

21 December 2022

Code of Ethics updated to restrict services provided by external auditors to clients

The Accounting Professional and Ethical Standards Board (APESB) today released revisions to the Non-Assurance Services (NAS) provisions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

The revisions to the Code align with changes made by the International Ethics Standards Board for Accountants (IESBA) to the *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

“Strengthening the NAS provisions in the Code enhances the independence of the auditor by restricting other services an auditor can provide, especially in relation to public interest entities. The revisions provide greater clarity for firms and network firms on the circumstances when they are prohibited from providing a NAS to an audit client. These changes will also increase public confidence in the auditor’s independence,” said APESB Chair, Nancy Milne OAM.

“APESB has undertaken stakeholder engagement to address Australian regulatory concerns and developed new Australian provisions that further strengthen the provisions related to tax services provided to audit clients.”

The key revisions include the following:

- prohibiting Non-Assurance Services (NAS) to Public Interest Entity (PIE) audit clients that may create a self-review threat;
- enhanced clarity about materiality in applying NAS provisions, including the removal or the materiality qualifier for NAS provided to PIE audit clients and, in certain instances, for non-PIE audit clients;
- new prohibitions relating to certain tax services, legal advice and corporate finance services;
- new requirements to strengthen the communication with those charged with governance, such as audit committees and boards in relation to NAS provided to PIE audit clients; and
- new documentation requirements for firms to prove that they meet the criteria to provide a permissible tax service.

APESB advises that these amendments will take effect from 1 July 2023, with early adoption permitted.

Visit the APESB website for further information and the Amending Standard: www.apesb.org.au

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Notes to Editors: APESB is the National Standards Setter that sets the Code of ethics and professional standards by which members of Australia’s three major professional accounting bodies (CPA Australia, Chartered Accountants Australia & New Zealand and the Institute of Public Accountants) are required to abide.