

28 May 2021

APESB announces proposals to strengthen the fees provisions of the Code

The Accounting Professional and Ethical Standards Board (APESB) today announced it will be strengthening the fees provisions in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

The proposed amendments to the Code are necessary in response to changes made by the International Ethics Standards Board for Accountants (IESBA) to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* as well as incorporating recommendations from the Parliamentary Joint Committee (PJC) on the Regulation of Auditing in Australia.

“The Code of Ethics must remain robust, and strengthening of the fees provisions in the Code will help to increase transparency around audit fees and fees for other services paid to the entity’s external auditor,” said APESB Chair, Nancy Milne OAM.

“Importantly, these measures include the need to obtain the concurrence of those charged with governance, such as audit committees. The Board has also proposed amendments to the Code to address PJC recommendations on the categorisation of fees paid to the auditor and the incentivisation of audit partners.”

APESB has also considered and accepted a request from the regulators to create a threshold to assess fee dependency on a referral source that refers multiple audit clients to a firm and determined to extend this threshold to apply to individual partners or an office within the accounting firm.

The key recommendations include provisions to remove potential conflicts of interest, achieve transparency on all fees paid to the entity’s external auditor, and the importance of audit committees and Boards on approving the audit and non-audit services.

The APESB anticipates the proposed amendments will take effect from 1 January 2023, and early adoption will be encouraged.

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Notes to Editors: APESB is the National Standards Setter that sets the Code of ethics and professional standards by which members of Australia’s three major professional accounting bodies (CPA Australia, Chartered Accountants Australia and New Zealand and the Institute of Public Accountants) are required to abide.