

# APESB's Strategic Plan 2021-25 and current projects

CPA Australia

Ethics and Professional Standards Centre of Excellence

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# Agenda

- APESB's Strategic Plan 2021 - 2025
- PJC Inquiry into Regulation of Auditing in Australia
- High-level overview of NAS project
- Other APESB projects
- Questions/ further information

# Strategy Survey – High level summary

Professional Bodies are supportive of:

- the current role and strategy of APESB
- the scalability of APESB pronouncements
- APESB's continued involvement to assist in raising awareness on professional pronouncements
- APESB promoting ethics to the broader business community and the public
- further collaboration in producing non-authoritative guidance material



# APESB's Strategic Plan

Pillar	Focus and Outcomes	Est % of APESB activity
Standards	<ul style="list-style-type: none"><li>• Issuing professional and ethical standards for Members of the Professional Accounting Bodies while serving the public interest</li><li>• Issuing guidance documents for Members</li></ul>	60%
Engagement	<ul style="list-style-type: none"><li>• Engaging with Regulators, Standard Setting Bodies, Professional Accounting Bodies, government and the public on APESB standards</li></ul>	15%
Influence	<ul style="list-style-type: none"><li>• Influencing and responding to the national and international agenda in relation to professional and ethical standards</li></ul>	15%
Ethics Outreach	<ul style="list-style-type: none"><li>• Raising awareness of Standards with the Professional Accounting Bodies and other stakeholders</li><li>• Promoting professionalism and ethical conduct of accountants in the public sphere</li></ul>	10%

# Strategy 2021-25

***APESB Pronouncements being  
readily known,  
easily understood  
and  
quickly bought into practice with a focus  
on the SMP sector***

[APESB Strategic Plan 2021-2025](#)

Applying APESB pronouncements in COVID-19  
circumstances (October 2020)

# PJC Inquiry into the Regulation of Auditing in Australia

Led by Parliamentary Joint Committee on corporations and financial services.

 **2019**  
August

## **Inquiry established**

Focus on the regulation of auditing, conflicts of interest and performance of regulators


 **2020**  
November

## **Final report issued**

No changes to interim recommendations

## **Interim report released**

- 10 recommendations
- no major structural changes to legislative & regulatory frameworks

 **2020**  
February

Government yet to respond

*To date*



# PJC Inquiry recommendations relating to NAS & Fees

- **Recommendation 3**

- Establish defined categories and associated fee disclosure requirements in relation to audit and non-audit services
- Establish a list of non-audit services that audit firms are explicitly prohibited from providing to an audited entity

## **Recommendation 4**

- The auditor's independence declaration must specifically confirm that no prohibited non-audit services have been provided.

## **Recommendation 5**

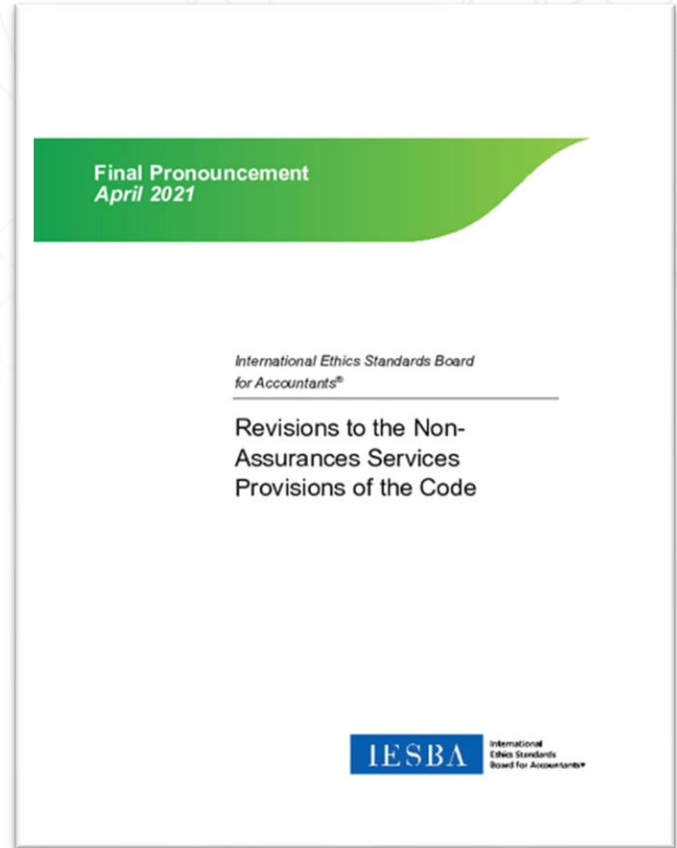
- Consider revising APES 110 to include a safeguard that no audit partner can be incentivised, through remuneration advancement or any other means or practice, for selling non-audit services to an audited entity

# High-level overview of IESBA NAS Standard

IESBA issued the final Non-Assurance Services (NAS) pronouncement in April 2021, with an effective date of 15 December 2022.

## Key Revisions

- New self-review threat for Public Interest Entity (PIE) audit clients
- Materiality qualifier for NAS withdrawn
- New requirements for firms to communicate with Those Charged with Governance
- Assuming management responsibilities provisions moved to Section 400





# Overview of APESB project on NAS

- Australian revisions to address PJC recommendations
- Revisions being considered include:
  - Prohibition on advocacy threats for tax planning and advisory services for PIE audit clients
  - Strengthening the term 'likely to prevail' in NAS provisions
  - Prohibition on providing advice and recommendations on financial products to audit clients.
  - Additional guidance paragraph to clarify the instances when NAS is almost certain to create a self-review threat.
  - Amendments to clarify what is considered to be an internal audit service
- Further stakeholder engagement currently being undertaken on Australian specific changes.
- Exposure Draft to be presented to Board at a future Board Meeting.
- Pronouncement expected to be effective from 1 January 2023.

## Other APESB projects

Project	High-level overview
<i>APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</i>	<ul style="list-style-type: none"><li>• Fees Exposure Draft open for public comment by <b>31 August 2021</b>.</li><li>• Objectivity Amending Standards likely to be approved at the September APESB Board meeting.</li></ul>
<i>APES 215 Forensic Accounting Services</i>	<ul style="list-style-type: none"><li>• Project proposal approved at the June APESB Board Meeting</li><li>• Review of standard to ensure reflects current case decisions and current working practices</li><li>• Draft exposure draft to be considered at September 2021 Board meeting</li></ul>
<i>APES 230 Financial Planning Services</i>	<ul style="list-style-type: none"><li>• Review underway to ensure appropriate with legislative and regulatory changes in the financial services industry</li></ul>

# Other APESB domestic projects

Project	High level overview
<i>APES 320 Quality Control for Firms</i>	<ul style="list-style-type: none"><li>• Revision being considered due to new auditing standards on systems of quality management</li><li>• APESB currently developing options in relation to the revision to make the revised APES 320 simpler and less complex for small practices.</li><li>• Board will consider action plan for this project in the near future.</li></ul>
<i>APES 330 Insolvency Services</i>	<ul style="list-style-type: none"><li>• Revisions to reflect Government's insolvency reforms legislation</li><li>• Exposure draft to be presented at the September APESB Board Meeting</li></ul>
<i>Technology (Artificial Intelligence and digital technologies)</i>	<ul style="list-style-type: none"><li>• Project underway to review APESB pronouncements to ensure they address technological developments</li><li>• Will align with international developments in the Code of Ethics</li><li>• Revisions are expected to be determined in 2022.</li></ul>

Questions ?

## Further Information

For more information visit [www.apesb.org.au](http://www.apesb.org.au)

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