

AGENDA PAPER

Item Number: 3
Date of Meeting: 26 November 2021
Subject: Update on awareness of APESB pronouncements

Action Required For Discussion For Noting For Information

Purpose

To provide the Board with an update on stakeholder engagement activities undertaken in 2021 to increase awareness of APESB pronouncements.

Background

APESB's vision is to achieve exemplary levels of professionalism and ethical behaviour in the accounting profession. APESB promotes professionalism and ethical behaviour and strives to maximise the integrity of the accounting profession through the [four strategic pillars](#); Standards, Engagement, Influence and Ethics Outreach.

During 2021, APESB continued with its core activity of developing and issuing high quality professional and ethical standards, guidance notes and guidance material in the public interest:

- [Whistleblowing & Confidentiality guidance](#) issued on 5 February 2021 supports accountants to effectively apply APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) and related confidentiality concerns when dealing with circumstances involving whistleblowing. In addition, the guidance provides clarification on how the new whistleblowing legislation relates to professional and ethical obligations of professional accountants.
- Amendments to the Code to promote [Role and Mindset](#) expected of accountants issued 31 March 2021 (effective 1 January 2022), including a new requirement for members to have an inquiring mind when applying the conceptual framework and application material on professional judgement.
- Proposed amendments to the Code to address the objectivity of Engagement Quality Reviewers and other appropriate reviewers to align to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (International Code) issued by the International Ethics Standards Board for Accountants (IESBA). The [Exposure Draft](#) (ED) was initially open for public comment between 22 March 2021 to 18 June 2021 and subsequently extended to 15 October 2021 (refer to Agenda Item 6).
- [APES GN 30 Outsourced Services](#) was revised on 25 June 2021 to align to revisions to APES 305 *Terms of Engagement* which was revised in December 2020 to include requirements to disclose certain information to clients about outsourced services.

- Proposed revisions to the fee-related provisions of the Code to address changes to the International Code, recommendations from the Parliamentary Joint Committee (PJC) inquiry into the Regulation of Auditing in Australia (PJC Inquiry) and regulator requests for a threshold to assess fee dependency from self-managed superannuation funds (SMSF) audit referral sources. The [ED](#) was open for public comment between 28 May 2021 and 31 August 2021 (refer to Agenda Item 9).
- Proposed revision of APES 330 *Insolvency Services* to address the Federal Government's insolvency reforms to assist small businesses. The [ED](#) was open for public comment between 10 September 2021 and 27 October 2021 (refer to Agenda Item 7).
- Proposed reissue of APES 320 *Quality Control for Firms* as a specific quality management standard for non-assurance services as new Auditing and Assurance Standards Board (AUASB) quality management standards ASQM 1 & 2 will apply to Australian assurance practices. Proposed APES 320 aligns with ASQM 1 components and removes assurance-based material. The [ED](#) is open for public comment between 15 September 2021 and 26 November 2021.

Matters for Consideration

In February 2021, APESB completed 15 years of operations and has continued its commitment to developing and promoting ethical behaviour within the accounting profession, continuing throughout the COVID-19 pandemic. The following activities demonstrate APESB's significant efforts during 2021 to increase awareness of APESB's pronouncements set out under the other three strategic pillars, Engagement, Influence and Ethics Outreach.

Engagement: *with key stakeholders, including professional accountants, the public, government bodies, regulators and the professional accounting bodies.*

SMSF Association National Conference: in February 2021, Channa Wijesinghe (APESB CEO) and Kellie Grant (ATO Director, SMSF Auditors Team) presented on SMSF auditor independence requirements under the Code, the [Independence Guide 5th Edition](#) and the ATO's compliance approach.

APESB Roundtable: on 14 April 2021 to provide an overview of, and receive feedback on, the IESBA's [Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#) (IESBA PIE ED).

CPA Australia Webinar on NAS & Fees: on 10 May 2021, Channa Wijesinghe (APESB CEO) presented with IESBA Taskforce Chairs Richard Fleck (NAS) and Ian McPhee (Fees) on the Australian context for the new IESBA Standards on Non-Assurance Services (NAS) and Fees, including matters relating to the PJC Inquiry recommendations, tax advisory and tax planning services and SMSF referral sources.

CPA Australia's Ethics & Professional Standards Centre of Excellence (CoE): on 22 July 2021, Channa Wijesinghe (APESB CEO) presented on [APESB's Strategic Plan 2021-25 and current APESB projects](#) to members of the CPA Australia's Ethics and Professional Standards CoE.

CPA Australia Ten Questions with APESB Event: on 29 September 2021, Craig Farrow (APESB Director) and Channa Wijesinghe (APESB CEO) presented in this one-hour online event on:

- Technology, including artificial intelligence and blockchain;
- Non-Assurance Services of the Code;
- Fees- related provisions of the Code;
- Sustainability and Climate change;

- APES 230 *Financial Planning Services*;
- APES 320 *Quality Control for Firms*; and
- IESBA current projects.

CPA Australia Board Meeting: attended by Nancy Milne OAM (APESB Chairman) and Channa Wijesinghe (APESB CEO) on 5 October 2021 and provided an update on APESB's strategic plans, the PJC Inquiry's impact on NAS and Fees, review of APES 230 *Financial Planning Services* and other APESB projects.

APES 320 ED Webinar: on 8 November 2021, presented by Channa Wijesinghe (APESB CEO) and Jon Reid (APESB Senior Technical Manager) on the proposed reissue of APES 320 *Quality Control for Firms* as a specific quality management standard for non-assurance services. Follow this link to the [Webinar recording](#) (access passcode: 4=hXC0u6). In addition, please refer to the presentation at Agenda Item 3 (a).

Australian Accounting Standards Board (AASB) Board Meeting: attended by Nancy Milne OAM (APESB Chairman), Channa Wijesinghe (APESB CEO) and Jacinta Hanrahan (APESB Principal) on 11 November 2021, who presented on (refer to the presentation at Agenda Item 3(b)):

- APESB's role, mandate and strategic plans;
- Global audit regulation and ethics and engagement with IESBA;
- APESB and AASB engagement; and
- NAS and Fees projects and the PJC Inquiry.

Influence: *the national and international agenda in relation to professional and ethical standards.*

IESBA NSS May 2021 – Technical Staff participated in the IESBA National Standards Setters (NSS) virtual meeting on 11 May 2021 and the joint session of the IESBA NSS and the International Auditing and Assurance Standards Board (IAASB) NSS on 12 May 2021. Topics included IESBA's projects on Tax Planning and Related Services and an update on the Transition Planning Efforts on the Monitoring Group Recommendations.

IESBA NSS October 2021 – Technical Staff participated in the IESBA NSS virtual meetings on 26 & 27 October 2021 and the joint session of the IESBA NSS and IAASB NSS on 28 October 2021. Topics included IESBA's projects on Technology, Benchmarking, Tax Planning, Long Association Post-Implementation Review and IESBA's PIE ED.

Submissions made by the APESB to IESBA:

- [IESBA's PIE ED](#) on 3 May 2021;
- [IESBA's Stakeholder Questionnaire Long Association Post-Implementation Review \(Phase 1\)](#) on 29 June 2021; and
- [IESBA's ED Proposed Quality Management-related Conforming Amendments to the Code](#) on 5 October 2021.

Ethics Outreach: *promoting that professionalism and ethical conduct drive the behaviour of accountants and conducting outreach activities in collaboration with key stakeholders.*

APESB 15 Year anniversary: The APESB celebrated the anniversary by hosting a virtual panel discussion on 21 May 2021 with panellists Dr Stavros Thomadakis (IESBA Chairman), Mr Kevin Dancey CM (IFAC CEO), Dr Attracta Lagan (Principal, Managing Values) and Ms Ming Long AM (Diversity Council Australia Deputy Chair).

The panel discussed “*business ethics, the pace of digitalisation and the accountant’s role in a post COVID environment*”, which was moderated by Nancy Milne OAM (APESB Chairman). This event provided an opportunity for global engagement, and the APESB also issued a [15-year Anniversary Booklet](#).

[CA ANZ Global Ethics Day event](#): On 20 October 2021, Channa Wijesinghe (APESB CEO) presented with IESBA Deputy Chair Caroline Lee and Audit New Zealand’s Executive Director Stephen Walker at this online event “*ethics and values in a rapidly changing business climate*”. Channa’s presentation focused on APESB’s role and mandate, audit regulation and inquiries, the PJC Inquiry, current projects, APESB’s future strategy and development of guidance material. This event provided an opportunity to promote professionalism and the ethical conduct of accountants and raise awareness of APESB’s activities.

Recommendations

That the Board note the update on awareness of APESB pronouncements.

Material presented

Agenda Item 3(a) APESB Webinar on proposed APES 320 ED

Agenda Item 3(b) APESB Presentation to the AASB Board

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