

15 September 2021

APESB proposes reissue of quality standard

The Accounting Professional and Ethical Standards Board (APESB) announced today it proposes to reissue APES 320 *Quality Control for Firms* (extant APES 320) as APES 320 *Quality Management for Firms that provide Non-Assurance Services* to be specific to non-assurance practices.

The current APES 320 incorporates *International Standard on Quality Control 1* (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB). In December 2020, the IAASB issued new quality management standards - including *International Standard on Quality Management (ISQM) 1* and *ISQM 2 Engagement Quality Reviews* - which will replace ISQC 1.

Australian equivalents to these international standards, ASQM 1 and 2, were issued by the Auditing and Assurance Standards Board (AUASB) in March 2021 and will apply to Australian assurance practices from 15 December 2022.

“APESB believes a shift in focus is necessary for Australian non-assurance practices,” said APESB Chairman, Nancy Milne.

“We propose to reissue APES 320 as a specific quality management standard applicable to non-assurance practices of firms while maintaining consistency of the components with the international quality management standards,” she said.

“Relevant extant APES 320 requirements will be maintained to minimise disruption, so firms can continue to use existing policies and procedures with minimal changes.”

The proposed key revisions include:

- revising the scope to only apply to non-assurance practices and engagements;
- updating references from ‘quality control’ to ‘quality management’;
- removing assurance-based terminology;
- aligning high-level elements of APES 320 to the components of ASQM 1; and
- removing material from extant APES 320 specific to assurance practices.

The Board anticipates the proposed amendments will take effect from 1 January 2023, and early adoption will be permitted. All stakeholders are invited to submit their comments by **26 November 2021** via the APESB website: www.apesb.org.au.

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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.