurement of a subject matter is the information that results from applying the criteria to the subject matter. The term “subject matter information” is used to mean the outcome of the evaluation or measurement of a subject matter. For example, the <i>Framework for Assurance Engagements</i> states that an assertion about the effectiveness of internal control (subject matter information) results from applying a framework for evaluating the effectiveness of internal control, such as COSO³⁷ or CoCo³⁸ (criteria), to internal control, a process (subject matter).</p>
Footnote 37	“Internal Control – Integrated Framework” The Committee of Sponsoring Organizations of the Treadway Commission.
Footnote 38	“Guidance on Assessing Control – The CoCo Principles” Criteria of Control Board, The Canadian Institute of Chartered Accountants.
900.9	Assurance Engagements might be assertion-based or direct reporting. In either case, they involve three separate parties: a Firm, a responsible party and intended users.
900.10	In an assertion-based Assurance Engagement, the evaluation or measurement of the subject matter is performed by the responsible party. The subject matter information is in the form of an assertion by the responsible party that is made available to the intended users.
900.11	<p>In a direct reporting Assurance Engagement, the Firm:</p> <p>(a) Directly performs the evaluation or measurement of the subject matter; or</p> <p>(b) Obtains a representation from the responsible party that has performed the evaluation or measurement that is not available to the intended users. The subject matter information is provided to the intended users in the assurance report.</p>
AUST 900.844.1 to 900.103	[Paragraphs AUST 900.11.1 to 900.13 remain unchanged but renumbered as paragraphs AUST 900.8.1 to 900.10.]
R900.114	<u>A Firm performing an Assurance Engagement shall be independent of the Assurance Client.</u>
900.11 A1	<u>For the purposes of this Part, the Assurance Client in an Assurance Engagement is the Responsible Party and also, in an Attestation Engagement, the party taking responsibility for the Subject Matter Information (who might be the same as the Responsible Party).</u>

Paragraph/Section Reference	Revisions
<u>900.11 A2</u>	<p><u>The roles of the parties involved in an Assurance Engagement might differ and affect the application of the Independence provisions in this Part. In the majority of Attestation Engagements, the Responsible Party and the party taking responsibility for the Subject Matter Information are the same. This includes those circumstances where the Responsible Party involves another party to measure or evaluate the Underlying Subject Matter against the Criteria (the measurer or evaluator) where the Responsible Party takes responsibility for the Subject Matter Information as well as the Underlying Subject Matter. However, the Responsible Party or the engaging party might appoint another party to prepare the Subject Matter Information on the basis that this party is to take responsibility for the Subject Matter Information. In this circumstance, the Responsible Party and the party responsible for the Subject Matter Information are both Assurance Clients for the purposes of this Part.</u></p>
<u>900.11 A3</u>	<p><u>In addition to the Responsible Party and, in an Attestation Engagement, the party taking responsibility for the Subject Matter Information, there might be other parties in relation to the engagement. For example, there might be a separate engaging party or a party who is a measurer or evaluator other than the party taking responsibility for the Subject Matter Information. In these circumstances, applying the conceptual framework requires the Member to identify and evaluate threats to the fundamental principles created by any interests or relationships with such parties, including whether any conflicts of interest might exist as described in Section 310.</u></p>
R900.12 5 to AUST R900.12 5 .1	<p><i>[Paragraphs R900.15 to AUST R900.15.1 remain unchanged but renumbered as paragraphs R900.12 to AUST R900.12.1.]</i></p>
<u>900.13 A1</u>	<p><u><i>Multiple Responsible Parties and Parties Taking Responsibility for the Subject Matter Information</i></u></p> <p><u>In some Assurance Engagements, whether an Attestation Engagement or Direct Engagement, there might be several Responsible Parties or, in an Attestation Engagement, several parties taking responsibility for the Subject Matter Information. In determining whether it is necessary to apply the provisions in this Part to each individual Responsible Party or each individual party taking responsibility for the Subject Matter Information in such engagements, the Firm may take into account certain matters. These matters include whether an interest or relationship between the Firm, or an Assurance Team member, and a particular Responsible Party or party taking responsibility for the Subject Matter Information would create a threat to Independence that is not trivial and inconsequential in the context of the Subject Matter Information. This determination will take into account factors such as:</u></p> <ul style="list-style-type: none"> <u>(a) The materiality of the Underlying Subject Matter or Subject Matter Information for which the particular party is responsible in the context of the overall Assurance Engagement.</u> <u>(b) The degree of public interest associated with the Assurance Engagement.</u> <p><u>If the Firm determines that the threat created by any such interest or relationship with a particular party would be trivial and inconsequential, it might not be necessary to apply all of the provisions of this section to that party.</u></p>

Paragraph/Section Reference	Revisions
R900.146	When a Firm knows or has reason to believe that interests and relationships of a Network Firm create a threat to the Firm's Independence, the Firm shall evaluate and address any such threat.
900.146 A1 to R900.157	[Paragraphs 900.16 A1 to R900.17 remain unchanged but renumbered as paragraphs 900.14 A1 to R900.15.]
R900.18	<p>Types of Assurance Engagements</p> <p><i>Assertion-based Assurance Engagements</i></p> <p>When performing an assertion-based Assurance Engagement:</p> <p>(a) The Assurance Team members and the Firm shall be independent of the Assurance Client (the party responsible for the subject matter information, and which might be responsible for the subject matter) as set out in this Part. The Independence requirements set out in this Part prohibit certain relationships between Assurance Team members and (i) Directors or Officers, and (ii) individuals at the client in a position to exert significant influence over the subject matter information;</p> <p>(b) The Firm shall apply the conceptual framework set out in Section 120 to relationships with individuals at the client in a position to exert significant influence over the subject matter of the engagement; and</p> <p>(c) The Firm shall evaluate and address any threats that the Firm has reason to believe are created by Network Firm³⁹ interests and relationships.</p>
Footnote 39	See paragraphs 400.50 A1 to 400.54 A1 for guidance on what constitutes a Network Firm.
R900.19	<p>When performing an assertion-based Assurance Engagement where the responsible party is responsible for the subject matter information but not the subject matter:</p> <p>(a) The Assurance Team members and the Firm shall be independent of the party responsible for the subject matter information (the Assurance Client); and</p> <p>(b) The Firm shall evaluate and address any threats the Firm has reason to believe are created by interests and relationships between an Assurance Team member, the Firm, a Network Firm and the party responsible for the subject matter.</p>
900.19 A1	In the majority of assertion-based Assurance Engagements, the responsible party is responsible for both the subject matter information and the subject matter. However, in some engagements, the responsible party might not be responsible for the subject matter. An example might be when a Firm is engaged to perform an Assurance Engagement regarding a report that an environmental consultant has prepared about a company's sustainability practices for distribution to intended users. In this case, the environmental consultant is the responsible party for the subject matter information but the company is responsible for the subject matter (the sustainability practices).

Paragraph/Section Reference	Revisions
R900.20	<p><i>Direct Reporting Assurance Engagements</i></p> <p>When performing a direct reporting Assurance Engagement:</p> <p>(a) The Assurance Team members and the Firm shall be independent of the Assurance Client (the party responsible for the subject matter); and</p> <p>(b) The Firm shall evaluate and address any threats to Independence the Firm has reason to believe are created by Network Firm interests and relationships.</p>
900.21 A1	<p><i>Multiple Responsible Parties</i></p> <p>In some Assurance Engagements, whether assertion-based or direct reporting, there might be several responsible parties. In determining whether it is necessary to apply the provisions in this Part to each responsible party in such engagements, the Firm may take into account certain matters. These matters include whether an interest or relationship between the Firm, or an Assurance Team member, and a particular responsible party would create a threat to Independence that is not trivial and inconsequential in the context of the subject matter information. This determination will take into account factors such as:</p> <p>(a) The materiality of the subject matter information (or of the subject matter) for which the particular responsible party is responsible.</p> <p>(b) The degree of public interest associated with the engagement.</p> <p>If the Firm determines that the threat created by any such interest or relationship with a particular responsible party would be trivial and inconsequential, it might not be necessary to apply all of the provisions of this section to that responsible party.</p> <p><i>[Paragraph 900.21 A1 has been deleted as content incorporated into paragraph 900.13 A1.]</i></p>
R900.30	<p>Independence, as required by this Part, shall be maintained during both:</p> <p>(a) The Engagement Period; and</p> <p>(b) The period covered by the s<u>Subject</u> m<u>Matter</u> i<u>n</u>formation.</p>
R900.31	<p>If an entity becomes an Assurance Client during or after the period covered by the s<u>Subject</u> m<u>Matter</u> i<u>n</u>formation on which the Firm will express a conclusion, the Firm shall determine whether any threats to Independence are created by:</p> <p>(a) Financial or business relationships with the Assurance Client during or after the period covered by the s<u>Subject</u> m<u>Matter</u> i<u>n</u>formation but before accepting the Assurance Engagement; or</p> <p>(b) Previous services provided to the Assurance Client.</p>
R900.32	<p>Threats to Independence are created if a non-assurance service was provided to the Assurance Client during, or after the period covered by the s<u>Subject</u> m<u>Matter</u> i<u>n</u>formation, but before the Assurance Team begins to perform assurance services, and the service would not be permitted during the Engagement Period. In such circumstances, the Firm shall evaluate and address any threat to Independence created by the service. If the threats are not at an Acceptable Level, the Firm shall only accept the Assurance</p>

Paragraph/Section Reference	Revisions
	Engagement if the threats are reduced to an Acceptable Level.
	<p>General Documentation of Independence for Assurance Engagements Other than Audit and Review Engagements <i>[Paragraphs R900.40 to 900.40 A1 remain unchanged.]</i></p>
	<p>Breach of an Independence Provision for Assurance Engagements Other than Audit and Review Engagements <i>[Paragraphs R900.50 to R900.55 remain unchanged.]</i></p>
R905.8	<p>A Firm shall not charge directly or indirectly a Contingent Fee for a non-assurance service provided to an Assurance Client if the outcome of the non-assurance service, and therefore, the amount of the fee, is dependent on a future or contemporary judgement related to a matter that is material to the sSubject mMatter information of the Assurance Engagement.</p>
905.9 A2	<p>Factors that are relevant in evaluating the level of such a threat include:</p> <ul style="list-style-type: none"> • The range of possible fee amounts. • Whether an appropriate authority determines the outcome on which the Contingent Fee depends. • Disclosure to intended users of the work performed by the Firm and the basis of remuneration. • The nature of the service. • The effect of the event or transaction on the sSubject mMatter information.
920.3 A2	<p>Examples of a close business relationship arising from a commercial relationship or common Financial Interest include:</p> <ul style="list-style-type: none"> • Having a Financial Interest in a joint venture with either the <u>Assurance e</u>Client or a controlling owner, Director or Officer or other individual who performs senior managerial activities for that client. • Arrangements to combine one or more services or products of the Firm with one or more services or products of the client and to market the package with reference to both parties. • Distribution or marketing arrangements under which the Firm distributes or markets the client's products or services, or the client distributes or markets the Firm's products or services.
921.3 A2	<p>Factors that are relevant in evaluating the level of such threats include:</p> <ul style="list-style-type: none"> • The individual's responsibilities on the Assurance Team. • The role of the family member or other individual within the <u>Assurance e</u>Client, and the closeness of the relationship.
921.4 A1	<p>A self-interest, familiarity or intimidation threat is created when an Immediate Family member of an Assurance Team member is an employee in a position to exert significant influence over the <u>Underlying s</u>Subject mMatter of the <u>Assurance e</u>Engagement.</p>

Paragraph/Section Reference	Revisions
R921.5	<p>An individual shall not participate as an Assurance Team member when any of that individual’s Immediate Family:</p> <p>(a) Is a Director or Officer of the Assurance Client;</p> <p>(b) <u>In an Attestation Engagement, is an employee in a position to exert significant influence over the sSubject mMatter iInformation of the Assurance Engagement;</u> or</p> <p>(c) Was in such a position during any period covered by the engagement or the sSubject mMatter iInformation.</p>
921.6 A1	<p>A self-interest, familiarity or intimidation threat is created when a Close Family member of an Assurance Team member is:</p> <p>(a) A Director or Officer of the Assurance Client; or</p> <p>(b) An employee in a position to exert significant influence over the <u>Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the sSubject mMatter iInformation of the Assurance Engagement.</u></p>
R921.7	<p>An Assurance Team member shall consult in accordance with Firm policies and procedures if the Assurance Team member has a close relationship with an individual who is not an Immediate or Close Family member, but who is:</p> <p>(a) A Director or Officer of the Assurance Client; or</p> <p>(b) <u>An employee in a position to exert significant influence over the Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the sSubject mMatter iInformation of the Assurance Engagement.</u></p>
921.8 A1	<p>A self-interest, familiarity or intimidation threat might be created by a personal or family relationship between:</p> <p>(a) A partner or employee of the Firm who is not an Assurance Team member; and</p> <p>(b) <u>Any of the following individuals at the Assurance Client:</u></p> <p>(i) <u>A Director or Officer; of the Assurance Client or</u></p> <p>(ii) <u>aAn employee in a position to exert significant influence over the Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the sSubject mMatter iInformation of the Assurance Engagement.</u></p>
R922.3	<p>The Assurance Team shall not include an individual who, during the period covered by the assurance report:</p> <p>(a) Had served as a Director or Officer of the Assurance Client; or</p> <p>(b) Was an employee in a position to exert significant influence over the <u>Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the sSubject mMatter iInformation of the Assurance Engagement.</u></p>

Paragraph/Section Reference	Revisions
922.4 A1	<p>A self-interest, self-review or familiarity threat might be created if, before the period covered by the assurance report, an Assurance Team member:</p> <p>(a) Had served as a Director or Officer of the Assurance Client; or</p> <p>(b) Was an employee in a position to exert significant influence over the <u>Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the</u> sSubject mMatter iInformation of the Assurance Engagement.</p> <p>For example, a threat would be created if a decision made or work performed by the individual in the prior period, while employed by the client, is to be evaluated in the current period as part of the current Assurance Engagement.</p>
923.4 A1	<p>The position of company secretary has different implications in different jurisdictions. Duties might range from: administrative duties (such as personnel management and the maintenance of company records and registers), to duties as diverse as ensuring that the company complies with regulations or providing advice on corporate governance matters. Usually this position is seen to imply a close association with the entity. Therefore, a threat is created if a partner or employee of the Firm serves as company secretary for an Assurance Client. (More information on providing non-assurance services to an Assurance Client is set out in Section 950, <i>Provision of Non-Assurance Services to an Assurance Clients.</i>)</p>
924.3 A1	<p>A familiarity or intimidation threat might be created if any of the following individuals have been an Assurance Team member or partner of the Firm:</p> <ul style="list-style-type: none"> • A Director or Officer of the Assurance Client. • An employee who is in a position to exert significant influence over the <u>Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the</u> sSubject mMatter iInformation of the Assurance Engagement.
R924.4	<p>If a former partner has joined an Assurance Client of the Firm or a former Assurance Team member has joined the Assurance Client as:</p> <p>(a) A Director or Officer; or</p> <p>(b) An employee in a position to exert significant influence over the <u>Underlying Subject Matter or, in an Attestation Engagement, an employee in a position to exert significant influence over the</u> sSubject mMatter iInformation of the Assurance Engagement,</p> <p>the individual shall not continue to participate in the Firm’s business or Professional Activities.</p>
940.3 A1	<p>A familiarity threat might be created as a result of an individual’s long association with:</p> <p>(a) The Assurance Client;</p> <p>(b) The Assurance Client’s senior management; or</p> <p>(c) The <u>Underlying sSubject m</u>Matter and or, in an Attestation Engagement, sSubject mMatter iInformation of the Assurance Engagement.</p>

Paragraph/Section Reference	Revisions
940.3 A3	<p>Factors that are relevant to evaluating the level of such familiarity or self-interest threats include:</p> <ul style="list-style-type: none"> • The nature of the Assurance Engagement. • How long the individual has been an Assurance Team member, the individual's seniority on the team, and the nature of the roles performed, including if such a relationship existed while the individual was at a prior Firm. • The extent to which the work of the individual is directed, reviewed and supervised by more senior personnel. • The extent to which the individual, due to the individual's seniority, has the ability to influence the outcome of the Assurance Engagement, for example, by making key decisions or directing the work of other Engagement Team members. • The closeness of the individual's personal relationship with the Assurance Client or, if relevant, senior management. • The nature, frequency and extent of interaction between the individual and the Assurance Client. • Whether the nature or complexity of the <u>Underlying sSubject mMatter or sSubject mMatter iInformation</u> has changed. • Whether there have been any recent changes in the individual or individuals <u>at the Assurance Client</u> who are the responsible party for the Underlying Subject Matter or, in an Attestation Engagement, the Subject Matter Information or, if relevant, senior management.
940.3 A4	<p>The combination of two or more factors might increase or reduce the level of the threats. For example, familiarity threats created over time by the increasingly close relationship between an <u>Assurance Team member and an individual and at the Assurance Client who is in a position to exert significant influence over the Underlying Subject Matter or, in an Attestation Engagement, the Subject Matter Information,</u> would be reduced by the departure of the that individual from the client who is the responsible party.</p>
SECTION 950	PROVISION OF NON-ASSURANCE SERVICES TO ASSURANCE CLIENTS OTHER THAN AUDIT AND REVIEW ENGAGEMENT CLIENTS
950.4 A1	<p>Factors that are relevant in evaluating the level of threats created by providing a non-assurance service to an Assurance Client include:</p> <ul style="list-style-type: none"> • The nature, scope and purpose of the service. • The degree of reliance that will be placed on the outcome of the service as part of the Assurance Engagement. • The legal and regulatory environment in which the service is provided. • Whether the outcome of the service will affect <u>the Underlying Subject Matter and, in an Attestation Engagement, matters reflected in the subject matter or sSubject mMatter iInformation</u> of the Assurance Engagement, and, if so: <ul style="list-style-type: none"> ○ The extent to which the outcome of the service will have a material or significant effect on the <u>Underlying sSubject mMatter and, in an Attestation Engagement, the Subject Matter</u>

Paragraph/Section Reference	Revisions
	<p><u>Information</u> of the Assurance Engagement.</p> <ul style="list-style-type: none"> ○ The extent of the Assurance Client's involvement in determining significant matters of judgement. ● The level of expertise of the client's management and employees with respect to the type of service provided.
950.4 A2	<p>The concept of materiality in relation to an Assurance Client's <u>Subject Matter</u> Information is addressed in <i>Standard on Assurance Engagements (ASAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>. The determination of materiality involves the exercise of professional judgement and is impacted by both quantitative and qualitative factors. It is also affected by perceptions of the financial or other information needs of users.</p>
R950.6	<p>A Firm shall not assume a management responsibility related to the <u>Underlying</u> sSubject mMatter or <u>and, in an Attestation Engagement, the</u> sSubject mMatter Information of an Assurance Engagement provided by the Firm. If the Firm assumes a management responsibility as part of any other service provided to the Assurance Client, the Firm shall ensure that the responsibility is not related to the <u>Underlying</u> sSubject mMatter or <u>and, in an Attestation Engagement, the</u> sSubject mMatter Information of the Assurance Engagement provided by the Firm.</p>
950.6 A2	<p>Providing a non-assurance service to an Assurance Client creates self-review and self-interest threats if the Firm assumes a management responsibility when performing the service. In relation to providing a service related to the <u>Underlying</u> sSubject mMatter or <u>and, in an Attestation Engagement, the</u> sSubject mMatter Information of an Assurance Engagement provided by the Firm, assuming a management responsibility also creates a familiarity threat and might create an advocacy threat because the Firm becomes too closely aligned with the views and interests of management.</p>
R950.7	<p>To avoid assuming a management responsibility when providing non-assurance services to an Assurance Client that are related to the <u>Underlying</u> sSubject mMatter or <u>and, in an Attestation Engagement, the</u> sSubject mMatter Information of the Assurance Engagement, the Firm shall be satisfied that client management makes all related judgements and decisions that are the proper responsibility of management. This includes ensuring that the client's management:</p> <ul style="list-style-type: none"> (a) Designates an individual who possesses suitable skill, knowledge and experience to be responsible at all times for the client's decisions and to oversee the services. Such an individual, preferably within senior management, would understand: <ul style="list-style-type: none"> (i) The objectives, nature and results of the services; and (ii) The respective client and Firm responsibilities. <p>However, the individual is not required to possess the expertise to perform or re-perform the services.</p> (b) Provides oversight of the services and evaluates the adequacy of the results of the service performed for the client's purpose; and (c) Accepts responsibility for the actions, if any, to be taken arising from the results of the services.

Paragraph/Section Reference	Revisions
950.8 A1	<p>A self-review threat might be created if, <u>in an Attestation Engagement</u>, the Firm is involved in the preparation of the <u>Subject Matter</u> Information which is subsequently <u>becomes</u> the the <u>Subject Matter</u> Information of an Assurance Engagement. Examples of non-assurance services that might create such self-review threats when providing services related to the the <u>Subject Matter</u> Information of an Assurance Engagement include:</p> <p>(a) Developing and preparing prospective information and subsequently providing <u>issuing an assurance report</u> on this information.</p> <p>(b) Performing a valuation that <u>is related to or</u> forms part of the the <u>Subject Matter</u> Information of an Assurance Engagement.</p>
R990.3	<p>When a Firm intends to issue a report on an Assurance Engagement which includes a restriction on use and distribution, the Independence requirements set out in Part 4B shall be eligible for the modifications that are permitted by this section, but only if:</p> <p>(a) The Firm communicates with the intended users of the report regarding the modified Independence requirements that are to be applied in providing the service; and</p> <p>(b) The intended users of the report understand the purpose, the <u>Subject Matter</u> Information and limitations of the report and explicitly agree to the application of the modifications.</p>
990.3 A1	<p>The intended users of the report might obtain an understanding of the purpose, the <u>Subject Matter</u> Information, and limitations of the report by participating, either directly, or indirectly through a representative who has authority to act for the intended users, in establishing the nature and scope of the engagement. In either case, this participation helps the Firm to communicate with intended users about Independence matters, including the circumstances that are relevant to applying the conceptual framework. It also allows the Firm to obtain the agreement of the intended users to the modified Independence requirements.</p>
TRANSITIONAL PROVISIONS	
	<p><i>Revisions to Part 4B to reflect terms and concepts used in Auditing and Assurance Standards on Assurance Engagements</i></p> <p>2. <u>Part 4B relating to Independence for Assurance Engagements with respect to Underlying Subject Matter covering periods will be effective for periods beginning on or after 1 July 2021; otherwise, it is effective as of 1 July 2021. Early adoption will be permitted.</u></p>
CONFORMITY WITH INTERNATIONAL PRONOUNCEMENTS	
	<p>APES 110 and the IESBA Code</p> <p>APES 110 incorporates the <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) issued by the International Ethics Standards Board for Accountants (IESBA) in April 2018 and incorporating amendments up to July 2018 <u>January 2020</u>.</p>