

AGENDA PAPER

Item Number: 9

Date of Meeting: 11 September 2025

Subject: APESB guidance on prohibitions in APES 110 for audit, review and sustainability assurance engagements

☒ **Action required** ☒ **For discussion** ☐ **For noting** ☐ **For information**

Purpose

To obtain, subject to the Board's review comments and editorials, the Board's approval to issue the guidance document *APES 110 Prohibitions applicable to Auditors for all Audit, Review and Sustainability Assurance Engagements*.

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. The list was subsequently updated to align with the restructured Code and released as the [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)*, which outlines the prohibitions for Auditors of PIEs, including Australian-specific prohibitions.

In August 2020, APESB subsequently enhanced this guidance and released [APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements – August 2020](#), which summarises prohibitions for all audit clients and highlights the differences in prohibitions applicable to audit engagements for PIE and non-PIE audit clients.

Subsequently, this guidance document has been updated, as follows:

- In August 2023, the revised [APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements - August 2023](#) incorporated prohibitions from the Fees and Non-Assurance Service (NAS) revisions to *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), including the new prohibition on providing NAS to PIE audit clients if the service might create a self-review threat.
- In December 2024, the revised [APES 110 Code Prohibitions applicable to Auditors for all Audit and Review Engagements - December 2024](#) incorporated editorial amendments to update paragraph references, which were amended in the Code.

Key Considerations

Since the last revision of the APES 110 Prohibitions guidance document, there have been two key developments:

- The issue of amending standards to the Code

In 2025, APESB have issued the following two amending standards:

- [Revisions to APES 110 Addressing Tax Planning and Related Services](#) was issued in January 2025 and was effective from 1 July 2025; and
- [Amending Standard for Sustainability Assurance and Reporting and the use of External Experts](#) (Sustainability Amending Standard) was issued in July 2025 and is effective from 1 January 2026.

The Sustainability Amending Standard made significant amendments to the Code, adding a new Part 5 for Sustainability Assurance. This part incorporates ethics and independence standards (and prohibitions) equivalent to those applicable to audit and review engagements in Parts 1 to 4A, but addresses sustainability-specific issues.

- IESBA issues new guidance on prohibitions for Sustainability Assurance Engagements for PIEs

In July 2025, the IESBA published [Summary of Prohibitions in the IESBA Code Applicable to Sustainability Assurance Engagements of Public Interest Entities – July 2025](#) (set out at Agenda Item 9(a)). This publication highlights the specific prohibitions applicable to PIE sustainability assurance engagements in the new Part 5, particularly those relating to NAS, relationships, interests, or circumstances that impact independence.

Technical Staff have performed a comprehensive review of the new IESBA guidance document and noted that the prohibitions applicable to sustainability assurance engagements are generally consistent with those relating to audit and review engagements.

In light of the significant amendments to the Code for sustainability assurance engagements, Technical Staff are of the view that an updated prohibitions guidance document should be issued. While the IESBA have released a new prohibitions document covering sustainability assurance engagements, Technical Staff note that this does not include the Australian-specific prohibitions.

Technical Staff have prepared a draft APES 110 Prohibitions Document, which is applicable to all audit, review and sustainability assurance engagements (refer to Agenda Item 9(b)). The amendments from the last version issued are shown in mark-up.

The key revisions in the draft prohibitions document are to:

- Create Part 1 under which the existing content on prohibitions relating to audit and review engagements will be relocated;
- The addition of a new Part 2, which outlines the prohibitions specific to all sustainability assurance engagements subject to Part 5 of APES 110;
- The addition of a new Part 3, which outlines specific independence matters to be considered when a firm provides both the audit and sustainability assurance engagements;
- Add a statement to the introduction and purpose to clarify the scope of the prohibitions document, which covers prohibitions for audit and review engagements under Part 4A of APES 110 and prohibitions for sustainability assurance engagements subject to Part 5 of APES 110;
- Update the introduction and purpose to incorporate references to sustainability assurance engagements;

- Update the extant prohibitions for long association in Part 1 (for Audit & Review Engagements) to reflect the requirement for consideration of long association with both the audit engagement and the sustainability assurance engagement;
- Update paragraph references in Part 1 (Audit & Review engagements) to remain aligned with the new Compiled Code; and
- Minor editorial amendments.

Technical Staff will circulate the draft document to the APESB Sustainability Taskforce for their consideration and review. The Technical Staff will advise the Board if the Taskforce raises any substantial matters that require further consideration.

Way Forward

As noted at Agenda Item 6 of this Board Meeting, Technical Staff are seeking approval from the Board to issue an updated Compiled Code that incorporates the Sustainability Amending Standard. Subject to approval from the Board, Technical Staff anticipate the release of the Compiled Code in October 2025.

As the APES 110 prohibitions document complements the Compiled Code, Technical Staff are planning to release the prohibitions document in conjunction with the new Compiled Code.

This timing also allows the APESB Sustainability Taskforce to consider the document, and for Technical Staff to review feedback raised during that engagement process. Any significant amendments to the document will be circulated to the Board out of session for their consideration and approval.

Staff Recommendations

That the Board approve, subject to the Board's review comments and editorials, the issue of the guidance document *APES 110 Prohibitions applicable to Audit, Review and Sustainability Assurance Engagements*.

Materials Presented

Agenda Item 9(a)	IESBA Staff Publication: Summary of Prohibitions in the IESSA (July 2025)
Agenda Item 9(b)	Draft APES 110 Prohibitions Document 2025 (marked-up)

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