

20 June 2024

## APESB issues Technology-related revisions to the Code

Accounting Professional & Ethical Standards Board (APESB) has today issued an Amending Standard to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) for Technology-related revisions.

The revisions clarify the expected mindset and behaviours of members when using technology. Application material on the fundamental principles of Professional Competence and Due Care, and Confidentiality has been enhanced, with new application material added on identifying and managing complex circumstances.

The revisions also clarify the Independence requirements for firms and network firms as to whether technology-related non-assurance services can be provided to an audit or assurance client.

These amendments 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)* (the International Code).

Please refer to Appendix 1 of this technical update for details of all the revisions to the extant Code. The amendments will be effective from 1 January 2025, and early adoption is permitted.

The interactive PDF of the amending standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au).

– ENDS –

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## Appendix 1

### Amendments to APES 110 (Issued November 2018 and amended September 2020, March 2021, February 2022, July 2022, November 2022, December 2022, June 2023 and November 2023).

APESB has approved the following revisions to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, which was issued in November 2018 and amended in September 2020, March 2021, February 2022, July 2022, November 2022, December 2022, June 2023 and November 2023.

Paragraph/Section Reference	Revisions
<b>SCOPE AND APPLICATION</b>	
1.1	Accounting Professional & Ethical Standards Board Limited (APESB) issues APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> ( <b>this Code</b> ). This Code is operative from 1 January 2020 and supersedes APES 110 <i>Code of Ethics for Professional Accountants</i> (issued in December 2010 and subsequently amended in December 2011, May 2013, November 2013, May 2017 and April 2018). Earlier adoption of this Code is permitted. Transitional provisions relating to Key Audit Partner rotation, revisions to Part 4B, the role and mindset expected of Members provisions, the objectivity of Engagement Quality Reviewers and other appropriate reviewers, the fee-related provisions, the quality management-related conforming amendments, the non-assurance services provisions, the revisions to the definition of Engagement Team and Group Audit, <del>and</del> the definitions of listed entity, Publicly Traded Entity and Public Interest Entity, <u>and technology-related revisions</u> apply as specified in the respective transitional provisions on page <del>68</del> <u>263</u> .
<b>GLOSSARY</b>	
<b><u>Confidential Information</u></b>	<u>Any information, data, or other material in whatever form or medium (including written, electronic, visual or oral) that is not publicly available.</u>
<i>Fundamental principles</i>	<p><i>This term is described in paragraph 110.1 A1. Each of the fundamental principles is, in turn, described in the following paragraphs:</i></p> <p><i>Integrity</i> <span style="float: right;"><i>R111.1</i></span></p> <p><i>Objectivity</i> <span style="float: right;"><i>R112.1</i></span></p> <p><i>Professional competence and due care</i> <span style="float: right;"><i>R113.1</i></span></p> <p><i>Confidentiality</i> <span style="float: right;"><i>R114.1 to AUST R114.3</i></span></p> <p><i>Professional behaviour</i> <span style="float: right;"><i>R115.1</i></span></p>
<p><i>Reasonable and informed third party</i></p> <p><i>Reasonable and informed third party test</i></p>	<p><i>The reasonable and informed third party test is a consideration by the Member about whether the same conclusions would likely be reached by another party. Such consideration is made from the perspective of a reasonable and informed third party, who weighs all the relevant facts and circumstances that the Member knows, or could reasonably be expected to know, at the time that the conclusions are made. The reasonable and informed third party does not need to be a Member, but would possess the relevant knowledge and experience to understand and evaluate the appropriateness of the Member's conclusions in an impartial manner.</i></p> <p><i>These terms are described in paragraph 120.5 A<u>96</u>.</i></p>

Paragraph/Section Reference	Revisions
<b>PART 1 – COMPLYING WITH THE CODE, FUNDAMENTAL PRINCIPLES AND CONCEPTUAL FRAMEWORK</b>	
R113.1	<p><b>A Member shall comply with the principle of professional competence and due care, which requires a Member to:</b></p> <p><b>(a) Attain and maintain professional knowledge and skills at the level required to ensure that a client or employing organisation receives competent Professional Activities, based on current technical and professional standards and relevant legislation; and</b></p> <p><b>(b) Act diligently and in accordance with applicable technical and professional standards.</b></p>
113.1 A1	Serving clients and employing organisations with professional competence <del>involves</del> <del>requires</del> the exercise of sound judgement in applying professional knowledge and skills <del>when undertaking Professional Activities.</del>
113.1 A2	<u>The knowledge and skills necessary for a Professional Activity vary depending on the nature of the activity being undertaken. For example, in addition to the application of any technical knowledge relevant to the Professional Activity, interpersonal, communication and organisational skills facilitate the Member's interaction with entities and individuals with whom the Member interacts.</u>
113.1 A3 <del>2</del>	Maintaining professional competence <u>requires a Member to have a continuing awareness and an understanding of relevant technical, professional, business and technology-related developments relevant to the Professional Activities undertaken by the Member.</u> Continuing professional development enables a Member to develop and maintain the capabilities to perform competently within the professional environment.
113.1 A4 <del>3</del>	<i>[Paragraph 113.1 A3 remains unchanged but renumbered as paragraph 113.1 A4.]</i>
R113.3	<b>Where appropriate, a Member shall make clients, the employing organisation, or other users of the Member's Professional <del>Services</del> <del>or</del> <del>Activities</del>, aware of the limitations inherent in the Professional <del>Services</del> <del>or</del> <del>Activities</del> and explain the implications of those limitations.</b>
R114.1	<p><b>A Member shall comply with the principle of confidentiality, which requires a Member to respect the confidentiality of information acquired in the course <del>as a result</del> of professional and business relationships. A Member shall:</b></p> <p><b>(a) Be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an Immediate or a Close Family member;</b></p> <p><b>(b) Maintain confidentiality of information within the Firm or employing organisation;</b></p> <p><b>(c) Maintain confidentiality of information disclosed by a prospective client or employing organisation; <u>and</u></b></p> <p><b><del>(d) Not disclose confidential information acquired as a result of professional and business relationships outside the Firm or employing organisation without proper and specific authority;</del></b></p>

Paragraph/Section Reference	Revisions
	<p><del>unless there is a legal or professional duty or right to disclose;</del></p> <p>(e) <del>Not use confidential information acquired as a result of professional and business relationships for the personal advantage of the Member or for the advantage of a third party;</del></p> <p>(f) <del>Not use or disclose any confidential information, either acquired or received as a result of a professional or business relationship, after that relationship has ended; and</del></p> <p>(dg) Take reasonable steps to ensure that personnel under the Member's control, and individuals from whom advice and assistance are obtained, <u>comply with respect</u> the Member's duty of confidentiality.</p>
114.1 A1	<p><u>Maintaining the confidentiality of information acquired in the course of professional and business relationships involves the Member taking appropriate action to protect the confidentiality of such information in the course of its collection, use, transfer, storage or retention, dissemination and lawful destruction.</u></p>
<b>R114.2</b>	<p><b><u>Subject to paragraph AUST R114.3, a Member shall not:</u></b></p> <p>(a) <u>Disclose Confidential Information acquired in the course of professional and business relationships;</u></p> <p>(b) <u>Use Confidential Information acquired in the course of professional and business relationships for the advantage of the Member, the Firm, the employing organisation or a third party;</u></p> <p>(c) <u>Use or disclose any Confidential Information, either acquired or received in the course of a professional or business relationship, after that relationship has ended; and</u></p> <p>(d) <u>Use or disclose information in respect of which the duty of confidentiality applies notwithstanding that that information has become publicly available, whether properly or improperly.</u></p>
<b>AUST R114.3</b>	<p><b><u>As an exception to paragraph R114.2, a Member may disclose or use Confidential Information, or information in respect of which the duty of confidentiality applies, where:</u></b></p> <p>(a) <u>There is a legal or professional duty or right to do so; or</u></p> <p>(b) <u>This is authorised by the client or any person with the authority to permit disclosure or use of the Confidential Information and this is not prohibited by law or regulation.</u></p>
114.34 A1	<p>Confidentiality serves the public interest because it facilitates the free flow of information from the Member's client or employing organisation to the Member in the knowledge that the information will not be disclosed to a third party. Nevertheless, the following are circumstances where Members <del>are or</del> might be required <u>or have the duty or right</u> to disclose <del>Confidential Information or when</del> such disclosure might be appropriate:</p> <p>(a) Disclosure is required by law <u>or regulation</u>, for example:</p> <p>(i) Production of documents or other provision of evidence in the course of legal proceedings; or</p>

Paragraph/Section Reference	Revisions
	<p>(ii) Disclosure to the appropriate public authorities of infringements of the law that come to light; <u>and</u></p> <p><del>(b)</del> Disclosure is permitted by law and is authorised by the client or the employing organisation; and</p> <p><del>(e)</del> There is a professional duty or right to disclose <u>or use</u>, when not prohibited by law <u>or regulation</u>:</p> <p>(i) To comply with the quality review of a Professional Body;</p> <p>(ii) To respond to an inquiry or investigation by a professional or regulatory body;</p> <p>(iii) To protect the professional interests of a Member in legal proceedings; or</p> <p>(iv) To comply with technical and professional standards, including ethics requirements.</p>
AUST 114.34 A1.1	The circumstances described in paragraph 114.34 A1 do not take into account Australian legal and regulatory requirements. A Member considering disclosing <del>e</del> Confidential <del>i</del> nformation about a client or employer without their consent is advised to first obtain legal advice.
114.34 A2	<p>In deciding whether to disclose <u>or use</u> <del>e</del>Confidential <del>i</del>nformation, factors to consider, depending on the circumstances, include:</p> <ul style="list-style-type: none"> <li>• Whether the interests of any parties, including third parties whose interests might be affected, could be harmed if the client or employing organisation <u>authorises</u> <del>consents to the</del> disclosure <u>or use</u> of information by the Member.</li> <li>• Whether all the relevant information is known and substantiated, to the extent practicable. Factors affecting the decision to disclose <u>or use</u>, <u>the information</u>, include: <ul style="list-style-type: none"> <li>○ Unsubstantiated facts.</li> <li>○ Incomplete information.</li> <li>○ Unsubstantiated conclusions.</li> </ul> </li> <li>• The proposed <u>means type</u> of communicating <del>gen</del>, <u>the information</u> <del>and to whom it is addressed</del>.</li> <li>• Whether the parties to whom the <u>information communication</u> <del>is to be provided or access is to be granted</del> <u>addressed</u> are appropriate recipients.</li> <li>• <u>Any applicable law or regulation (including those governing privacy) in a jurisdiction where disclosure might take place and, if different, the jurisdiction where the Confidential Information originates.</u></li> </ul>
114.3 A3	The circumstances in which a Firm or employing organisation seeks authorisation to use or disclose Confidential Information, include where the <u>information is to be used for training purposes, in the development of products or technology, in research or as source material for industry or other benchmarking data or studies. Such authorisation might be general in its application (for example, in relation to use of the information for internal training purposes or quality enhancement initiatives). When obtaining the authorisation of the individual or entity that provided such information for use in specific circumstances, relevant considerations to be communicated (preferably in writing) might include:</u>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• <u>The nature of the information to be used or disclosed.</u></li> <li>• <u>The purpose for which the information is to be used or disclosed (for example, technology development, research or benchmarking data or studies).</u></li> <li>• <u>The individual or entity who will undertake the activity for which the information is to be used or disclosed.</u></li> <li>• <u>Whether the identity of the individual or entity that provided such information or any individuals or entities to which such information relates will be identifiable from the output of the activity for which the information is to be used or disclosed.</u></li> </ul>
R114.42	<p><b>A Member shall continue to comply with the principle of confidentiality even after the end of the relationship between the Member and a client or employing organisation. When changing employment or acquiring a new client, the Member is entitled to use prior experience but shall not use or disclose any <del>e</del>Confidential <del>i</del>Information acquired or received <u>in the course as a result</u> of a professional or business relationship.</b></p>
R120.5	<p><b>When applying the conceptual framework, the Member shall:</b></p> <ul style="list-style-type: none"> <li><b>(a) Have an inquiring mind;</b></li> <li><b>(b) Exercise professional judgement; and</b></li> <li><b>(c) Use the reasonable and informed third party test described in paragraph 120.5 A96.</b></li> </ul>
120.5 A6	<p><u>The circumstances in which Members carry out Professional Activities and the factors involved vary considerably in their range and complexity. The professional judgement exercised by Members might need to take into account the complexity arising from the compounding effect of the interaction between, and changes in, elements of the facts and circumstances that are uncertain and variables and assumptions that are interconnected or interdependent.</u></p>
120.5 A7	<p><u>Managing complexity involves:</u></p> <ul style="list-style-type: none"> <li>• <u>Making the Firm or employing organisation and, if appropriate, relevant stakeholders aware of the inherent uncertainties or difficulties arising from the facts and circumstances. (Ref: Para. R113.3)</u></li> <li>• <u>Being alert to any developments or changes in the facts and circumstances and assessing whether they might impact any judgements the Member has made. (Ref: Para. R120.5 to 120.5 A3, and R120.9 to 120.9 A2)</u></li> </ul>
120.5 A8	<p><u>Managing complexity might also involve:</u></p> <ul style="list-style-type: none"> <li>• <u>Analysing and investigating as relevant, any uncertain elements, the variables and assumptions and how they are connected or interdependent.</u></li> <li>• <u>Using technology to analyse relevant data to inform the Member's judgement.</u></li> <li>• <u>Consulting with others, including experts, to ensure appropriate challenge and additional input as part of the evaluation process.</u></li> </ul>

Paragraph/Section Reference	Revisions
120.5 A9 <del>6</del>	<i>[Paragraph 120.5 A6 remains unchanged but renumbered as paragraph 120.5 A9.]</i>
120.13 A3	<p>Members are expected to:</p> <p>(a) <del>e</del>Encourage and promote an ethics-based culture in their organisation, taking into account their position and seniority; <u>and</u></p> <p>(b) <u>Exhibit ethical behaviour in dealings with individuals with whom, and entities with which, the Members, the Firm or the employing organisation has a professional or business relationship.</u></p>
<b>PART 2 – MEMBERS IN BUSINESS (INCLUDING EMPLOYMENT RELATIONSHIPS OF MEMBERS IN PUBLIC PRACTICE)</b>	
200.5 A3	<p>The more senior the position of a Member, the greater will be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the employing organisation. To the extent that they are able to do so, taking into account their position and seniority in the organisation, Members are expected to encourage and promote an ethics-based culture in the organisation <u>and exhibit ethical behaviour in dealings with individuals with whom, and entities with which, the Member or the employing organisation has a professional or business relationship</u> in accordance with paragraph 120.13 A3. Examples of actions that might be taken include the introduction, implementation and oversight of:</p> <ul style="list-style-type: none"> <li>• Ethics education and training programs.</li> <li>• Management processes and performance evaluation and reward criteria that promote an ethical culture.</li> <li>• Ethics and whistleblowing policies.<sup>3</sup></li> <li>• Policies and procedures designed to prevent non-compliance with laws and regulations (“NOCLAR”).</li> </ul>
Footnote 3 to para 200.5 A3	<i>[Footnote 3 to paragraph 200.5 A3 remains unchanged.]</i>
200.6 A1	<p>Threats to compliance with the fundamental principles might be created by a broad range of facts and circumstances. The categories of threats are described in paragraph 120.6 A3. The following are examples of facts and circumstances within each of those categories that might create threats for a Member when undertaking a Professional Activity:</p> <p>(a) Self-interest Threats:</p> <ul style="list-style-type: none"> <li>• A Member holding a Financial Interest in, or receiving a loan or guarantee from, the employing organisation.</li> <li>• A Member participating in incentive compensation arrangements offered by the employing organisation.</li> <li>• A Member having access to corporate assets for personal use.</li> <li>• A Member being offered a gift or special treatment from a supplier of the employing organisation.</li> </ul> <p>(b) Self-review Threats:</p> <ul style="list-style-type: none"> <li>• A Member determining the appropriate accounting treatment for a business combination after performing the feasibility study</li> </ul>

Paragraph/Section Reference	Revisions
	<p>supporting the purchase decision.</p> <p>(c) Advocacy Threats:</p> <ul style="list-style-type: none"> <li>• A Member having the opportunity to manipulate information in a prospectus in order to obtain favourable financing.</li> </ul> <p>(d) Familiarity Threats:</p> <ul style="list-style-type: none"> <li>• A Member being responsible for the financial reporting of the employing organisation when an Immediate or Close Family member employed by the organisation makes decisions that affect the financial reporting of the organisation.</li> <li>• A Member having a long association with individuals influencing business decisions.</li> </ul> <p>(e) Intimidation Threats:</p> <ul style="list-style-type: none"> <li>• A Member or Immediate or Close Family member facing the threat of dismissal or replacement over a disagreement about: <ul style="list-style-type: none"> <li>○ The application of an accounting principle.</li> <li>○ The way in which financial information is to be reported.</li> </ul> </li> <li>• An individual attempting to influence the decision-making process of the Member, for example with regard to the awarding of contracts or the application of an accounting principle.</li> </ul>
<p><u>200.6 A2</u></p>	<p><i><u>Identifying Threats Associated with the Use of Technology</u></i></p> <p><u>The following are examples of facts and circumstances relating to the use of technology that might create threats for a Member when undertaking a Professional Activity:</u></p> <ul style="list-style-type: none"> <li>• <u>Self-interest Threats</u> <ul style="list-style-type: none"> <li>○ <u>The data available might not be sufficient for the effective use of the technology.</u></li> <li>○ <u>The technology might not be appropriate for the purpose for which it is to be used.</u></li> <li>○ <u>The Member might not have sufficient information and expertise, or access to an expert with sufficient understanding, to use and explain the technology and its appropriateness for the purpose intended.</u></li> </ul> <p>(Ref: Para. 230.2).</p> </li> <li>• <u>Self-review Threats</u> <ul style="list-style-type: none"> <li>○ <u>The technology was designed or developed using the knowledge, expertise or judgement of the Member or employing organisation.</u></li> </ul> </li> </ul>
<p><u>200.7 A4</u></p>	<p><u>The Member's evaluation of the level of a threat associated with the use of technology might also be impacted by the work environment within the employing organisation and its operating environment. For example:</u></p> <ul style="list-style-type: none"> <li>• <u>Level of corporate oversight and internal controls over the technology.</u></li> <li>• <u>Assessments of the quality and functionality of technology that are undertaken by a third-party.</u></li> <li>• <u>Training that is provided regularly to all relevant employees so they obtain and maintain the professional competence to sufficiently understand, use and explain the technology and its appropriateness for</u></li> </ul>



Paragraph/Section Reference	Revisions
	<p><u>the purpose intended.</u></p>
200.7 A54	<p><i>[Paragraph 200.7 A4 remains unchanged but renumbered as paragraph 200.7 A5.]</i></p>
210.4 A1	<p>Examples of circumstances that might create a conflict of interest include:</p> <ul style="list-style-type: none"> <li>• Serving in a management or governance position for two employing organisations and acquiring <del>€</del><u>Confidential i</u>nformation from one organisation that might be used by the Member to the advantage or disadvantage of the other organisation.</li> <li>• Undertaking a Professional Activity for each of two parties in a partnership, where both parties are employing the Member to assist them to dissolve their partnership.</li> <li>• Preparing financial information for certain members of management of the Member's employing organisation who are seeking to undertake a management buy-out.</li> <li>• Being responsible for selecting a vendor for the employing organisation when an Immediate Family member of the Member might benefit financially from the transaction.</li> <li>• Serving in a governance capacity in an employing organisation that is approving certain investments for the company where one of those investments will increase the value of the investment portfolio of the Member or an Immediate Family member.</li> </ul>
R220.7	<p><b><u>Using Relying on the Work of Others</u></b></p> <p><b><u>A Member who intends to <del>use rely on</del> the work of others <del>individuals, whether either</del> internal or external to the employing organisation, or other organisations, shall exercise professional judgement to determine the <u>appropriate</u> <del>what</del> steps to take, if any, in order to fulfil the responsibilities set out in paragraph R220.4.</u></b></p>
220.7 A1	<p>Factors to consider <del>when a Member intends to use in determining whether</del> <u>reliance on the work of others is reasonable</u> include:</p> <ul style="list-style-type: none"> <li>• The reputation and expertise of, and resources available to, the other individual or organisation.</li> <li>• Whether the other individual is subject to applicable professional and ethics standards.</li> </ul> <p>Such information might be gained from prior association with, or from consulting others about, the other individual or organisation.</p>
R220.8	<p><b><u>Using the Output of Technology</u></b></p> <p><b><u>A Member who intends to use the output of technology, whether that technology was developed internally or provided by third parties, shall exercise professional judgement to determine the appropriate steps to take, if any, in order to fulfill the responsibilities set out in paragraph R220.4</u></b></p>
220.8 A1	<p>Factors to consider when a Member intends to use the output of technology include:</p> <ul style="list-style-type: none"> <li>• <u>The nature of the activity to be performed by the technology.</u></li> <li>• <u>The expected use of, or extent of reliance on, the output of the</u></li> </ul>

Paragraph/Section Reference	Revisions
	<p><u>technology.</u></p> <ul style="list-style-type: none"> <li>• <u>Whether the Member has the ability, or has access to an expert with the ability, to understand, use and explain the technology and its appropriateness for the purpose intended.</u></li> <li>• <u>Whether the technology used has been appropriately tested and evaluated for the purpose intended.</u></li> <li>• <u>Prior experience with the technology and whether its use for specific purposes is generally accepted.</u></li> <li>• <u>The employing organisation's oversight of the design, development, implementation, operation, maintenance, monitoring, updating or upgrading of the technology.</u></li> <li>• <u>The controls relating to the use of the technology, including procedures for authorising user access to the technology and overseeing such use.</u></li> <li>• <u>The appropriateness of the inputs to the technology, including data and any related decisions, and decisions made by individuals in the course of using the technology.</u></li> </ul>
R220.98 – 220.124 A3	<i>[Paragraphs R220.8 to 220.11 A3 remain unchanged but renumbered as paragraphs R220.9 to 220.12 A3.]</i>
220.12 A4	<u>When a Member is considering using the work of others or the output of technology, a consideration is whether the Member is in a position within the employing organisation to obtain information in relation to the factors necessary to determine whether such use is appropriate.</u>
R240.3	<b>A Member shall not manipulate information or use <del>e</del>Confidential <del>i</del>Information for personal gain or for the financial gain of others.</b>
R260.21	<b>If the senior Member in Business determines that disclosure of the matter to an appropriate authority is an appropriate course of action in the circumstances, that disclosure is permitted pursuant to paragraph <u>AUST R114.34(d)</u> of the Code. When making such disclosure, the Member shall act in good faith and exercise caution when making statements and assertions.</b>
R260.22	<b>In exceptional circumstances, the senior Member in Business might become aware of actual or intended conduct that the Member has reason to believe would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public. Having first considered whether it would be appropriate to discuss the matter with management or Those Charged with Governance of the employing organisation, the Member shall exercise professional judgement and determine whether to disclose the matter immediately to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach. If disclosure is made, that disclosure is permitted pursuant to paragraph <u>AUST R114.34(d)</u> of the Code.</b>
R260.26	<b>In exceptional circumstances, the Member may determine that disclosure of the matter to an appropriate authority is an appropriate course of action. If the Member does so pursuant to paragraphs 260.20 A2 and A3, that disclosure is permitted pursuant to paragraph <u>AUST R114.34(d)</u> of the Code. When making such disclosure, the Member shall act in good faith and exercise caution when making statements and</b>

Paragraph/Section Reference	Revisions
	assertions.
<b>PART 3 – MEMBERS IN PUBLIC PRACTICE</b>	
300.5 A2	<p>The more senior the position of a Member in Public Practice, the greater will be the ability and opportunity to access information, and to influence policies, decisions made and actions taken by others involved with the Firm. To the extent that they are able to do so, taking into account their position and seniority in the Firm, Members are expected to encourage and promote an ethics-based culture in the Firm and exhibit ethical behaviour in dealings with individuals with whom, and entities with which, the Member or the Firm has a professional or business relationship in accordance with paragraph 120.13 A3. Examples of actions that might be taken include the introduction, implementation and oversight of:</p> <ul style="list-style-type: none"> <li>• <u>Ethics education and training programs.</u></li> <li>• <u>Firm processes and performance evaluation and reward criteria that promote an ethical culture.</u></li> <li>• <u>Ethics and whistleblowing policies.</u></li> <li>• <u>Policies and procedures designed to prevent non-compliance with laws and regulations (“NOCLAR”).</u></li> </ul>
300.6 A1	<p>Threats to compliance with the fundamental principles might be created by a broad range of facts and circumstances. The categories of threats are described in paragraph 120.6 A3. The following are examples of facts and circumstances within each of those categories of threats that might create threats for a Member in Public Practice when undertaking a Professional Service:</p> <p>(a) Self-interest Threats:</p> <ul style="list-style-type: none"> <li>• A Member having a Direct Financial Interest in a client.</li> <li>• A Member quoting a low fee to obtain a new engagement and the fee is so low that it might be difficult to perform the Professional Service in accordance with applicable technical and professional standards for that price.</li> <li>• A Member having a close business relationship with a client.</li> <li>• A Member having access to <u>Confidential i</u>nformation that might be used for personal gain.</li> <li>• A Member discovering a significant error when evaluating the results of a previous Professional Service performed by a member of the Member’s Firm.</li> </ul> <p>(b) Self-review Threats:</p> <ul style="list-style-type: none"> <li>• A Member issuing an assurance report on the effectiveness of the operation of financial systems after implementing the systems.</li> <li>• A Member having prepared the original data used to generate records that are the subject matter of the Assurance Engagement.</li> </ul> <p>(c) Advocacy Threats:</p> <ul style="list-style-type: none"> <li>• A Member promoting the interests of, or shares in, a client.</li> <li>• A Member acting as an advocate on behalf of a client in litigation or disputes with third parties.</li> </ul>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• A Member lobbying in favour of legislation on behalf of a client.</li> </ul> <p>(d) Familiarity Threats:</p> <ul style="list-style-type: none"> <li>• A Member having a Close or Immediate Family member who is a Director or Officer of the client.</li> <li>• A Director or Officer of the client, or an employee in a position to exert significant influence over the subject matter of the engagement, having recently served as the Engagement Partner.</li> <li>• An Audit Team member having a long association with the Audit Client.</li> <li>• An individual who is being considered to serve as an appropriate reviewer, as a safeguard to address a threat, having a close relationship with an individual who performed the work.</li> </ul> <p>(e) Intimidation Threats:</p> <ul style="list-style-type: none"> <li>• A Member being threatened with dismissal from a client engagement or the Firm because of a disagreement about a professional matter.</li> <li>• A Member feeling pressured to agree with the judgement of a client because the client has more expertise on the matter in question.</li> <li>• A Member being informed that a planned promotion will not occur unless the Member agrees with an inappropriate accounting treatment.</li> <li>• A Member having accepted a significant gift from a client and being threatened that acceptance of this gift will be made public.</li> </ul>
300.6 A2	<p><u>Identifying Threats Associated with the Use of Technology</u></p> <p><u>The following are examples of facts and circumstances relating to the use of technology that might create threats for a Member in Public Practice when undertaking a Professional Activity:</u></p> <ul style="list-style-type: none"> <li>• <u>Self-interest Threats</u> <ul style="list-style-type: none"> <li>○ <u>The data available might not be sufficient for the effective use of the technology.</u></li> <li>○ <u>The technology might not be appropriate for the purpose for which it is to be used.</u></li> <li>○ <u>The Member might not have sufficient information and expertise, or access to an expert with sufficient understanding, to use and explain the technology and its appropriateness for the purpose intended.</u></li> </ul> <p>(Ref: Para. 230.2).</p> </li> <li>• <u>Self-review Threats</u> <ul style="list-style-type: none"> <li>○ <u>The technology was designed or developed using the knowledge, expertise or judgement of the Member or the Firm.</u></li> </ul> </li> </ul>
300.7 A6	<p><u>The Member in Public Practice's evaluation of the level of a threat associated with the use of technology might also be impacted by the work environment within the Member's Firm and its operating environment. For example:</u></p> <ul style="list-style-type: none"> <li>• <u>Level of corporate oversight and internal controls over the technology.</u></li> </ul>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• <u>Assessments of the quality and functionality of technology that are undertaken by a third-party.</u></li> <li>• <u>Training that is provided regularly to all relevant employees so they obtain and maintain the professional competence to sufficiently understand, use and explain the technology and its appropriateness for the purpose intended.</u></li> </ul>
300.7 A76 to 300.7 A87	<i>[Paragraphs 300.7 A6 to 300.7 A7 remain unchanged but renumbered as paragraphs 300.7 A7 to 300.7 A8.]</i>
310.4 A1	<p>Examples of circumstances that might create a conflict of interest include:</p> <ul style="list-style-type: none"> <li>• Providing a transaction advisory service to a client seeking to acquire an Audit Client, where the Firm has obtained eConfidential iInformation during the course of the audit that might be relevant to the transaction.</li> <li>• Providing advice to two clients at the same time where the clients are competing to acquire the same company and the advice might be relevant to the parties' competitive positions.</li> <li>• Providing services to a seller and a buyer in relation to the same transaction.</li> <li>• Preparing valuations of assets for two parties who are in an adversarial position with respect to the assets.</li> <li>• Representing two clients in the same matter who are in a legal dispute with each other, such as during divorce proceedings, or the dissolution of a partnership.</li> <li>• In relation to a license agreement, providing an assurance report for a licensor on the royalties due while advising the licensee on the amounts payable.</li> <li>• Advising a client to invest in a business in which, for example, the spouse of the Member in Public Practice has a Financial Interest.</li> <li>• Providing strategic advice to a client on its competitive position while having a joint venture or similar interest with a major competitor of the client.</li> <li>• Advising a client on acquiring a business which the Firm is also interested in acquiring.</li> <li>• Advising a client on buying a product or service while having a royalty or commission agreement with a potential seller of that product or service.</li> </ul>
310.8 A2	<p>Factors that are relevant in evaluating the level of a threat created by a conflict of interest include measures that prevent unauthorised disclosure of eConfidential iInformation when performing Professional Services related to a particular matter for two or more clients whose interests with respect to that matter are in conflict. These measures include:</p> <ul style="list-style-type: none"> <li>• The existence of separate practice areas for specialty functions within the Firm, which might act as a barrier to the passing of confidential client information between practice areas.</li> <li>• Policies and procedures to limit access to client files.</li> <li>• Confidentiality agreements signed by personnel and partners of the Firm.</li> </ul>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• Separation of eConfidential information physically and electronically.</li> <li>• Specific and dedicated training and communication.</li> </ul>
R310.12	<p><b>When making specific disclosure for the purpose of obtaining explicit consent would result in a breach of confidentiality, and such consent cannot therefore be obtained, the Firm shall only accept or continue an engagement if:</b></p> <p>(a) <b>The Firm does not act in an advocacy role for one client in an adversarial position against another client in the same matter;</b></p> <p>(b) <b>Specific measures are in place to prevent disclosure of eConfidential information between the Engagement Teams serving the two clients; and</b></p> <p>(c) <b>The Firm is satisfied that a reasonable and informed third party would be likely to conclude that it is appropriate for the Firm to accept or continue the engagement because a restriction on the Firm’s ability to provide the Professional Service would produce a disproportionate adverse outcome for the clients or other relevant third parties.</b></p>
310.12 A1	<p>A breach of confidentiality might arise, for example, when seeking consent to perform:</p> <ul style="list-style-type: none"> <li>• A transaction-related service for a client in a hostile takeover of another client of the Firm.</li> <li>• A forensic investigation for a client regarding a suspected fraud, where the Firm has eConfidential information from its work for another client who might be involved in the fraud.</li> </ul>
320.7 A2	<p>Circumstances where a Member in Public Practice is or might be required to disclose eConfidential information, or when disclosure might be appropriate, are set out in paragraph 114.34 A1 of the Code.</p>
R320.10	<p><b>When a Member in Public Practice intends to use the work of an expert in the course of undertaking a Professional Activity, the Member shall determine whether the use is <u>appropriate for the intended purpose warranted</u>.</b></p>
320.10 A1	<p>Factors to consider when a Member in Public Practice intends to use the work of an expert include:</p> <ul style="list-style-type: none"> <li>• <del>¶</del> <u>The reputation and expertise of the expert, and the resources available to the expert, and</u></li> <li>• <u>Whether the expert is subject to applicable professional and ethics standards applicable to the expert.</u></li> </ul> <p><del>Such</del> <u>This</u> information might be gained from prior association with the expert or from consulting others <del>about</del> <u>the expert</u>.</p>
R320.11	<p><b><u>Using the Output of Technology</u></b></p> <p><b><u>When a Member in Public Practice intends to use the output of technology in the course of undertaking a Professional Activity, the Member shall determine whether the use is appropriate for the intended purpose.</u></b></p>

Paragraph/Section Reference	Revisions
320.11 A1	<p>Factors to consider when a Member in Public Practice intends to use the output of technology include:</p> <ul style="list-style-type: none"> <li>• <u>The nature of the activity to be performed by the technology.</u></li> <li>• <u>The expected use of, or extent of reliance on, the output of the technology.</u></li> <li>• <u>Whether the Member has the ability, or access to an expert with the ability, to understand, use and explain the technology and its appropriateness for the purpose intended.</u></li> <li>• <u>Whether the technology used has been appropriately tested and evaluated for the purpose intended.</u></li> <li>• <u>Prior experience with the technology and whether its use for specific purposes is generally accepted.</u></li> <li>• <u>The Firm's oversight of the design, development, implementation, operation, maintenance, monitoring, updating or upgrading of the technology.</u></li> <li>• <u>The controls relating to the use of the technology, including procedures for authorising user access to the technology and overseeing such use.</u></li> <li>• <u>The appropriateness of the inputs to the technology, including data and any related decisions, and decisions made by individuals in the course of using the technology.</u></li> </ul>
320.12 A1	<p><b><u>Other Considerations</u></b></p> <p><u>When a Member in Public Practice is considering using the work of experts or the output of technology, a consideration is whether the Member is in a position within the Firm to obtain information in relation to the factors necessary to determine whether such use is appropriate.</u></p>
R360.26	<p><b>If the Member in Public Practice determines that disclosure of the NOCLAR or suspected NOCLAR to an appropriate authority is an appropriate course of action in the circumstances, that disclosure is permitted pursuant to paragraph <u>AUST R114.31(d)</u> of the Code. When making such disclosure, the Member shall act in good faith and exercise caution when making statements and assertions. The Member shall also consider whether it is appropriate to inform the client of the Member's intentions before disclosing the matter.</b></p>
R360.27	<p><b>In exceptional circumstances, the Member in Public Practice might become aware of actual or intended conduct that the Member has reason to believe would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public. Having first considered whether it would be appropriate to discuss the matter with management or Those Charged with Governance of the entity, the Member shall exercise professional judgement and determine whether to disclose the matter immediately to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach. If disclosure is made, that disclosure is permitted pursuant to paragraph <u>AUST R114.31(d)</u> of the Code.</b></p>

Paragraph/Section Reference	Revisions
R360.37	<p>If the Member in Public Practice determines that disclosure of the NOCLAR or suspected NOCLAR to an appropriate authority is an appropriate course of action in the circumstances, that disclosure is permitted pursuant to paragraph <u>AUST R114.31(d)</u> of the Code. When making such disclosure, the Member shall act in good faith and exercise caution when making statements and assertions. The Member shall also consider whether it is appropriate to inform the client of the Member's intentions before disclosing the matter.</p>
R360.38	<p>In exceptional circumstances, the Member in Public Practice might become aware of actual or intended conduct that the Member has reason to believe would constitute an imminent breach of a law or regulation that would cause substantial harm to investors, creditors, employees or the general public. Having first considered whether it would be appropriate to discuss the matter with management or Those Charged with Governance of the entity, the Member shall exercise professional judgement and determine whether to disclose the matter immediately to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach of law or regulation. If disclosure is made, that disclosure is permitted pursuant to paragraph <u>AUST R114.31(d)</u> of the Code.</p>
<b>PART 4A – INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS</b>	
<u>400.21 A1</u>	<p><u>When technology is used in performing a Professional Activity for an Audit Client, the requirements in paragraphs R400.20 and R400.21 apply regardless of the nature or extent of such use of the technology.</u></p>
R405.17	<p><b>As an exception to paragraph R405.16, a Component Auditor Firm outside the Group Auditor Firm's Network may provide a non-assurance service that is not prohibited under Section 600 to a Component Audit Client without communicating information about the proposed non-assurance service to Those Charged with Governance of the Group Audit Client or obtaining their concurrence regarding the provision of that service as addressed by paragraphs R600.224 to R600.254.</b></p>
405.21 A2	<p>Paragraphs R600.265 and 600.265 A1 are applicable in relation to a non-assurance service provided, either currently or previously, by a Component Auditor Firm to a Component Audit Client when the Group Audit Client subsequently becomes a Public Interest Entity.</p>
520.3 A2	<p>Examples of a close business relationship arising from a commercial relationship or common Financial Interest include:</p> <ul style="list-style-type: none"> <li>• Having a Financial Interest in a joint venture with either the client or a controlling owner, Director or Officer or other individual who performs senior managerial activities for that client.</li> <li>• Arrangements to combine one or more services or products of the Firm or a Network Firm with one or more services or products of the client and to market the package with reference to both parties.</li> <li>• <del>Distribution or marketing a</del> Arrangements under which the Firm or a Network Firm <u>sells, resells, distributes or markets the client's products or services, or the client sells, resells, distributes or markets the Firm's or a Network Firm's products or services.</u></li> <li>• <u>Arrangements under which the Firm or a Network Firm develops jointly with the client, products or solutions which one or both parties sell or</u></li> </ul>



Paragraph/Section Reference	Revisions
	<u>license to third parties.</u>
520.3 A3	An example that might create a close business relationship, depending on the facts and circumstances, is an arrangement under which the Firm or a Network Firm licenses products or solutions to or from a client.
520.6 A1	The purchase of goods and services, including the licensing of technology from an Audit Client by a Firm, a Network Firm, an Audit Team member, or any of that individual's Immediate Family does not usually create a threat to Independence if the transaction is in the normal course of business and at arm's length. However, such transactions might be of such a nature and magnitude that they create a self-interest threat.
520.7 A1	<p><b><u>Providing, Selling, Reselling or Licensing Technology</u></b></p> <p><u>Where a Firm or a Network Firm provides, sells, resells or licenses technology:</u></p> <p>(a) <u>To an Audit Client; or</u></p> <p>(b) <u>To an entity that provides services using such technology to Audit Clients of the Firm or Network Firm,</u></p> <p><u>depending on the facts and circumstances, the requirements and application material in Section 600 apply.</u></p>
600.6	<p><u>The requirements and application material in this section apply where a Firm or a Network Firm:</u></p> <p>(a) <u>Uses technology to provide a non-assurance service to an Audit Client; or</u></p> <p>(b) <u>Provides, sells, resells or licenses technology resulting in the provision of a non-assurance service by the Firm or a Network Firm:</u></p> <p>(i) <u>To an Audit Client; or</u></p> <p>(ii) <u>To an entity that provides services using such technology to Audit Clients of the Firm or Network Firm.</u></p>
600.7 A1 to 600.10 A1	<i>[Paragraphs 600.6 A1 to 600.9 A1 remain unchanged but renumbered as paragraphs 600.7 A1 to 600.10 A1.]</i>
600.10 A2	<p>Factors that are relevant in identifying the different threats that might be created by providing a non-assurance service to an Audit Client, and evaluating the level of such threats include:</p> <ul style="list-style-type: none"> <li>• The nature, scope, intended use and purpose of the service.</li> <li>• The manner in which the service will be provided, such as the personnel to be involved and their location.</li> <li>• <u>The client's dependency on the service, including the frequency with which the service will be provided.</u></li> <li>• The legal and regulatory environment in which the service is provided.</li> <li>• Whether the client is a Public Interest Entity.</li> <li>• The level of expertise of the client's management and employees with respect to the type of service provided.</li> <li>• The extent to which the client determines significant matters of judgement. (Ref: Para. R400.20 to R400.21).</li> </ul>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• Whether the outcome of the service will affect the accounting records or matters reflected in the Financial Statements on which the Firm will express an Opinion, and, if so: <ul style="list-style-type: none"> <li>○ The extent to which the outcome of the service will have a material effect on the Financial Statements.</li> <li>○ The degree of subjectivity involved in determining the appropriate amounts or treatment for those matters reflected in the Financial Statements.</li> </ul> </li> <li>• The nature and extent of the impact of the service, if any, on the systems that generate information that forms a significant part of the client's: <ul style="list-style-type: none"> <li>○ Accounting records or Financial Statements on which the Firm will express an Opinion.</li> <li>○ Internal controls over financial reporting.</li> </ul> </li> <li>• The degree of reliance that will be placed on the outcome of the service as part of the audit.</li> <li>• The fee relating to the provision of the non-assurance service.</li> </ul>
600.109 A3 to 600.110 A2	<i>[Paragraphs 600.9 A3 to 600.10 A2 remain unchanged but renumbered as paragraphs 600.10 A3 to 600.11 A2.]</i>
600.124 A1	Providing advice and recommendations might create a self-review threat. Whether providing advice and recommendations creates a self-review threat involves making the determination set out in paragraph R600.154. Where the Audit Client is not a Public Interest Entity and a self-review threat is identified, the Firm is required to apply the conceptual framework to evaluate and address the threat. If the Audit Client is a Public Interest Entity, paragraphs R600.176 and R600.187 apply.
<b>R600.132</b>	<i>[Paragraph R600.12 remains unchanged but renumbered as paragraph R600.13.]</i>
600.132 A1	In addition to paragraph 600.109 A2, factors that are relevant in a Firm's evaluation of the level of threats to Independence created where multiple non-assurance services are provided to an Audit Client might include whether: <ul style="list-style-type: none"> <li>• The combined effect of providing multiple services increases the level of threat created by each service assessed individually.</li> <li>• The combined effect of providing multiple services increases the level of any threat arising from the overall relationship with the Audit Client.</li> </ul>
600.143 A1 to 600.165 A2	<i>[Paragraphs 600.13 A1 to 600.15 A2 remain unchanged but renumbered as paragraphs 600.14 A1 to 600.16 A2.]</i>
<b>R600.176</b>	<b>A Firm or a Network Firm shall not provide a non-assurance service to an Audit Client that is a Public Interest Entity if the provision of that service might create a self-review threat in relation to the audit of the Financial Statements on which the Firm will express an Opinion. (Ref: Para. 600.143 A1 and R600.154).</b>

Paragraph/Section Reference	Revisions
R600.187	<p>As an exception to paragraph R600.176, a Firm or a Network Firm may provide advice and recommendations to an Audit Client that is a Public Interest Entity in relation to information or matters arising in the course of an audit provided that the Firm:</p> <p>(a) Does not assume a management responsibility (Ref: Para. R400.20 and R400.21); and</p> <p>(b) Applies the conceptual framework to identify, evaluate and address threats, other than self-review threats, to Independence that might be created by the provision of that advice.</p>
600.187 A1 to 600.2049 A1	<p><i>[Paragraphs 600.17 A1 to 600.19 A1 remain unchanged but renumbered as paragraphs 600.18 A1 to 600.20 A1.]</i></p>
600.210 A1	<p>Paragraphs R600.224 to R600.243 require a Firm to communicate with Those Charged with Governance of a Public Interest Entity before the Firm or Network Firm provides non-assurance services to entities within the corporate structure of which the Public Interest Entity forms part that might create threats to the Firm's Independence from the Public Interest Entity. The purpose of the communication is to enable Those Charged with Governance of the Public Interest Entity to have effective oversight of the Independence of the Firm that audits the Financial Statements of that Public Interest Entity.</p>
600.210 A2	<p>To facilitate compliance with such requirements, a Firm might agree with Those Charged with Governance of the Public Interest Entity a process that addresses when and with whom the Firm is to communicate. Such a process might:</p> <ul style="list-style-type: none"> <li>• Establish the procedure for the provision of information about a proposed non-assurance service which might be on an individual engagement basis, under a general policy, or on any other agreed basis.</li> <li>• Identify the entities to which the process would apply, which might include other Public Interest Entities within the corporate structure.</li> <li>• Identify any services that can be provided to the entities identified in paragraph R600.224 without specific approval of Those Charged with Governance if they agree as a general policy that these services are not prohibited under this section and would not create threats to the Firm's Independence or, if any such threats are created, they would be at an Acceptable Level.</li> <li>• Establish how Those Charged with Governance of multiple Public Interest Entities within the same corporate structure have determined that authority for approving services is to be allocated.</li> <li>• Establish a procedure to be followed where the provision of information necessary for Those Charged with Governance to evaluate whether a proposed service might create a threat to the Firm's Independence is prohibited or limited by professional standards, laws or regulations, or might result in the disclosure of sensitive or <u>e</u>Confidential <u>i</u>nformation.</li> <li>• Specify how any issues not covered by the process might be resolved.</li> </ul>
R600.224 to 600.224 A1	<p><i>[Paragraphs R600.21 to 600.21 A1 remain unchanged but renumbered as paragraphs R600.22 to 600.22 A1.]</i></p>

Paragraph/Section Reference	Revisions
R600.232	<p>A Firm or a Network Firm shall not provide a non-assurance service to any of the entities referred to in paragraph R600.224 unless Those Charged with Governance of the Public Interest Entity have concurred either under a process agreed with Those Charged with Governance or in relation to a specific service with:</p> <p>(a) The Firm’s conclusion that the provision of the service will not create a threat to the Firm’s Independence as auditor of the Public Interest Entity, or that any identified threat is at an Acceptable Level or, if not, will be eliminated, or reduced to an Acceptable Level; and</p> <p>(b) The provision of that service.</p>
R600.243	<p>As an exception to paragraphs R600.224 and R600.232, where a Firm is prohibited by applicable professional standards, laws or regulations from providing information about the proposed non-assurance service to Those Charged with Governance of the Public Interest Entity, or where the provision of such information would result in disclosure of sensitive or eConfidential iInformation, the Firm may provide the proposed service provided that:</p> <p>(a) The Firm provides such information as it is able without breaching its legal or professional obligations;</p> <p>(b) The Firm informs Those Charged with Governance of the Public Interest Entity that the provision of the service will not create a threat to the Firm’s Independence from the Public Interest Entity, or that any identified threat is at an Acceptable Level or, if not, will be eliminated or reduced to an Acceptable Level; and</p> <p>(c) Those Charged with Governance do not disagree with the Firm’s conclusion in (b).</p>
R600.254	<p>The Firm or the Network Firm, having taken into account any matters raised by Those Charged with Governance of the Audit Client that is a Public Interest Entity or by the entity referred to in paragraph R600.224 that is the recipient of the proposed service, shall decline the non-assurance service or the Firm shall end the Audit Engagement if:</p> <p>(a) The Firm or the Network Firm is not permitted to provide any information to Those Charged with Governance of the Audit Client that is a Public Interest Entity, unless such a situation is addressed in a process agreed in advance with Those Charged with Governance; or</p> <p>(b) Those Charged with Governance of an Audit Client that is a Public Interest Entity disagree with the Firm’s conclusion that the provision of the service will not create a threat to the Firm’s Independence from the client or that any identified threat is at an Acceptable Level or, if not, will be eliminated or reduced to an Acceptable Level.</p>
R600.265 to R600.276	<p><i>[Paragraphs R600.25 to R600.26 remain unchanged but renumbered as paragraphs R600.26 to R600.27.]</i></p>
600.287 A1	<p>Documentation of the Firm’s conclusions regarding compliance with this section in accordance with paragraphs R400.60 and 400.60 A1 might include:</p> <ul style="list-style-type: none"> <li>Key elements of the Firm’s understanding of the nature of the non-assurance service to be provided and whether and how the service might impact the Financial Statements on which the Firm will express</li> </ul>

Paragraph/Section Reference	Revisions
	<p>an Opinion.</p> <ul style="list-style-type: none"> <li>• The nature of any threat to Independence that is created by providing the service to the Audit Client, including whether the results of the service will be subject to audit procedures.</li> <li>• The extent of management's involvement in the provision and oversight of the proposed non-assurance service.</li> <li>• Any safeguards that are applied, or other actions taken to address a threat to Independence.</li> <li>• The Firm's rationale for determining that the service is not prohibited and that any identified threat to Independence is at an Acceptable Level.</li> <li>• In relation to the provision of a proposed non-assurance service to the entities referred to in paragraph R600.224, the steps taken to comply with paragraphs R600.224 to R600.243.</li> </ul>
601.1	<p>In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing accounting and bookkeeping services to an Audit Client.</p>
<u>601.5 A2</u>	<p><u>Accounting and bookkeeping services can either be manual or automated. In determining whether an automated service is routine or mechanical, factors to be considered include the activities performed by, and the output of, the technology, and whether the technology provides an automated service that is based on or requires the expertise or judgement of the Firm or Network Firm.</u></p>
601.5 A32	<p>Examples of services, <u>whether manual or automated</u>, that might be regarded as routine or mechanical include:</p> <ul style="list-style-type: none"> <li>• Preparing payroll calculations or reports based on client-originated data for approval and payment by the client.</li> <li>• Recording recurring transactions for which amounts are easily determinable from source documents or originating data, such as a utility bill where the client has determined or approved the appropriate account classification.</li> <li>• Calculating depreciation on fixed assets when the client determines the accounting policy and estimates of useful life and residual values.</li> <li>• Posting transactions coded by the client to the general ledger.</li> <li>• Posting client-approved entries to the trial balance.</li> <li>• Preparing Financial Statements based on information in the client-approved trial balance and preparing related notes based on client-approved records.</li> </ul> <p>The Firm or a Network Firm may provide such services to Audit Clients that are not Public Interest Entities provided that the Firm or Network Firm complies with the requirements of paragraph R400.21 to ensure that it does not assume a management responsibility in connection with the service and with the requirement in subparagraph R601.5 (b).</p>
601.5 A43	<p><i>[Paragraph 601.5 A3 remains unchanged but renumbered as paragraph 601.5 A4.]</i></p>

Paragraph/Section Reference	Revisions
602.1	In addition to the specific application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing administrative services.
603.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing valuation services to an Audit Client.
<b>R603.5</b>	<b>A Firm or a Network Firm shall not provide a valuation service to an Audit Client that is a Public Interest Entity if the provision of such a valuation service might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
604.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing a-tax services to an Audit Client.
<b>R604.10</b>	<b>A Firm or a Network Firm shall not prepare tax calculations of current and deferred tax liabilities (or assets) for an Audit Client that is a Public Interest Entity. (Ref: Para. R600.154 and R600.176).</b>
<b>R604.15</b>	<b>A Firm or a Network Firm shall not provide tax advisory and tax planning services to an Audit Client that is a Public Interest Entity if the provision of such services might create a self-review threat. (Ref: Para. R600.154, R600.176, 604.12 A2).</b>
<b>R604.19</b>	<b>A Firm or a Network Firm shall not perform a valuation for tax purposes for an Audit Client that is a Public Interest Entity if the provision of that service might create a self-review threat. (Ref: Para. R600.154, R600.176, 604.17 A3).</b>
<b>R604.24</b>	<b>A Firm or a Network Firm shall not provide assistance in the resolution of tax disputes to an Audit Client that is a Public Interest Entity if the provision of that assistance might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
605.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing an internal audit service to an Audit Client. <sup>40</sup>
Footnote 40 to para 605.1	<i>[Footnote 40 to paragraph 605.1 remains unchanged.]</i>
<b>R605.6</b>	<b>A Firm or a Network Firm shall not provide internal audit services to an Audit Client that is a Public Interest Entity if the provision of such services might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
606.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing an information technology (IT) systems service to an Audit Client.

Paragraph/Section Reference	Revisions
606.2 A1	<p><u>IT systems services comprise a broad range of services including:</u></p> <ul style="list-style-type: none"> <li>• <u>Designing or developing hardware or software IT systems.</u></li> <li>• <u>Implementing IT systems, including installation, configuration, interfacing, or customisation.</u></li> <li>• <u>Operating, maintaining, monitoring, updating or upgrading IT systems.</u></li> <li>• <u>Collecting or storing data or managing (directly or indirectly) the hosting of data.</u></li> </ul>
606.2 A24	<p><del>Services related to IT systems include the design or implementation of hardware or software systems. The IT systems might:</del></p> <p>(a) Aggregate source data;</p> <p>(b) Form part of the internal control over financial reporting; or</p> <p>(c) Generate information that affects the accounting records or Financial Statements, including related disclosures.</p> <p>However, the IT systems might also involve matters that are unrelated to the Audit Client's accounting records or the internal control over financial reporting or Financial Statements.</p>
R606.3	<p><b>Paragraph R400.20 precludes a Firm or a Network Firm from assuming a management responsibility. When providing IT systems services to an Audit Client, the Firm or Network Firm shall be satisfied that:</b></p> <p>(a) <b>The client acknowledges its responsibility for establishing and monitoring a system of internal controls;</b></p> <p><del>(b) The client assigns the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system to a competent employee, preferably within senior management;</del></p> <p><b>(eb) The client, through a competent individual (or individuals), preferably within senior management, makes all management decisions that are the proper responsibility of management with respect to the design, development, and implementation, operation, maintenance, monitoring, updating or upgrading of the IT systems process;</b></p> <p><del>(dc) The client evaluates the adequacy and results of the design, development, and implementation, operation, maintenance, monitoring, updating or upgrading of the IT system; and</del></p> <p><b>(ed) The client is responsible for operating the IT system (hardware or software) and for the data it generates and uses or generates.</b></p>
606.3 A1	<p><u>Examples of IT systems services that result in the assumption of a management responsibility include where a Firm or a Network Firm:</u></p> <ul style="list-style-type: none"> <li>• <u>Stores data or manages (directly or indirectly) the hosting of data on behalf of the Audit Client. Such services include:</u> <ul style="list-style-type: none"> <li>○ <u>Acting as the only access to a financial or non-financial information system of the Audit Client.</u></li> <li>○ <u>Taking custody of or storing the Audit Client's data or records</u></li> </ul> </li> </ul>

Paragraph/Section Reference	Revisions
	<p style="text-align: center;"><u>such that the Audit Client's data or records are otherwise incomplete.</u></p> <ul style="list-style-type: none"> <li>○ <u>Providing electronic security or back-up services, such as business continuity or a disaster recovery function, for the Audit Client's data or records.</u></li> <li>● <u>Operates, maintains, or monitors the Audit Client's IT systems, network or website.</u></li> </ul>
606.3 A2	<p><u>The collection, receipt, transmission and retention of data provided by an Audit Client in the course of an audit or to enable the provision of a permissible service to that client does not result in an assumption of management responsibility.</u></p>
606.4 A2	<p><del>Providing the following IT systems services to an Audit Client does not usually create a threat as long as individuals within the Firm or Network Firm do not assume a management responsibility:</del></p> <ul style="list-style-type: none"> <li><del>(a) Designing or implementing IT systems that are unrelated to internal control over financial reporting;</del></li> <li><del>(b) Designing or implementing IT systems that do not generate information forming part of the accounting records or Financial Statements; and</del></li> <li><del>(c) Implementing "off-the-shelf" accounting or financial information reporting software that was not developed by the Firm or Network Firm, if the customisation required to meet the client's needs is not significant.</del></li> </ul>
606.4 A2 <del>3</del>	<p><i>[Paragraph 606.4 A3 remains unchanged but renumbered as paragraph 606.4 A2.]</i></p>
606.4 A3	<p><u>Examples of IT systems services that create a self-review threat when they form part of or affect an Audit Client's accounting records or system of internal control over financial reporting include:</u></p> <ul style="list-style-type: none"> <li>● <u>Designing, developing, implementing, operating, maintaining, monitoring, updating or upgrading IT systems, including those related to cybersecurity.</u></li> <li>● <u>Supporting an Audit Client's IT systems, including network and software applications.</u></li> <li>● <u>Implementing accounting or financial information reporting software, whether or not it was developed by the Firm or a Network Firm.</u></li> </ul>
<b>R606.6</b>	<p><b>A Firm or a Network Firm shall not provide IT systems services to an Audit Client that is a Public Interest Entity if the provision of such services might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b></p>
606.6 A1	<p><del>Examples of services that are prohibited because they give rise to a self-review threat include those involving designing or implementing IT systems that:</del></p> <ul style="list-style-type: none"> <li><del>(a) Form part of the internal control over financial reporting; or</del></li> <li><del>(b) Generate information for the client's accounting records or Financial Statements on which the Firm will express an Opinion.</del></li> </ul>



Paragraph/Section Reference	Revisions
607.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing a litigation support service to an Audit Client.
<b>R607.6</b>	<b>A Firm or a Network Firm shall not provide litigation support services to an Audit Client that is a Public Interest Entity if the provision of such services might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
608.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing a legal service to an Audit Client.
<b>R608.7</b>	<b>A Firm or a Network Firm shall not provide legal advice to an Audit Client that is a Public Interest Entity if the provision of such a service might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
609.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing a recruiting service to an Audit Client.
610.1	In addition to the specific requirements and application material in this subsection, the requirements and application material in paragraphs 600.1 to 600.287 A1 are relevant to applying the conceptual framework when providing a corporate finance service to an Audit Client.
<b>R610.8</b>	<b>A Firm or a Network Firm shall not provide corporate finance services to an Audit Client that is a Public Interest Entity if the provision of such services might create a self-review threat. (Ref: Para. R600.154 and R600.176).</b>
<b>PART 4B – INDEPENDENCE FOR ASSURANCE ENGAGEMENTS OTHER THAN AUDIT AND REVIEW ENGAGEMENTS</b>	
900.1	<p>This Part applies to Assurance Engagements other than Audit Engagements and Review Engagements. Examples of such engagements include:</p> <ul style="list-style-type: none"> <li>• Assurance on an entity's key performance indicators.</li> <li>• Assurance on an entity's compliance with law or regulation.</li> <li>• Assurance on performance Criteria, such as value for money, achieved by a public sector body.</li> <li>• Assurance on the effectiveness of an entity's system of internal control.</li> <li>• Assurance on an entity's <u>non-financial information, for example, environmental, social and governance disclosures, including greenhouse gas statements.</u></li> <li>• An audit of specific elements, accounts or items of a Financial Statement.</li> </ul>
<u>900.13 A4</u>	<u>Examples of IT systems services that result in the assumption of a management responsibility in relation to the Underlying Subject Matter and, in an Attestation Engagement, the Subject Matter Information of an Assurance Engagement, include where a Firm:</u>

Paragraph/Section Reference	Revisions
	<ul style="list-style-type: none"> <li>• <u>Stores data or manages (directly or indirectly) the hosting of data related to the Underlying Subject Matter or Subject Matter Information. Such services include:</u> <ul style="list-style-type: none"> <li>○ <u>Acting as the only access to the data or records related to the Underlying Subject Matter or Subject Matter Information.</u></li> <li>○ <u>Taking custody of or storing the data or records related to the Underlying Subject Matter or Subject Matter Information such that the Assurance Client's data or records are otherwise incomplete.</u></li> <li>○ <u>Providing electronic security or back-up services, such as business continuity or a disaster recovery function, for the Assurance Client's data or records related to the Underlying Subject Matter or Subject Matter Information.</u></li> </ul> </li> <li>• <u>Operates, maintains, or monitors an Assurance Client's IT systems, network or website related to the Underlying Subject Matter or Subject Matter Information.</u></li> </ul>
900.13 A5	<u>The collection, receipt, transmission and retention of data provided by an Assurance Client in the course of an Assurance Engagement or to enable the provision of a permissible non-assurance service to the Assurance Client does not result in an assumption of management responsibility.</u>
900.13 A64	<i>[Paragraph 900.13 A4 remains unchanged but renumbered as paragraph 900.13 A6.]</i>
900.14 A1	<u>When technology is used in performing a Professional Activity for an Assurance Client, the requirements in paragraphs R900.13 and R900.14 apply regardless of the nature or extent of such use of the technology.</u>
920.3 A2	<p>Examples of a close business relationship arising from a commercial relationship or common Financial Interest include:</p> <ul style="list-style-type: none"> <li>• Having a Financial Interest in a joint venture with either the Assurance Client or a controlling owner, Director or Officer or other individual who performs senior managerial activities for that client.</li> <li>• Arrangements to combine one or more services or products of the Firm with one or more services or products of the client and to market the package with reference to both parties.</li> <li>• <del>Distribution or marketing a</del> <u>Arrangements under which the Firm sells, resells, distributes or markets the client's products or services, or the client sells, resells, distributes or markets the Firm's products or services.</u></li> <li>• <u>Arrangements under which a Firm develops jointly with the client, products or solutions which one or both parties sell or license to third parties.</u></li> </ul>
920.3 A3	<u>An example that might create a close business relationship, depending on the facts and circumstances, is an arrangement under which the Firm licenses products or solutions to or from the Assurance Client.</u>
920.5 A1	<u>The purchase of goods and services, including the licensing of technology from an Assurance Client by a Firm, or an Assurance Team member, or any of that individual's Immediate Family does not usually create a threat to Independence if the transaction is in the normal course of business and at arm's length. However, such transactions might be of such a nature and</u>

Paragraph/Section Reference	Revisions
	magnitude that they create a self-interest threat.
920.6 A1	<p><b><u>Providing, Selling, Reselling or Licensing Technology</u></b></p> <p><u>Where a Firm provides, sells, resells or licenses technology:</u></p> <p>(a) <u>To an Assurance Client; or</u></p> <p>(b) <u>To an entity that provides services using such technology to Assurance Clients of the Firm,</u></p> <p><u>depending on the facts and circumstances, the requirements and application material in Section 950 apply.</u></p>
950.1	Firms are required to comply with the fundamental principles, be independent, and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to Independence.
950.5	<p><u>The requirements and application material in this section apply where a Firm:</u></p> <p>(a) <u>Uses technology to provide a non-assurance service to an Assurance Client; or</u></p> <p>(b) <u>Provides, sells, resells or licenses technology resulting in the provision of a non-assurance service by the Firm:</u></p> <p>(i) <u>To an Assurance Client; or</u></p> <p>(ii) <u>To an entity that provides services using such technology to Assurance Clients of the Firm.</u></p>
950.65 A1 to 950.87 A1	<i>[Paragraphs 950.5 A1 to 950.7 A1 remain unchanged but renumbered as paragraphs 950.6 A1 to 950.8 A1.]</i>
950.87 A2	<p>Factors that are relevant in identifying and evaluating the different threats that might be created by providing a non-assurance service to an Assurance Client include:</p> <ul style="list-style-type: none"> <li>• The nature, scope, intended use and purpose of the service.</li> <li>• The manner in which the service will be provided, such as the personnel to be involved and their location.</li> <li>• <u>The client's dependency on the service, including the frequency with which the service will be provided.</u></li> <li>• The legal and regulatory environment in which the service is provided.</li> <li>• Whether the client is a Public Interest Entity.</li> <li>• The level of expertise of the client's management and employees with respect to the type of service provided.</li> <li>• Whether the outcome of the service will affect the Underlying Subject Matter and, in an Attestation Engagement, matters reflected in the Subject Matter Information of the Assurance Engagement, and, if so: <ul style="list-style-type: none"> <li>○ The extent to which the outcome of the service will have a material effect on the Underlying Subject Matter and, in an Attestation Engagement, the Subject Matter Information of the Assurance Engagement.</li> <li>○ The extent to which the Assurance Client determines significant matters of judgement. (Ref: Para. R900.13 to R900.14).</li> </ul> </li> <li>• The degree of reliance that will be placed on the outcome of the service</li> </ul>

Paragraph/Section Reference	Revisions
	<p>as part of the Assurance Engagement.</p> <ul style="list-style-type: none"> <li>• The fee relating to the provision of the non-assurance service.</li> </ul>
950.98 A1 to 950.109 A1	<i>[Paragraphs 950.8 A1 to 950.9 A1 remain unchanged but renumbered as paragraphs 950.9 A1 to 950.10 A1.]</i>
950.110 A1	<p>A self-review threat might be created if, in an Attestation Engagement, the Firm is involved in the preparation of Subject Matter Information which subsequently becomes the Subject Matter Information of an Assurance Engagement. Examples of non-assurance services that might create such self-review threats when providing services related to the Subject Matter Information of an Assurance Engagement include:</p> <ul style="list-style-type: none"> <li>(a) Developing and preparing prospective information and subsequently issuing an assurance report on this information.</li> <li>(b) Performing a valuation that is related to or forms part of the Subject Matter Information of an Assurance Engagement.</li> <li>(c) <u>Designing, developing, implementing, operating, maintaining, monitoring, updating or upgrading IT systems or IT controls and subsequently undertaking an Assurance Engagement on a statement or report prepared about the IT systems or IT controls.</u></li> <li>(d) <u>Designing, developing, implementing, operating, maintaining, monitoring, updating or upgrading IT systems and subsequently issuing an assurance report on Subject Matter Information, such as elements of non-financial information, that is prepared from information generated by such IT systems.</u></li> </ul>
950.124 A1	<i>[Paragraph 950.11 A1 remains unchanged but renumbered as paragraph 950.12 A1.]</i>
950.124 A2	<p>If a self-review threat exists in relation to an engagement undertaken in the circumstances described in paragraph 950.124 A1 (b), the Firm is encouraged to disclose the existence of that self-review threat and the steps taken to address it to the party engaging the Firm or Those Charged with Governance of the Assurance Client and to the entity or organisation established by law or regulation to oversee the operation of a business sector or activity to which the results of the engagement will be provided.</p>
950.132 A1 to 950.132 A4	<i>[Paragraphs 950.12 A1 to 950.12 A4 remain unchanged but renumbered as paragraphs 950.13 A1 to 950.13 A4.]</i>
<b>TRANSITIONAL PROVISIONS</b>	
10.	<p><i>Technology-related Revisions to the Code.</i></p> <p><u>Technology-related Revisions to the Code have effective dates as set out below.</u></p> <ul style="list-style-type: none"> <li>• <u>Revisions to Parts 1 to 3 will be effective as of 1 January 2025.</u></li> <li>• <u>Revisions to Part 4A will be effective for audits and reviews of Financial Statements for periods beginning on or after 1 January 2025.</u></li> <li>• <u>The conforming and consequential amendments to Part 4B in relation to Assurance Engagements with respect to Underlying Subject Matters</u></li> </ul>

Paragraph/Section Reference	Revisions
	<p><u>covering periods of time will be effective for periods beginning on or after 1 January 2025; otherwise, these amendments will be effective as of 1 January 2025.</u></p> <p>Early adoption will be permitted.</p>
<b>CONFORMITY WITH INTERNATIONAL PRONUCEMENTS</b>	
	<p><b>APES 110 and the IESBA Code</b></p> <p>APES 110 incorporates the <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) issued by the International Ethics Standards Board for Accountants (IESBA) in April 2018 and incorporating amendments up to April <del>February</del> 2023.</p>