

AGENDA PAPER

Item Number: 3
Date of Meeting: 4 March 2021
Subject: Review of APESB Issues Register

Action required For discussion For noting For information

Purpose

To provide the Board with the APESB Issues Register updated for all current issues as of 1 March 2021.

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

A summary of the key matters resolved from the 2020 Issues Register, new matters recorded on the Issues Register and key developments for current issues are noted below:

Key matters resolved from the 2020 Issues Register

- **Disclosure of the use of outsourced services in Terms of Engagement**

In December 2020, APESB issued the revised APES 305 *Terms of Engagement*. The revised standard included 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.

- **New guidance on whistleblowing**

To clarify how to apply APESB pronouncements in whistleblowing situations, APESB released in February 2021 the '[Whistleblowing & Confidentiality - APESB Technical Staff Publication](#).' The publication sets out eight hypothetical case studies that apply the conceptual framework in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) to whistleblowing situations.

Matters added to the Issues Register

Pronouncement	New matters
<p>APES 220 <i>Taxation Services</i></p>	<ul style="list-style-type: none"> • The confidentiality provisions require revision to align with the terminology used in Subsection 114 <i>Confidentiality</i> of APES 110. • The provision requiring the Member to notify the Client, Employer or relevant third party of external disclosures of information needs to be reviewed in light of whistleblower protection legislation. The considerations in the NOCLAR framework about external disclosures could be used to determine whether or not the Client, Employer or relevant third party should be notified of the disclosure. • Consideration of the provisions relating to supervisory agreements and control may need to be revised to align with the guidance issued by the Tax Practitioners Board (TPB). The TPB guidance is being reviewed in early 2021.
<p>APES 225 <i>Valuation Services</i></p>	<ul style="list-style-type: none"> • The confidentiality provisions require revision to align with the terminology used in Subsection 114 <i>Confidentiality</i> of APES 110. • The provision requiring the Member to notify the Client, Employer or relevant third party of external disclosures of information needs to be reviewed in light of whistleblower protection legislation. The considerations in the NOCLAR framework about external disclosures could be used to determine whether or not the Client, Employer or relevant third party should be notified of the disclosure.
<p>APES 230 <i>Financial Planning Services</i></p>	<ul style="list-style-type: none"> • The confidentiality provisions require revision to align with the terminology used in Subsection 114 <i>Confidentiality</i> of APES 110. • The provision requiring the Member to notify the Client or relevant third party of external disclosures of information needs to be reviewed in light of whistleblower protection legislation. The considerations in the NOCLAR framework about external disclosures could be used to determine whether or not the Client or a relevant third party should be notified of the disclosure.
<p>APES 310 <i>Client Monies</i></p>	<ul style="list-style-type: none"> • A stakeholder requested the provisions in APES 310 relating to the terms of trust accounts be reviewed by APESB. This consideration will occur as part of a post-implementation review of APES 310 scheduled to occur in APESB's new strategic period.
<p>APES 330 <i>Insolvency Services</i></p>	<ul style="list-style-type: none"> • The template for the Declaration of Independence, Relevant Relationships and Indemnities (the DIRRI) in Appendix 2 of APES 330 needs to be reviewed and updated, if necessary, to ensure it aligns with the new template of the DIRRI issued by the Australian Restructuring Insolvency and Turnaround Association (ARITA) in November 2020.
<p>APES 345 <i>Reporting on Prospective Financial Information Prepared in connection with a Public Document</i></p>	<ul style="list-style-type: none"> • The confidentiality provisions require revision to align with the terminology used in Subsection 114 <i>Confidentiality</i> of APES 110. • The provision requiring the Member to notify the Client or relevant third party of external disclosures of information needs to be reviewed in light of whistleblower protection legislation. The considerations in the NOCLAR framework about external

Pronouncement	New matters
	disclosures could be used to determine whether or not the Client or a relevant third party should be notified of the disclosure.
APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document</i>	<ul style="list-style-type: none"> The confidentiality provisions require revision to align with the terminology used in Subsection 114 <i>Confidentiality</i> of APES 110.

Key progress on matters on the Issues Register

Pronouncement	Progress on current matters
APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i>	<p>There are several matters on the issues register for APES 110, which will be addressed when the amending standard on the <i>Role and Mindset Expected of Professional Accountants</i> is released, including:</p> <ul style="list-style-type: none"> The correction of an error in the numbering of paragraphs 120.12 A3 and 120.13 A1. The updating of the definition of Administration to align with the definition in APES 330. The updating of references to proposed whistleblowing legislation, which have now been finalised and legislated. <p>Refer to agenda paper 6 of this Board Meeting for further details on the amending standard being considered by the Board.</p>
APES 205 <i>Conformity with Accounting Standards</i>	APESB Technical Staff have been liaising with AASB Technical Staff about the Australian Financial Reporting Framework's proposed revisions. The AASB is still working on this project and APESB will continue to monitor the project and any outcomes in relation to APES 205.
APES 230 <i>Financial Planning Services</i>	To inform the approach to address the matters on the Issue Register relating to APES 230 (excluding the confidentiality matters), APESB issued Consultation Paper CP 01/19 in December 2019. APESB has been working through various aspects of the feedback received over 2020 and undertaking further specific stakeholder engagement to progress the project.
APES 320 <i>Quality Control for Firms</i> and APES 325 <i>Risk Management for Firms</i>	<p>In December 2020, the International Auditing and Assurance Standards Board released ISQM 1 & 2, which will replace the extant ISQC 1 when they become effective in December 2022.</p> <p>ISQM 1 proposes a new method for firms to manage the quality of their services. Refer to Agenda item 5 of this Board Meeting for further details on the impact of the release of the international standards on APES 320 and APES 325.</p>
APES GN 30 <i>Outsourced Services</i>	APESB has reviewed the effectiveness of APES GN 30 and its use by Members. As a result of this review, APES 305 was revised in December 2020 to include requirements for the mandatory

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	<p>documentation and communication on the use of outsourced services. APESB will also revise APES GN 30 during 2021 to align with the revised provisions in APES 305.</p> <p>Refer to agenda paper 4 of this Board Meeting for the proposed exposure draft in relation to APES GN 30.</p>

Staff Recommendation

The Board note the 2021 APESB Issues Register.

Material presented:

Agenda Item 3(a): APESB Issues Register

Author: Jacinta Hanrahan

Date: 15 February 2021