

ISSUES REGISTER FOR APESB PROFESSIONAL PRONOUNCEMENTS

Current as at 1 March 2021

Note to Stakeholders

The following is a summary of issues raised by stakeholders in relation to APESB pronouncements. Issues have been compiled by standard or guidance note, with the intended response and current status. Members of the professional accounting bodies, firms, professional bodies and other stakeholders are encouraged to report to APESB via the APESB website (www.apesb.org.au then Standards & Guidance/Issues Register) any new issues that need to be addressed by APESB when a pronouncement is next updated or reviewed.

Issues are entered into the register when brought to the attention of APESB by external stakeholders or through identification during internal reviews of the standard or guidance note. The issue remains on the register until it has been resolved to the satisfaction of the Board.

**APES 110 : Code of Ethics for Professional Accountants (including Independence Standards)
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|-----------------------------------|--|
| 110.1 | <p>Technical Staff are aware that some jurisdictions, including Australia, are reconsidering what services a firm can provide to an audit client. The Independence requirements in APES 110 may need to be reviewed if a major jurisdiction prohibits auditors from performing non-assurance services for an audit client.</p> | <p>This issue has been noted.</p> | <p>APESB is continuing to monitor international developments to determine if changes are required to the Independence provisions of the Code. APESB is also considering the recommendations from the Parliamentary Joint Committee inquiry into audit regulation and the impact it may have on the Code.</p> <p>The International Ethics Standards Board for Accountants (IESBA) is expected to release revisions to the non-assurance services provisions in the International Code of Ethics for Professional Accountants (including International Independence Standards) in April 2021. The APESB Board will consider the proposed international provisions at their March 2021 Board Meeting.</p> |
| 110.2 | <p>ED 03/19 requested specific comments on whether the existing provisions in the pronouncements required amendments due to the use of digital technology and artificial intelligence. A respondent's view was that the most appropriate way to address ethical issues relating to digital technology and artificial intelligence is via the Code.</p> | <p>This issue has been noted.</p> | <p>Technical Staff have commenced a project on the impact of technology and artificial intelligence on APESB pronouncements. Technical Staff will also monitor the progress of the IESBA Technology Working Group.</p> |

**APES 110 : Code of Ethics for Professional Accountants (including Independence Standards)
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|----------------------------|--|
| 110.3 | Technical staff have identified that the definition of Administration in APES 110 needs to be updated to align with the amended definition in the revised APES 330 <i>Insolvency Services</i> (issued 30 August 2019). | This issue has been noted. | <p>This amendment was included in the proposed revisions to the Code in the exposure draft ED 03/20.</p> <p>The Board will review the outcome of the due process for this ED at their March 2021 Board Meeting and consider the approval of the amending standard. If approved, the amending standard will be issued in late March 2021.</p> |
| 110.4 | The Code includes references to legislative reforms on whistleblowing, which were finalised subsequent to the release of APES 110. References to the reforms need to be updated. | This issue has been noted. | <p>This amendment was included in the proposed revisions to the Code in the exposure draft ED 03/20.</p> <p>The Board will review the outcome of the due process for this ED at their March 2021 Board Meeting and consider the approval of the amending standard. If approved, the amending standard will be issued in late March 2021.</p> <p>In addition, to assist Members apply the professional standards to situations involving whistleblowing APESB have released a guidance document '<i>Whistleblowing & Confidentiality - APESB Technical Staff Publication, February 2021</i>'.</p> |

**APES 110 : Code of Ethics for Professional Accountants (including Independence Standards)
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|----------------------------|--|
| 110.5 | Technical staff have identified an error in the numbering of paragraph 120.13 A1, which should be 120.12 A2, and paragraph 120.12 A2, which should be 120.13 A1. | This issue has been noted. | <p>This amendment was included in the proposed revisions to the Code in the exposure draft ED 03/20.</p> <p>The Board will review the outcome of the due process for this ED at their March 2021 Board Meeting and consider the approval of the amending standard. If approved, the amending standard will be issued in late March 2021.</p> |

**APES 205 : Conformity with Accounting Standards
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|--------------------------------------|---|
| 205.1 | <p>Technical Staff have identified the need to consider any potential implications of the AASB's revision of the Australian Financial Reporting Framework on APES 205. The relevant AASB projects, and any resulting changes, will impact on the provisions in APES 205 relating to Members' financial reporting responsibilities and the references to AASB's conceptual framework.</p> | <p>These issues have been noted.</p> | <p>As part of the restructured pronouncements project, APESB sought feedback on this matter from stakeholders in their responses to the Exposure Draft 03/19, incorporating APES 205, which was issued 23 August 2019.</p> <p>Stakeholders provided feedback that APESB should continue to monitor the AASB projects and their impact on APES 205.</p> <p>The AASB projects are still in progress, with the AASB due to consider the approval of amendments from this project in the first quarter of 2021.</p> |

APES 210 : Conformity with Auditing and Assurance Standards
Issues Register

| No. | Issue | Response | Current Status |
|-----|-------------------|----------|----------------|
| | No current issues | | |

APES 215 : Forensic Accounting Services
Issues Register

| No. | Issue | Response | Current Status |
|-----|-------------------|----------|----------------|
| | No current issues | | |

**APES 220 : Taxation Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|--|--|
| 220.1 | Technical Staff note that paragraphs 3.9 and 3.12 in APES 220 relating to confidentiality currently refer to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 <i>Confidentiality</i> of APES 110. | This issue was noted during the project on whistleblowing. | Technical staff will consider this matter in the next revision of APES 220. |
| 220.2 | Technical Staff note that paragraph 3.12 in APES 220 requires a Member to notify the Client, Employer or relevant third party if they provide confidential information in accordance with a legal, regulatory or professional obligation of disclosure. This requirement also does not align with the intent of the Whistleblower protection legislation to allow disclosures to be made confidentially. Consideration should be given to whether the approach used in the NOCLAR provisions requiring the application of professional judgement in determining whether to inform the client, employer or relevant third party could be used. | This issue was noted during the project on whistleblowing. | Technical staff will consider this matter in the next revision of APES 220. |
| 220.3 | An issue was raised with APESB Technical Staff about the interplay of paragraph 4.3 of APES 220 with guidance released by the Tax Practitioners Board (TPB) on supervisory agreements and supervision and control, in particular in relation to whether an individual should be an employee of the registered tax agent. TPB advised that they are in the process of reviewing this guidance period with a public consultation process to take place in early 2021. Consideration will need to be given to this revised guidance and the impact, if any, on APES 220. | This issue has been noted. | Technical Staff will monitor the progress of TPB's review and consider any applicable revisions to APES 220 in due course. |

**APES 225 : Valuation Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|---|---|
| 225.1 | Technical staff note that Section 3 of APES 225 refers specifically to Members in Public Practice when dealing with conflicts of interest. Consideration should be given to whether this section should contain guidance for Members in Business. | The issue was noted during the project to restructure the APESB pronouncements. | Technical staff will consider this matter in the next revision of APES 225. |
| 225.2 | Technical Staff note that paragraphs 3.11 and 3.13 in APES 225 relating to confidentiality currently refer to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 <i>Confidentiality</i> of APES 110. | This issue was noted during the project on whistleblowing. | Technical staff will consider this matter in the next revision of APES 225. |
| 225.3 | Technical Staff note that paragraph 3.13 in APES 225 requires a Member to notify the Client, Employer or relevant third party if they provide confidential information in accordance with a legal, regulatory or professional obligation of disclosure. This requirement also does not align with the intent of the Whistleblower protection legislation to allow disclosures to be made confidentially. Consideration should be given to whether the approach used in the NOCLAR provisions requiring the application of professional judgement in determining whether to inform the client, employer or relevant third party could be used. | This issue was noted during the project on whistleblowing. | Technical staff will consider this matter in the next revision of APES 225. |

**APES 230 : Financial Planning Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|--|--|
| 230.1 | <p>Members in Public Practice who provide credit advice are regulated under the <i>National Consumer Credit Protection Act</i> and not the <i>Corporations Act 2001</i>. APES 230 requires Members to act in the best interests of their Client, which is defined in the standard as Division 2 of Part 7.7A of the Corporations Act.</p> <p>While Members in Public Practice providing credit advice can comply with the general obligation to act in their Client's best interest, they cannot comply with the remaining obligations defined in Division 2. However, ASIC has stated in RG 175.239 that satisfying the safe harbour of Section 961B in Division 2 is not the only way to demonstrate an individual is acting in their Client's best interest.</p> | <p>This matter was raised in the Six Month Review of APES 230.</p> | <p>In 2017, APESB released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of best interest duty requirements.</p> <p>APESB subsequently reviewed submissions to the consultation paper and undertook further engagement with key stakeholders to inform this review.</p> <p>In 2019, APESB favourably noted a recommendation from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry to extend the Best Interest Duty to credit activities.</p> <p>In 2019, APESB released Consultation Paper CP 01/19 seeking feedback on key issues relating to APES 230. APESB is working through the feedback from the consultation paper and considering whether revisions to the best interest provisions in APES 230 are required.</p> |

**APES 230 : Financial Planning Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|-----------------------------------|--|
| 230.2 | <p>Technical Staff have identified the need to consider the potential implications on APES 230 of the Code of Ethics for professional planners issued by the Financial Adviser Standards and Ethics Authority (FASEA).</p> | <p>This issue has been noted.</p> | <p>FASEA released their Financial Planners and Advisers Code of Ethics in February 2019.</p> <p>In October 2020, FASEA undertook a consultation process on a draft guide to the FASEA Code. APESB made a submission to FASEA that was supportive of the draft guide but asked for further clarity on some of the guidance provided.</p> <p>APESB Technical Staff have met with FASEA to discuss each organisation's Code. This discussion is continuing and will be considered by APESB during 2021.</p> |

**APES 230 : Financial Planning Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|--|--|
| 230.3 | Some stakeholders continue to raise issues in respect of the professional fees requirements in APES 230 and their effectiveness in practice. | The Board discussed this issue and determined to engage with key stakeholders to explore the issues. | <p>In 2017, APESB released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of best interest duty requirements.</p> <p>APESB subsequently reviewed submissions to the consultation paper and undertook further engagement with key stakeholders to inform this review.</p> <p>Technical Staff are monitoring the implementation of laws and regulations by the government stemming from the findings at the Royal Commission to ascertain the impact of the recommendations, if any, on APES 230.</p> <p>APESB Technical Staff are currently working through feedback received from Consultation Paper CP 01/19, which is being considered further by the Board in 2021.</p> |
| 230.4 | Technical Staff have identified the need to consider the potential implications on APES 230 of the findings from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. | This issue has been noted. | Technical Staff are monitoring the implementation of laws and regulations by the government stemming from the findings at the Royal Commission. |

**APES 230 : Financial Planning Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|---|--|
| 230.5 | <p>Technical Staff note that paragraphs 3.12 and 3.15 in APES 230 relating to confidentiality currently refer to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 <i>Confidentiality</i> of APES 110.</p> | <p>This issue was noted during the project on whistleblowing.</p> | <p>Technical staff will consider this matter in the next revision of APES 230.</p> |
| 230.6 | <p>Technical Staff note that paragraph 3.15 in APES 230 requires a Member to notify the client or relevant third party if they provide confidential information in accordance with a legal, regulatory or professional obligation of disclosure. This requirement also does not align with the intent of the Whistleblower protection legislation to allow disclosures to be made confidentially. Consideration should be given to whether the approach used in the NOCLAR provisions requiring the application of professional judgement in determining whether to inform the client or relevant third party could be used.</p> | <p>This issue was noted during the project on whistleblowing.</p> | <p>Technical staff will consider this matter in the next revision of APES 230.</p> |

APES 305 : Terms of Engagement
Issues Register

| No. | Issue | Response | Current Status |
|-----|-------------------|----------|----------------|
| | No current issues | | |

**APES 310 : Client Monies
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|----------------------------|--|
| 310.1 | A professional body provided feedback that some Members in Public Practice are still experiencing difficulties in establishing bank accounts that meet the requirements of APES 310. The issue is that is the trust accounts are not considered statutory trust accounts, the terms of the bank account do not exclude the right of set off and the bank account name will not include the word 'trust'. | This issue has been noted. | APESB is planning to conduct a post-implementation review of APES 310 in the next strategic period, which will consider the challenges Members may face in establishing trust accounts that meet the requirements of APES 310. |

APES 315 : Compilation of Financial Information
Issues Register

| No. | Issue | Response | Current Status |
|-----|-------------------|----------|----------------|
| | No current issues | | |

**APES 320 : Quality Control for Firms
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|----------------------------|---|
| 320.1 | <p>Technical Staff have noted that as part of its Audit Quality initiative, the International Auditing and Assurance Standards Board (IAASB) is currently undertaking a project that aims to enhance ISQC1 and develop a proposed new standard (ISQM 1). ISQC1 remains as the standard for managing Quality Control at the Firm level. The proposed new standard (ISQM 2) is intended to strengthen the requirements and guidance in respect of engagement quality reviews, including clarifying the criteria for selecting engagement quality reviewers and their responsibilities.</p> <p>APES 320 conforms with ISQC1, with some changes to accommodate Australian legislation and environment and to fit within the structure of APESB standards.</p> | This issue has been noted. | <p>In 2019, the IAASB issued Exposure Drafts on ISQM 1 and ISQM 2. APESB made a submission to the IAASB in response to the Exposure Drafts, informed by various Stakeholder engagement activities, which raised concerns about the ability of practitioners to easily implement the proposed changes.</p> <p>In December 2020, the IAASB released the final standards on ISQM 1 and ISQM 2. These standards will replace ISQC1 when they become effective in December 2022.</p> <p>The Board will consider the impact of ISQM 1 & 2 at their March 2021 Board Meeting to determine the proposed future changes to APES 320.</p> |

**APES 325 : Risk Management for Firms
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|----------------------------|--|
| 325.1 | Technical Staff has identified the need to consider the impact of changes to ISQC 1 noted in Issue 320.1 to APES 325. | This issue has been noted. | The Board will consider the impact of ISQM 1 & 2 at their March 2021 Board Meeting to determine the proposed future changes to APES 325, if any. |

**APES 330 : Insolvency Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|---|---|
| 330.1 | <p>It was noted through discussions with ARITA, that a broader interpretation of paragraph 4.12(c)(iv) of APES 330 could be construed than was originally intended. A strict reading may prevent a firm from accepting an appointment over an insolvent entity where the firm had provided a professional service (if “a material business relationship”) to a financier of that insolvent entity, which could be a bank or even a business that provides credit to other businesses (depending on the nature of the terms with creditors).</p> <p>Whereas this paragraph was added to capture potential relationships and situations where Members in Public Practice accept Appointments from financiers where the relationship is not at arm’s length.</p> <p>Consideration needs to be given to whether this paragraph should be amended to note that ‘business relationship’ in paragraph 4.12 would not normally include professional services which are covered elsewhere in APES 330.</p> | The issue was noted at the August 2020 Board meeting. | This matter is to be considered when APES 330 is next reviewed. |
| 330.2 | <p>In November 2020, ARITA released an updated version of their templates for the Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) and the Remuneration Approval Report. The amended templates include additional guidance and make it more accessible to stakeholders.</p> <p>Consideration needs to be given to whether the template DIRRI that is included in Appendix 2 of APES 330 needs to be revised to align with the new ARITA DIRRI template.</p> | The issue was noted at the August 2020 Board meeting. | This matter is to be considered when APES 330 is next reviewed. |

**APES 330 : Insolvency Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|---|---|
| 330.3 | In December 2020, new insolvency reform laws relating to small business were passed by the Parliament. The laws allow eligible small businesses to undertake a debt restructuring process (with the directors remaining in control of the business) or undertake a new simplified liquidation process. Consideration needs to be given to whether the provisions in APES 330 require revision to incorporate or align with this new legislation. | The issue was noted at the November 2020 Board meeting. | This matter is to be considered when APES 330 is next reviewed. |

**APES 345 : Reporting on Prospective Financial Information Prepared in Connection with a Public Document
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|---|--|
| 345.1 | <p>Technical Staff note that paragraphs 3.13 and 3.15 in APES 345 relating to confidentiality currently refer to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 <i>Confidentiality of APES 110</i>.</p> | <p>This issue was noted during the project on whistleblowing.</p> | <p>Technical staff will consider this matter in the next revision of APES 345.</p> |
| 345.2 | <p>Technical Staff note that paragraph 3.15 in APES 345 requires a Member to notify the client or relevant third party if they provide confidential information in accordance with a legal, regulatory or professional obligation of disclosure. This requirement also does not align with the intent of the Whistleblower protection legislation to allow disclosures to be made confidentially. Consideration should be given to whether the approach used in the NOCLAR provisions requiring the application of professional judgement in determining whether to inform the client or relevant third party could be used.</p> | <p>This issue was noted during the project on whistleblowing.</p> | <p>Technical staff will consider this matter in the next revision of APES 345.</p> |

**APES 350 : Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|--|---|
| 350.1 | Technical Staff note that paragraph 3.19 in APES 350 relating to confidentiality currently refers to 'a legal, regulatory, or professional obligation of disclosure'. Technical Staff are of the view that this reference needs to be amended to 'a legal, regulatory, or professional right or duty to disclose' to align with the confidentiality provisions in Subsection 114 <i>Confidentiality</i> of APES 110. | This issue was noted during the project on whistleblowing. | Technical staff will consider this matter in the next revision of APES 350. |

**APES GN 20 : Scope and Extent of Work for Valuation Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|---|-----------------------------------|--|
| 20.1 | <p>Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 20 & 21 refer to APES 225 for definitions).</p> | <p>This issue has been noted.</p> | <p>Technical staff will consider this matter in the next revision of APES GN 20.</p> |

**APES GN 21 : Valuation Services for Financial Reporting
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|----------------------------|---|
| 21.1 | Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 20 & 21 refer to APES 225 for definitions). | This issue has been noted. | Technical staff will consider this matter in the next revision of APES GN 21. |

**APES GN 30 : Outsourced Services
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|---|---|
| 30.1 | <p>A Professional Body has raised the issue of whether APES GN 30 is effective and used by Members in Public Practice in a proper manner.</p> <p>The Professional Body has suggested that APESB conduct a survey of its use and consider whether transforming it into a Standard would make it more effective.</p> | <p>This issue was noted and considered during the 2017 annual review of APES GN 30.</p> | <p>In 2017, the Board approved a project to review APES GN 30 to assess its effectiveness and use by Members.</p> <p>In accordance with the project plan, APESB sought engagement from a wide range of stakeholders. The majority of stakeholders preferred to retain APES GN 30 as a guidance note but there was consideration as to whether there should be a mandatory requirement to inform clients of the nature of any services outsourced and, if applicable, the jurisdiction in which the outsourced service is performed.</p> <p>In 2020, the Board revised APES 305 <i>Terms of Engagement</i> to include a mandatory requirement for Members to inform clients of the use of outsourced service.</p> <p>During the first half of 2021, APESB will consider revisions to APES GN 30 to align with the revised requirements and guidance in APES 305.</p> |

**APES GN 31 : Professional and Ethical Considerations relating to Low Doc Offering Sign-offs
Issues Register**

| No. | Issue | Response | Current Status |
|------------|--|----------------------------|---|
| 31.1 | Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 31 refers to APES 350 for definitions). | This issue has been noted. | Technical staff will consider this matter in the next revision of APES GN 31. |

APES GN 40 : Ethical Conflicts in the Workplace - Considerations for Members in Business
Issues Register

| No. | Issue | Response | Current Status |
|-----|-------------------|----------|----------------|
| | No current issues | | |

APES GN 41 : Management representations
Issues Register

| No. | Issue | Response | Current Status |
|------------|-------------------|-----------------|-----------------------|
| | No current issues | | |