

AGENDA PAPER

Item Number: 7

Date of Meeting: 3 September 2024

Subject: APESB guidance on prohibitions in APES 110 for audit engagements

Action required For discussion For noting For information

Purpose

To provide an update to the Board on the review of APESB's guidance document *APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements 2023* (APES 110 Prohibitions Document 2023).

Background

In 2012, the International Ethics Standards Board for Accountants (IESBA) published a list of prohibited services and relationships for Public Interest Entity (PIEs) audit clients. APESB Technical Staff consulted with the IESBA Technical Staff during October/November 2019 regarding updating this publication for the restructured Code. As a result, the IESBA issued a revised [Summary of Prohibitions Applicable to Audits of Public Interest Entities in November 2019](#).

In November 2019, APESB issued *APES 110—Prohibited Non-assurance Services, Interests and Relationships for Auditors of Public Interest Entities—November 2019 to capture Australian-specific prohibitions and raise awareness of prohibitions in Australia*.

In August 2020, APESB subsequently enhanced this guidance [APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements – August 2020](#). The guidance highlights which prohibitions are the same for PIE and non-PIE audit clients and illustrates which prohibitions differ for non-PIE audit clients, summarising prohibitions for all audit clients.

In August 2023, APESB published a revised [APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements - August 2023](#) (APES 110 Prohibitions Document 2023) to incorporate amendments to the Code relating to Fees and Non-Assurance Service (NAS) revisions. This version of the guidance document addresses the new prohibition of providing NAS to PIE audit clients if the service might create a self-review threat.

Key Considerations

Since the APES 110 Prohibitions Document 2023 was published, the following amending standards to APES 110 have been issued:

- *Revisions to APES 110 Relating to the Definition of Engagement Team and Group Audits* (issued June 2023, effective 1 January 2024) (ET-GA Revisions);

- *Revisions to the Definitions of Listed Entity and Public Interest Entity in APES 110* (issued November 2023, effective 1 January 2025) (PIE Revisions); and
- *Technology-related revisions to APES 110* (issued June 2024, effective 1 January 2025) (Technology-related Revisions).

In March 2024, the IESBA published an updated [Summary of Prohibitions in the IESBA Code Applicable to Audits of Public Interest Entities – March 2024](#). This publication highlights specific prohibitions that are applicable to PIE audits, especially in relation to NAS, relationships, interests or circumstances that bear on independence. The summary reflects the changes from the 2023 version of the IESBA Code incorporating approved pronouncements effective in December 2024, i.e., the technology-related revisions and revisions to the definitions of listed entity and public interest entity.

Technical Staff have reviewed the IESBA prohibitions list to determine whether APESB should undertake any revision to its APES 110 Prohibitions Document 2023. The details of the review and considerations for further action are set out in Agenda Item 7(a).

The review noted that the prohibitions were generally consistent across both documents, with variations for Australian-specific prohibitions and due to the broader scope of the APESB document (which applies to all audit clients versus the IESBA prohibitions list, which focuses on PIE audit clients).

Technical Staff did note that the APESB's prohibition document requires amendments to update the references to paragraphs that have been renumbered in the subsequent amending standards released since August 2023.

Technical Staff are of the view that no substantive changes or significant matters need to be addressed at this stage in relation to the matters noted above.

Technical Staff are preparing an updated Compiled Code as of June 2024, incorporating changes from PIE and Technology-related Revisions effective 1 January 2025. The draft is set out in Agenda Item 9 of this Board meeting. Accordingly, Technical Staff recommend that the APESB prohibitions document be updated after the new Compiled Code is released.

Way Forward

Technical Staff will revise the APESB prohibitions document after the Compiled Code is released (June 2024) and issue it in the last quarter of 2024.

Staff Recommendations

That the Board note the update on the review of the prohibitions list.

Materials Presented

Agenda Item 7(a) APESB's Review into the IESBA Prohibitions Document for Audit of PIEs (March 2024)

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Date: 20 August 2024