

## AGENDA PAPER

**Item Number:** 5  
**Date of Meeting:** 10 March 2022  
**Subject:** Proposed Project on conforming amendments to APESB Pronouncements for Quality Management

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Action Required     For Discussion     For Noting     For Information

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### Purpose

To obtain the Board's approval to commence a project to update APESB's pronouncements, to reflect:

- changes from conforming amendments to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) resulting from the finalisation of new quality management standards issued by the International Auditing and Assurance Standards Board (IAASB); and
- changes to APESB pronouncements relating to the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* and Australian equivalent of the IAASB quality management standards.

### Background

The International Ethics Standards Board for Accountants (IESBA) issued an Exposure Draft *Proposed Quality Management-Related Conforming Amendments to the Code* in August 2021, resulting from the finalisation of new quality management standards issued by the IAASB in December 2020 (effective 15 December 2022). IESBA's exposure was open for public comment until 5 October 2021 and the APESB made a [submission](#) on this IESBA ED.

The IESBA approved conforming amendments to the IESBA Code at its November-December 2021 meeting. The final IESBA pronouncement is subject to Public Interest Oversight Body (PIOB) approval and is expected to be released in April 2022 (effective 15 December 2022).

As a result of the conforming amendments to the IESBA Code, APESB will need to update APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to ensure it remains consistent with the IESBA Code. In addition, the Code will also need to be updated due to the application of different quality management standards to assurance and non-assurance services in Australia, as discussed below.

The Auditing and Assurance Standards Board (AUASB) issued the Australian equivalents of the IAASB Quality Management Standards in March 2021, which will apply to Australian assurance practices from 15 December 2022.<sup>1</sup>

At the 7 February 2022 Board meeting, the APESB approved the reissue of APES 320 *Quality Control for Firms* as APES 320 *Quality Management for Firms that provide Non-Assurance Services* (reissued APES 320) ([Agenda Item 3](#)). The reissued APES 320 was released on 22 February 2022 and will now only apply to non-assurance services from its effective date of 1 January 2023.

As a result of the above changes and as different standards will apply to non-assurance services and assurance practices, APESB will need to update its pronouncements where relevant to ensure they remain consistent with the reissued APES 320 and AUASB Quality Management Standards.

### **Consideration of issues**

The project aims to revise APESB's pronouncements to ensure the Code remains current and consistent with the provisions in the IESBA Code and other pronouncements reflect changes in the reissued APES 320 and AUASB Quality Management Standards (ASQM1 and ASQM2).

The project to revise the pronouncements is proposed to commence in April 2022 and completed within 12 to 18 months.

Refer to Agenda Item 5(a) for the proposed project plan to update APESB's pronouncements.

### **Staff Recommendation**

The Board approve the project proposal for revising APESB's pronouncements for:

- changes from conforming amendments for quality management to the IESBA Code; and
- changes to other APESB pronouncements (set out Agenda Item 5(a)) relating to the reissued APES 320 and AUASB Quality Management Standards.

### **Material Presented**

Agenda Item 5(a)                      Project Proposal: Conforming Amendments to APESB pronouncements for Quality Management

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**Date**                                      24 February 2022

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<sup>1</sup> The AUASB Quality Management Standards consist of [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](#); [ASQM 2 Engagement Quality Reviews](#) and [ASA 220 Quality Management for an Audit of a Financial Report and Other Historical Information](#).