



Welcome to *Professionalism*

Issue 28

In our last issue for 2020, we provide updates on our activities and technical projects for October - December 2020, reflect on APESB's achievements in a challenging year and look forward to the work priorities for 2021.

APESB publishes its 2019/2020 Annual Report

The Annual Report highlights our achievements and performance over the last twelve months including:

- the 100th Board Meeting
- completion of the Code restructure project with all pronouncements updated and issued as interactive documents
- engagement with the PJC Inquiry into Audit Regulation
- development of the *Independence Guide - 5th Edition*
- launch of the new website and mobile apps.



Accounting
Professional &
Ethical Standards
Board Limited
ACN 118 227 250



Annual Report
for the year ended
30 June 2020



IN REVIEW 2020

APESB reflects on key events and activities of the year

JANUARY

- Q&A with IESBA Board member **Sylvie Soulier**
- Issued **APES GN 20** and **APES GN 21**

FEBRUARY

- Attended Public Hearing of the **PJC** Inquiry on **Audit Regulation** in Australia
- Issued APES GN 30 & APES GN 31

MARCH

Issued **APES GN 40** & **APES GN 41**

APRIL

Roundtable on NAS & Fees with IESBA Board member **Ian McPhee AO PSM**



MAY

- Published the **Independence Guide - 5th Edition**
- New APESB Board member **Colin Murphy PSM** appointed

JUNE

- Celebrated the **100th APESB Board Meeting**
- Launched new **APESB website** & mobile **apps**



JULY

- Welcomed the **Monitoring Group Report**
- **APESB/IESBA COVID-19** publication

AUGUST

Issued APES 110 **Code Prohibitions** applicable for all **Audit** and **Review Engagements**

SEPTEMBER

Issued Amending Standard **Part 4B** of **APES 110 Code of Ethics**



OCTOBER

Published Applying APESB pronouncements in **COVID-19 Circumstances**

NOVEMBER

Responded to the final PJC Report on **Regulation of Auditing** in Australia

DECEMBER

- Issued revised **APES 305 Terms of Engagement**
- IESBA NSS Working Group issues **two COVID-19 guidance** publications

APESB issues revised APES 305 Terms of Engagement

In early December, APESB issued the revised APES 305 *Terms of Engagement* (APES 305). The key changes to the revised APES 305 include new requirements for Members to document and communicate details of outsourced services to clients and new application material on communicating the use of cloud computing services to clients.

Read the [Technical Update](#)

Read the [Standard](#)

New Guidance on the application of professional standards when facing COVID-19 circumstances

The COVID-19 pandemic has created many challenges for professional accountants. APESB's new resource provides a useful tool to assist professional accountants in upholding their professional and ethical obligations during this challenging time.

The scenarios in this publication illustrate the application of the conceptual framework in the Code and other APESB pronouncements to enable members to identify, evaluate and address threats to the fundamental principles in the Code created by COVID-19 circumstances.

Read the [Technical Alert](#)

Read [Applying APESB pronouncements in COVID-19 circumstances](#)

IESBA NSS Working Group Publications

The Working Group formed by the International and Ethical Standards Board (IESBA) and ethics National Standard-Setters (NSS) from Australia, Canada, China, South Africa, the UK and the US is committed to publishing COVID-19 guidance to support professional accountants in business and public practice.

The Working Group organisations comprise APESB (Australia); Chartered Professional Accountants Canada; the Chinese Institute of Certified Public Accountants; the Independent Regulatory Board for Auditors (South Africa); the UK Financial Reporting Council; and the American Institute of Certified Public Accountants (US).

The publications are the initiatives of a the Group's mandate to develop implementation support resources to assist accountants effectively apply the Code when facing circumstances created by the COVID-19 pandemic.

1. [*Applying the Code's Conceptual Framework in COVID-19 Circumstances: Scenarios in Taxation and Valuation Services*](#). Issued by the Staff of the APESB and the IESBA.
2. [*Using Specialists in the COVID-19 Environment: Including Considerations for Involving Specialists in Audits of Financial Statements*](#). Issued by the Staff of the American Institute of Certified Public Accountants (AICPA), the IESBA and the International Auditing and Assurance Standards Board (IAASB).
3. [*Navigating the Heightened Risks of Fraud and Other Illicit Activities During the COVID-19 Pandemic, including Considerations for Auditing Financial Statements*](#). Issued by the Staff of the South African Independent Regulatory Board for Auditors, (IRBA) the IESBA and the IAASB.
4. [*COVID-19 and Evolving Risks for Money Laundering, Terrorist Financing and Cybercrime*](#). Issued by the Staff of CPA Canada and IESBA.

Proposed revisions to clarify the Role and Mindset Expected of Accountants

APESB is seeking comments from stakeholders on the proposed revisions to amend APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to strengthen the application of the conceptual framework and to clarify the expected role and mindset of accountants.

Key revisions to the Code include a new requirement for Members to have an inquiring mind when applying the conceptual framework and enhancements to the

fundamental principles of integrity, objectivity and professional behaviour.

Comments on the exposure draft are requested by **1 February 2021** and can be submitted via the [Make a Comment](#) section on our website.

Submit a Comment

Read the [Technical Alert](#)

Read the [Exposure Draft](#)

APESB's response to the Parliamentary Joint Committee's Final Report on Regulation of Auditing in Australia

APESB welcomed the release of the final report of the Parliamentary Joint Committee (PJC) on Corporations and Financial Services' Inquiry on the Regulation of Auditing in Australia. The PJC received over 100 submissions, including three from APESB on the existing auditor independence requirements, prohibitions in the Code and other professional and ethical requirements that govern the provision of non-assurance services in Australia. In February 2020, APESB Chairman, Nancy Milne OAM, and CEO Channa Wijesinghe provided evidence at the PJC's public hearing in Canberra.

View the [Media Release](#)

APESB Submission

APESB supports FASEA's development of the Draft FASEA Financial Planners & Advisors Code of Ethics 2019 Guide and has provided specific recommendations to clarify and strengthen the final document.

Read APESB's [submission](#)

The celebration of Global Ethics day on 21 October 2020 was a great opportunity for APESB to discuss the

importance of ethics in public, private and not-for-profit organisations, and a timely reminder that ethics are the principles and values that guide and regulate an organisation's behaviour and provide guidelines on the choices individuals within the organisation make.

Read [A Framework for Ethical Behaviour](#)

Global Ethics Day



Exploring the IESBA Code

View further installments on the **Exploring the IESBA Code** series:

[Part 11: The Role and Mindset Expected of the Professional Accountant - A Focus on Bias](#)

View the Board meeting papers and recordings of the recent IESBA meetings:

[30 November to 4 December and 8 - 9 December 2020](#)

The next IESBA meeting will be held **15-17 March 2021** (online)

Looking forward to 2021

APESB looks forward to engaging with our stakeholders as we continue our ongoing projects and commence new projects in 2021.

Read the draft [Technical Work Program - 2021](#). For more information on our projects visit our [Consultations &](#)

[Projects](#) website page.

Ongoing and Upcoming Projects

- Revisions to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*:
 - *Role and Mindset Expected of Professional Accountants*
 - *Fees*
 - *Non-Assurance Services*
 - *Objectivity of Engagement Quality Reviewers*
- PJC Audit Regulation Inquiry - Implementation of recommendations
- Artificial Intelligence and Digital Technology
- Small Business Insolvency reforms/DIRRI - APES 330 *Insolvency Services*
- Review of APES GN 30 *Outsourced Services*
- Review of APES 230 *Financial Planning Services*
- Special Purpose Financial Statement Disclosures - APES 205 *Conformity with Accounting Standards*
- Tax and Auditor Independence matters - APES 220 *Taxation Services*
- Quality Control and Quality Management Systems:
 - APES 320 *Quality Control for Firms*
 - APES 325 *Risk Management for Firms*

[Register](#) to attend the next APESB Meeting

4 March 2021
(Zoom meeting)



Office Closure

The APESB office will be closed from 5pm Friday 18 December 2020 and will reopen at 9.00am Monday 11 January 2021.



APESB is governed by an independent board of directors whose primary objective is to develop and issue, in the public interest, high-quality professional and ethical pronouncements. These pronouncements apply to the membership of the three major Australian professional accounting bodies (CPA Australia, CA ANZ and the IPA).

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