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Mr Channa Wijesinghe
Chief Executive officer
Accounting Professional and Ethical Standards Board (APESB)
Level 11
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8 October 2021

Via email: sub@apesb.org.au
channa.wijesinghe@apesb.org.au

Exposure Draft ED 02/21: Proposed Amendments to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*

Dear Channa,

EY welcomes the opportunity to submit comment on the proposals to revise APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) to address the Objectivity of an Engagement Quality Reviewer (EQR) and other appropriate reviewers.

We are supportive of the Accounting Professional Standards & Ethical Standards Board's proposals to incorporate changes to the Code introduced by the International Ethics Standard Board for Accountants (IESBA) and recognise the complexities created by the engagement quality reviewer eligibility requirements in ASQM 2 and Long Association Requirements in Section 540 of the Code.

The content of AUST R325.8.1 and 325.8 A3 are repetitive, and both refer members to the eligibility requirements for the Engagement Quality Reviewer contained in paragraph 19 of ASQM 2¹. We recommend removing AUST R325.8.1 and changing the footnote at R540.17 to refer to the application material at 325.8 A3.

This also ensures consistency with the IESBA Code as stated in its Exposure Draft issued January 2020 on this topic: "If the Code were to establish a cooling-off requirement, a breach of such a requirement would trigger a breach of the Code, which may call into question the firm's compliance with relevant ethical requirements. The IESBA is of the view that it would be more appropriate for a breach of such a requirement to be remediated as a quality issue through the firm's system of quality management."

We would be pleased to discuss our comments with APESB and its staff. Should you wish to do so, please contact me (leigh.walker@au.ey.com or (0438 262 555).

Yours sincerely

Leigh Walker
Partner
Oceania Risk Management and Independence Leader

¹ [Paragraph 19 Australian Standard on Quality Management 2 \(ASQM 2\) issued by the Audit and Assurance Standards Board \(AUASB\)](#)