AGENDA PAPER

Item Number:	10
Date of Meeting:	4 September 2026
Subject:	Review of APESB Due Process and Working Procedure document

X	**Action required**		**For discussion**		**For noting**		**For information**

Purpose

To seek Board approval to issue a revised *Due process and working procedures for the development and review of APESB pronouncements* document (Due Process Document).

Background

The Due Process Document describes the processes and procedures that the APESB must follow when developing and reviewing professional and ethical standards for its Members. The Due Process Document was last updated in October 2022 and, in accordance with APESB's internal policies and procedures, should be reviewed every three years.

At the September 2022 Board Meeting (BM 115), the Board requested Technical Staff research the similar processes followed by other National Standards Setters with respect to changes to base international pronouncements and, if required, present any proposed revisions to the Due Process Document at a future board meeting.

Matters for Consideration

In undertaking the regular review of APESB's Due Process Document, APESB Technical Staff have considered the due process of comparable National Standard Setters and the IESBA's updated Integrated Due Process and Public Interest Framework (PIF) Operating Procedures.

Comparable National Standard Setters and amendments to international-based pronouncements

During the review and approval of the revised Due Process Document in 2022, the Board considered the processes followed by comparable National Standard Setters (NSSs) for changes to base international documents.

Technical Staff have reviewed the current processes undertaken by the AASB, AUASB and the NZ XRB in relation to additional changes adopted in national pronouncements which are

originally based on international pronouncements. Information on these processes is set out at Agenda Item 10 (b).

APESB Technical Staff note that the other National Standard Setters use different processes to determine whether to make amendments to base international documents, as follows:

- The AUASB and NZ XRB use a 'compelling reason' test to determine whether amendments should be made to the international auditing and assurance standards that they issue.
- The AASB have two different treatments depending on the standards they are issuing:
    - For the financial reporting standards, there is no set criteria for determining amendments to the international base documents, but consideration is given as to whether Australian entities would be able to say they are IFRS compliant.
    - For Sustainability reporting standards, there is a recognition that international standards are still developing and therefore there may be more factors that could lead to amendments to the base international sustainability standards.

APESB's current due process on amending a base international is that the Australian standard will be at least equal to the requirements in the base international document. As noted in section 3.3 of the Due Process document…'(w)here appropriate, APESB will develop additional requirements or guidance to the international pronouncement to take into consideration the Australian environment (for example, legislation and regulations, public interest issues, current practice and Australian terminology and references), developments in other comparable jurisdictions and stakeholder feedback.

Although the Australian and New Zealand National Standard Setters may use different terms when considering whether to amend base international documents, the factors considered are consistent. All consider the need to align with local laws and regulations as a primary factor, with other changes based on the public interest or to meet national practices.

APESB Technical Staff note these factors are consistent with the approach specified in the extant APESB Due Process document.

Based on the review of comparable National Standard Setters approaches, APESB Technical Staff are of the view that no amendments with respect to this issue are required to APESB's current Due Process Document.

Updated IESBA Due Process Document

In Q1 of 2026, the IESBA issued its Integrated Due Process and Public Interest Framework (PIF) Operating Procedures, which sets out the standard-setting practices of the IAASB and IESBA.

The IESBA due process follows a structured standard-setting cycle which includes:

- identifying and prioritising projects through strategy and work planning;
- preparing a project proposal that defines the public interest objectives and relevant assessment criteria;
- developing proposals through research, outreach and public board deliberation;
- exposing draft pronouncements for public comment;
- analysing stakeholder feedback and determining whether further consultation or re-exposure is required;

- approving the final pronouncement; and
- obtaining the required certifications before release.

Throughout the process, transparency, consultation, evidence-informed decision-making, accountability and oversight by the Public Interest Oversight Board (PIOB) are built in to support public interest responsiveness.

APESB Technical Staff have reviewed the IESBA document and consider that the IESBA's revised due process does not require any substantive amendments to APESB's Due Process Document.

Proposed revisions to APESB's Due Process

Technical Staff have reviewed APESB's Due Process Document and propose the following amendments:

- **Section 3.3 - Professional Standards**: Update to reflect that the international standard-setting boards are now under the International Foundation for Ethics and Audit (IFEA) rather than the International Federation of Accountants (IFAC).
- **Section 3.6 – Status and enforceability of APESB pronouncements**: Include a reference to sustainability assurance engagements performed under the *Corporations Act 2001*.
- **Section 4.2 - Development of proposed APESB pronouncements**: Add a reference to considering a project proposal having regard to the public interest.
- **Section 4.3 - Consultation with stakeholders**: Addition of a new paragraph that sets out that APESB may hold roundtables as part of the consultation process.
- **Section 4.4 - Exposure drafts**: Addition of a sentence to reflect that APESB will publish a version of the exposure draft marked up for revisions to the extant APESB pronouncement, when applicable. This is currently being done to meet a stakeholder request.
- **Section 4.6 - Approval of APESB pronouncements or exposure drafts**: Addition of new paragraphs addressing the internal checklist completed on adherence to the due process when issuing an APESB pronouncement and the need and priority of undertaking Post-Implementation Reviews for significant standard-setting projects.
- **Section 5**.1 – **Development of base pronouncement** - update the reference to IFAC to be IFEA.
- **Section 5.4 - Elements of APESB pronouncements** – update the reference to IFAC to be IFEA.
- **Appendix 2** – **APESB issued and proposed pronouncements** – add APES 206 Conformity with Sustainability Reporting Standards
- **Appendix 4 – Taskforce Terms of Reference**: Minor editorial changes to align with the updated terms of reference in 2024.
- **Appendix 5 – Common terms used in APESB pronouncements**: Updated the reference to the IAASB Handbook.
- Other consequential and editorial amendments.

Technical Staff have prepared a draft Due Process Document; refer to Agenda Item 10 (a). Amendments from the previous version are shown in mark-up.

Staff Recommendation

Subject to the Board's feedback and comments, the Board approve the revised *Due process and working procedures for the development and review of APESB pronouncements* document (Due Process Document).

Materials presented

Agenda Item 10 (a)	Draft Revised APESB Due Process Document (marked-up)
Agenda Item 10 (b)	National Standards Setters – basis for amending international-based documents

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