

30 August 2021

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Chief Executive Officer
Accounting Professional & Ethical Standards Board Limited
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Via email: sub@apesb.org.au

Dear Channa

Re: Exposure Draft 03/21 - Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)

We appreciate the opportunity to comment on Exposure Draft 03/21 Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Australian Code") issued by the Accounting Professional & Ethical Standards Board (APESB) in May 2021 (the ED).

Deloitte is supportive of the adoption in Australia by the APESB of the International Code of Ethics for Professional Accountants (including International Independence Standards). In relation to Australian specific paragraphs included in the ED, we have the following comments:

Categories of Fee disclosures by the Auditor (proposed para AUST 410.29.A1)

We understand the APESB's efforts to assess whether it can address the PJC Inquiry's recommendation that the FRC and ASIC "oversee consultation, development and introduction under Australian standards of defined categories and associated fee disclosure requirements in relation to audit and non-audit services".

We also support efforts to improve the consistent categorisation and improved disclosure of information regarding fees paid to the auditors of Public interest Entities.

However, as provided in 410.29 A1 and in accordance with Australian laws, it is the audit client that makes the fee disclosures, not the firm. We consider such fee disclosure requirements should be contained in AASB 1054, and if it is considered necessary to include such guidance in the Code, then it should be only included once aligned with the requirements contained in the Australian Accounting Standards. We urge the APESB to work with the Australian Accounting Standards Board (AASB) to agree and issue consistent fee disclosure requirements.

Fee Dependency from a Referral Source (revised para AUST R410.14.1)

APESB states it has 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, partner or office. However, no rationale has been provided as to the basis for the conclusion that 20% is the appropriate threshold for

this provision, which creates inconsistency with the principles based approach in paragraphs 410.14 A1 and 410.14.A5.

Application material in paragraph 410.3 A3

We consider the application material is clear. Under the Independence standards, the term "audit" includes "review" therefore the application material is clarifying that the term audit fees also include review fees, however when reference is made to the fee for the audit of the financial statements (in the referred paragraphs) that is specifically referring only to the fee for the audit engagement.

We would be pleased to discuss our comments with you. If you wish to do so, please do not hesitate to contact me on (02) 9322 5258.

Yours sincerely

Deloitte Touche Tohmatsu

A handwritten signature in black ink, appearing to read "Marisa Orbea". The signature is fluid and cursive, with a large initial "M" and "O".

Marisa Orbea

Partner, Independence