

AGENDA PAPER

Item Number: 3
Date of Meeting 10 March 2022
Subject: Review of APESB's Issues Register

Action required For discussion For noting For information

Purpose

To provide the Board with APESB's Issues Register updated for all current issues as of 1 March 2022.

Background

The APESB Issues Register is available on the [APESB website](#) to inform stakeholders of issues reported to the APESB or identified by an internal technical review in respect of each APESB professional pronouncement. The document is updated periodically to reflect the activities of the APESB Technical Work Program.

Consideration of Issues

A summary of key matters resolved from the 2021 Issue Register, new matters recorded on the Issues Register and key developments for current issues are noted below:

Key matters resolved from the 2021 Issue Register

- **APES 110 Code of Ethics for Professional Accountants (including Independence Standards)**

The following amendments to APES 110 were included in ED 03/20 and finalised in *Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) to Promote the Role and Mindset Expected of Professional Accountants* issued in March 2021:

- The definition of Administration in APES 110 was updated to align with the amended definition in the revised APES 330 *Insolvency Services* (issued 30 August 2019), which was revised again in December 2021 (refer below).
 - Updated references to whistleblowing legislative reforms.
 - An error in the numbering of paragraph 120.13 A1, which should be 120.12 A2, and paragraph 120.12 A2, which should be 120.13 A1, has been rectified.
- **Reissue of APES 320 *Quality Management for Firms that provide Non-Assurance Services***

On 22 February 2022, the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* was released with an effective date of 1 January 2023. The key changes in the reissued APES 320 include a change in scope to only apply to non-assurance practices of firms and high-level alignment of APES 320's elements to the components of Auditing and Assurance Standards Board's ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* which will apply to Australian assurance practices.

- **Revised APES 330 *Insolvency Services***

APES 330 *Insolvency Services* was revised on 15 December 2021 to address small business insolvency reforms and the new restructuring practitioner's role. The revisions also addressed other matters on the Issues Register being the alignment of the template *Declaration of Independence, Relevant Relationships and Indemnities* (DIRRI) in Appendix 2 of APES 330 to Australian Restructuring Insolvency & Turnaround Association's (ARITA) template DIRRIs and to address the potential unintended broader interpretation of paragraph 4.12(c)(iv) of APES 330.

- **Revised APES GN 30 *Outsourced Services***

APESB considered revisions to APES GN 30 during the first half of 2021 to align with the revised requirements and guidance in APES 305 *Terms of Engagement* issued in December 2020. As a result, an Exposure Draft was issued in March 2021 and the revised APES GN 30 was issued on 25 June 2021.

Matters added to the Issues Register

Pronouncement	New matters
APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i>	<ul style="list-style-type: none"> ● A professional body provided feedback in a submission on APES 320 <i>Quality Management for Firms that provide Non-Assurance Services</i> as to whether the new 'Role and Mindset' provisions in the Code are more appropriate than 'Independence' in other APESB pronouncements. APESB will consider which pronouncements may need to be reviewed in respect of 'Role and Mindset' provisions in APES 110 and determine whether these provisions are more appropriate when these pronouncements are next reviewed.
APES 215 <i>Forensic Accounting Services</i>	<ul style="list-style-type: none"> ● The Australian Securities and Investments Commission (ASIC) raised concerns with APESB that the example in the definition of Other Evidence and examples 6 and 7 in Appendix 3 of APES 215 are not consistent with evidence ASIC adduce under section 50 of the Evidence Act and the findings in <i>Idylic Solutions Pty Ltd & Ors – Australian Securities and Investments Commission v Hobbs [2012] NSWSC 568</i> (ASIC v Hobbs).

Pronouncement	New matters
	<p>An initial review of APES 215 has identified that the definitions of Lay Witness, Lay Witness Services, Expert Evidence, Other Evidence, Consulting Expert and Consulting Expert Service may also need to be considered.</p> <ul style="list-style-type: none"> • APESB will review APES 215 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23 (refer to Agenda Paper 5).
APES 220 <i>Taxation Services</i>	<ul style="list-style-type: none"> • APESB will review APES 220 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 225 <i>Valuation Services</i>	<ul style="list-style-type: none"> • APESB will review APES 225 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 230 <i>Financial Planning Services</i>	<ul style="list-style-type: none"> • The Australian Law Reform Council (ALRC) is undertaking an inquiry to simplify Australian financial services law in response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission). APESB made a submission on the ALRC's first interim report on 25 February 2022. Technical Staff will continue to monitor the findings from the ALRC, which will impact APES 230. • APESB will review APES 230 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 305 <i>Terms of Engagement</i>	<ul style="list-style-type: none"> • At the June 2021 Board meeting, the Board agreed to undertake a post-implementation review of the revisions in APES 305 after 1 July 2022, being 12 months after its effective date of 1 July 2021.
APES 310 <i>Client Monies</i>	<ul style="list-style-type: none"> • APESB will review APES 310 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 315 <i>Compilation of Financial Information</i>	<ul style="list-style-type: none"> • APESB will review APES 315 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 320 <i>Quality Management for Firms that provide Non-Assurance Services</i>	<ul style="list-style-type: none"> • APESB will undertake a post-implementation review of APES 320 within two years of issue, or earlier if deemed necessary, including the interaction between APES 320 and APES 325.
APES 325 <i>Risk Management for Firms</i>	<ul style="list-style-type: none"> • APESB will review APES 325 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23. • APESB will undertake a post-implementation review of APES 320 within two years of issue, or earlier if deemed necessary, including the interaction between APES 320 and APES 325.
APES 330 <i>Insolvency Services</i>	<ul style="list-style-type: none"> • APESB will undertake a post-implementation review of APES 330 post 1 April 2023 (12 months from the effective date of 1 April 2022). • APESB will review APES 330 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.

Pronouncement	New matters
APES 345 <i>Reporting on Prospective Financial Information Prepared in Connection with a Public Document</i>	<ul style="list-style-type: none"> APESB will review APES 345 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document</i>	<ul style="list-style-type: none"> APESB will review APES 350 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES GN 30 <i>Outsourced Services</i>	<ul style="list-style-type: none"> Revised APES GN 30 was issued on 25 June 2021. At the June 2021 Board meeting, the Board agreed to undertake a post-implementation review of the revisions in APES GN 30 to be conducted 12 months after its effective date. APESB will review APES GN 30 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.
APES GN 31 <i>Professional and Ethical Considerations relating to Low Doc Offering Sign-offs</i>	<ul style="list-style-type: none"> APESB will review APES GN 31 as part of its project on conforming amendments to APESB pronouncements for Quality Management during 2022/23.

Progress on matters on the Issues Register

Pronouncement	Progress on current matters
APES 205 <i>Conformity with Accounting Standards</i>	APESB Technical Staff have continued to liaise with AASB Technical Staff about the Australian Financial Reporting Framework's proposed revisions. The AASB is still working on this project and is due to reconsider the amendments from this project in the first quarter of 2022. Technical Staff will continue to monitor the project and any outcomes in relation to APES 205.
APES 220 <i>Taxation Services</i>	<ul style="list-style-type: none"> Technical Staff have undertaken ongoing engagement with the key stakeholders on current issues.
APES 230 <i>Financial Planning Services</i>	<ul style="list-style-type: none"> Technical Staff continued stakeholder engagement and monitored ongoing changes in the financial planning industry relating to implementing recommendations from the Financial Services Royal Commission to progress the project.

Staff Recommendation

The Board note the 2022 APESB Issues Register.

Material presented:

Agenda Item 3(a): APESB Issues Register

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Date: 27 February 2022