APESB
Accounting Professional & Ethical Standards Board

Due process and working procedures for the development and review of APESB pronouncements

~~October~~ XXXX 202X~~2~~

Table of Contents

1. Introduction 2

2. The role of professional judgement and ethical responsibility in applying APESB pronouncements 3

3. APESB pronouncements 5

3.1 Background 5

3.2 The Code of Ethics for Professional Accountants (including Independence Standards) (the Code) 5

3.3 Professional standards 5

3.4 Guidance notes 6

3.5 Other publications 6

3.6 Status and enforceability of APESB pronouncements 7

4. Due process and working procedures 8

4.1 General 8

4.2 Development of proposed APESB pronouncements 8

4.3 Consultation with stakeholders 9

4.4 Exposure drafts 9

4.5 Consideration of respondents' comments on exposure drafts 10

4.6 Approval of APESB pronouncements or exposure drafts 10

5. Drafting approach 11

5.1 Development of base pronouncement 11

5.2 Drafting conventions 11

5.3 Application of APESB pronouncements 12

5.4 Elements of APESB pronouncements 13

5.5 Revision, compilation and reissue of existing APESB pronouncements 14

5.6 Withdrawal of APESB pronouncements 14

6. Work program 15

7. Communications 16

7.1 APESB website 16

7.2 Requests for advice 16

8. Review and evaluation 17

8.1 Regular review 17

8.2 Issues register 17

Appendix 1: Structure of APESB pronouncements 18

Appendix 2: APESB issued and proposed pronouncements as at ~~October~~ XXXX 202X~~2~~ 19

Appendix 3: Due Process flowchart 20

Appendix 4: Taskforce terms of reference 21

Appendix 5: Common terms used in APESB pronouncements ..... 24~~23~~

Copyright © ~~2022~~ 202X Accounting Professional & Ethical Standards Board Limited ("APESB"). All rights reserved. Apart from fair dealing for the purpose of study, research, criticism and review as permitted by the *Copyright Act 1968*, no part of these materials may be reproduced, modified, or reused or redistributed for any commercial purpose, or distributed to a third party for any such purpose, without the prior written permission of APESB. Any permitted reproduction, including fair dealing, must acknowledge APESB as the source of any such material reproduced and any reproduction made of the material must include a copy of this original notice.

1. Introduction

The primary objectives of Accounting Professional & Ethical Standards Board Limited (APESB), as set out in its constitution, are:

- To develop and issue in the public interest, professional and ethical pronouncements that apply to the membership of CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA) (hereafter referred to as the Professional Bodies);
- To provide a formal and rigorous forum for the consideration, promulgation and approval of professional and ethical pronouncements, which is performed in an open, timely, independent and proactive manner; and
- To oversee and monitor the operation of the Secretariat.

The constitution further articulates the activities APESB will undertake to fulfil its primary objectives, which include:

- Regularly reviewing the professional and ethical pronouncements and monitoring the needs of the accounting profession and the public, for areas requiring new or updated professional and ethical pronouncements;
- Ensuring rigorous review of all matters proposed or developed by the Secretariat;
- Referring matters to the Secretariat for research, direction and amendment;
- Approving professional and ethical pronouncements;
- Seeking comment on exposure drafts from the Professional Bodies, members of the Professional Bodies and the public;
- Monitoring the effectiveness of professional and ethical pronouncements;
- Ensuring that the pronouncements approved facilitate and do not otherwise compromise the Professional Bodies' ability to comply with the International Federation of Accountants (IFAC) requirements as they pertain to professional and ethical pronouncements;
- Ensuring that the pronouncements approved facilitate and do not otherwise compromise the Professional Bodies' ability to comply with the Financial Reporting Council (FRC) requirements as they pertain to professional and ethical matters; and
- Regularly reviewing the implementation of new and amended professional and ethical pronouncements. The review may be initiated by APESB due to domestic or international developments, changes in legislation or where there are deficiencies in market practice. A Professional Body may also request APESB perform a review.

The purpose of this document is to describe the due process and working procedures which are followed by APESB in developing and reviewing professional and ethical pronouncements. These processes as articulated in this document assist in the achievement of the objectives of the company's constitution as noted above. This 'due process and working procedures' document will be revised periodically and should be read in conjunction with APESB's Constitution and the Board Charter.

2. The role of professional judgement and ethical responsibility in applying APESB pronouncements

APESB pronouncements are 'principles based'. Members are expected to adhere to relevant professional and ethical requirements and to use professional judgement in light of any given circumstances in order to achieve the objectives of a pronouncement.

A conceptual framework that depicts the elements, attributes and activities that underpin the development, review and application of APESB pronouncements is illustrated in *Table 1*.

Element	Framework attribute	APESB activity
A	Fundamental professional and ethical responsibility of professional accountants	Code of Ethics – public interest
B	Applicable values and principles	Code of Ethics – fundamental principles
C	Criteria for application of values and principles	Code of Ethics – conceptual framework
D	Practices requiring the application of values and principles	APESB standards
E	Guidance notes for the application of values and principles to practice	APESB guidance notes
F	Promotion of professional responsibility and application of values and principles	Education

Table 1. Conceptual framework for developing APESB pronouncements

a) The fundamental professional and ethical responsibility of professional accountants

A distinguishing aspect of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a member's responsibility is not exclusively to satisfy the needs of an individual client or employer.

The public interest may be defined as the collective wellbeing of the community of people and institutions that the members serve. The accountancy profession's public includes clients, credit providers, governments, employers, employees, investors, regulators, the business and financial community, and others who rely on the objectivity and integrity of members to assist in the maintenance of the orderly functioning of commerce.

b) Applicable values and principles

Members' professional decision making (professional judgement) is informed by the values and principles articulated in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) and reinforced by the Professional Bodies. These include compliance with the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

c) Criteria for application of values and principles

Once the values and principles are agreed upon, members need to know what criteria to use in applying them. The Code sets out a conceptual framework to assist members in identifying, evaluating and addressing threats to compliance with the fundamental principles.

Many threats fall into the following categories: self-interest, self-review, advocacy, familiarity and intimidation threats.

The Code recognises that it is impossible to define every situation that creates a threat to compliance with the fundamental principles and the appropriate corresponding action/s. Members have an obligation to identify, evaluate and address threats to compliance, rather than merely comply with a set of specific rules. Where identified threats are not at an acceptable level, a member should address the threats by eliminating them or reducing the threats to an acceptable level. In certain circumstances, a member may not be able to address threats, so should decline the engagement or assignment. The objective is to ensure that compliance with the fundamental principles is not compromised.

d) Practices requiring the application of values and principles

APESB identifies practices and activities where specific application of the values and principles should be established. These are codified in APESB standards.

e) Guidance notes for the application of values and principles to practice

Where necessary, APESB issues guidance that elaborates on the application of the Code or an existing APESB standard. The guidance is issued in APESB guidance notes.

f) Promotion of professional responsibility and application of values and principles

APESB has a role to play in the promotion of professional responsibility and application of the values and principles used in APESB pronouncements. APESB envisages that this educational process will involve APESB, the Professional Bodies, members and other relevant stakeholders.

3. APESB pronouncements

3.1 Background

APESB develops and issues in the public interest, professional and ethical pronouncements that apply to members of the Professional Bodies. Professional and ethical pronouncements are referred to hereafter in this document as APESB pronouncements or pronouncements and are comprised of:

a) APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*;

b) professional standards; and

c) guidance notes

Diagrammatic presentations of the structure of APESB pronouncements and the pronouncements issued by APESB are contained in Appendices 1 and 2.

3.2 The Code of Ethics for Professional Accountants (including Independence Standards) (the Code)

The Code establishes a 'principles based' standard of professional ethics for members and provides a conceptual framework for applying these principles.

Based on the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code) issued by the International Ethics Standards Board for Accountants (IESBA), APESB has supplemented the IESBA Code with Australian specific requirements and guidance.

3.3 Professional standards

The objective of a standard is to promote competent, professional and ethical practice by applying fundamental values and principles. Whilst individual standards primarily deal with professional requirements, many also deal with ethical requirements that are to be applied in the specific circumstances covered by the relevant standard. These ethical requirements supplement those in the Code.

The circumstances that may lead to the issue of a standard include:

a) when there is no existing APESB standard that prescribes the particular fundamental values and principles to be followed, and essential procedures to be undertaken, in a particular aspect of accounting services;

b) when a relevant standard setting Board of the International Foundation for Ethics and Audit (IFEA) ~~Federation of Accountants (IFAC)~~ issues a standard, an Australian equivalent standard will ordinarily be issued in due course by APESB, subject to any requirements imposed by Australia's legislative and/or regulatory environment;

c) when a standard setting body in another jurisdiction issues a professional or ethical standard which APESB believes warrants an Australian equivalent; or

d) when stakeholder(s) request that an APESB standard be issued and APESB considers it appropriate to do so.

To facilitate the Professional Bodies' compliance with IFAC membership requirements, APESB's pronouncements will be at least equal to, and not less than, the requirements in the corresponding international pronouncement (if any). Where 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.

APESB uses professional judgement in reaching its conclusions about the inclusion of Australian specific requirements, guidance, amendments or examples into pronouncements that are based on international standards issued by standard setting boards of ~~IFAC~~IFEA. Generally, a justification or rationale for inclusion of Australian specific requirements or guidance will be provided in the Basis for Conclusions.

Standards issued by APESB currently fall into the following three categories:

a) professional standards applicable to all members ('APES 200' series);

b) professional standards applicable to members in public practice ('APES 300' series); and

c) professional standards applicable to members in business ('APES 400' series).

3.4 Guidance notes

The purpose of a guidance note is to provide authoritative guidance to a member on the application of a standard on specific matters or to provide guidance on the application of the fundamental principles and the mandatory requirements established in a standard. Guidance notes do not establish new requirements or alter the requirements of an existing standard.

The circumstances that may lead to the issue of guidance include:

a) when it is considered necessary to provide additional guidance on the application of an existing standard or on entity, industry or service specific matters to assist members to comply with the mandatory requirements in an existing standard;

b) when IFAC, IFEA (or a standard setting body in another jurisdiction) issues guidance on a particular matter; or

c) when stakeholder(s) request guidance be issued and APESB considers it appropriate to do so.

Guidance notes issued by APESB currently fall into the following three categories:

a) guidance notes applicable to all members ('APES GN 20' series);

b) guidance notes applicable to members in public practice ('APES GN 30' series); and

c) guidance notes applicable to members in business ('APES GN 40' series).

3.5 Other publications

APESB may, at its discretion, publish other relevant material (for example, Technical Staff Q&As, guides and presentations on specific aspects of a pronouncement) to raise awareness and to educate members and the general public about existing pronouncements or emerging professional and ethical matters.

3.6 Status and enforceability of APESB pronouncements

General enforceability

APESB pronouncements are applicable to all members of the Professional Bodies, including members outside of Australia to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations. APESB standards are mandatory and non-compliance with them by a member may lead to disciplinary proceedings being initiated by the Professional Body to which the member belongs.

Force of law

The Auditing and Assurance Standards Board (AUASB) has issued auditing standards as legislative instruments, effective for financial reporting periods commencing on or after 1 July 2006.

For *Corporations Act 2001* audits, and reviews, and sustainability assurance engagements, those standards have the force of law. To the extent that those force of law auditing standards make reference to ethical and quality management requirements, the relevant APESB standards have the same legal enforceability.

Outside of this process, APESB standards do not have legal enforceability. Compliance with APESB standards is monitored by the Professional Body to which the member belongs and instances of non-compliance are a matter for the disciplinary processes of the applicable Professional Body.

4. Due process and working procedures

4.1 General

APESB follows a rigorous due process to maintain appropriate transparency in respect of its development process for pronouncements. A flowchart of the due process is set out in Appendix 3.

APESB meetings to discuss and deliberate on its pronouncements are open to the public. Matters of a general or administrative nature are discussed in private.

Meeting agenda papers are published on the APESB website approximately one week in advance of each meeting. Highlights of APESB meetings are published approximately two weeks after the meeting.

4.2 Development of proposed APESB pronouncements

The development or review of any APESB pronouncement commences with the preparation of a project proposal initiated either by the APESB Chief Executive Officer or an external party. A project proposal addresses (at minimum) the following key points:

a) any relevant policy or legislative perspectives;

b) existing practice in Australia;

c) any relevant international pronouncements and/or practices;

d) risk assessment of the proposed project; and

e) expected impact of proposed new or revised pronouncement to be developed by the APESB on Australian practice.

The Board of Directors of the APESB (the Board) will consider the project proposal, having regard to the public interest, and if the Board decides that an APESB pronouncement is required, or review of an existing pronouncement is warranted, then the project proposal is approved.

The Board, at its discretion, may decide to establish a taskforce for some or all of the duration of the project or direct the APESB Chief Executive Officer to develop the pronouncement.

A taskforce is a temporary working group established for new or existing APESB pronouncements that require high level development or review, or where industry specific expertise is required. A taskforce is disbanded once its goal has been achieved.

Each taskforce will have a term of reference (a generic terms of reference is listed in Appendix 4), with the overall objectives to:

a) provide APESB with expert and authoritative advice on the development and review of APESB pronouncements in a specific area of expertise;

b) oversee the development and review of APESB pronouncements in a specific area of expertise in accordance with the due process and working procedures;

c) establish links with key stakeholders in order to incorporate the latest developments in the specific area of expertise; and

d) advise the APESB on any practical implementation issues to be considered in the development of the applicable APESB pronouncement.

The outcome of this first phase is the development of an exposure draft together with an invitation to comment.

4.3 Consultation with stakeholders

APESB may consult with relevant stakeholders as appropriate in the context of particular projects. This consultation may be in the nature of soliciting views on a matter under consideration by APESB or may take another form of interaction or consultation considered to be appropriate.

APESB may hold a roundtable in order to solicit views on a matter under consideration. The roundtable may be held at any stage before or after a draft pronouncement is issued for public exposure. Comments received through a roundtable are considered in a similar manner as comments received on an exposure draft.

When APESB considers that a draft pronouncement would benefit from having external comment before it is ready for public exposure, APESB may issue a 'pre-exposure' version of the draft for review by relevant stakeholders. Any feedback or views received by APESB from these stakeholders is recorded and considered as part of due process.

All development versions and pre-release versions of exposure drafts are treated as confidential information by all recipients. This facilitates constructive interaction with APESB and contributes to the effective development of APESB pronouncements.

4.4 Exposure drafts

Exposure drafts approved by APESB are published on the APESB website and can be downloaded without charge.

Each exposure draft is accompanied by an invitation to comment that highlights the purpose of the exposure draft and significant proposals contained therein. In the invitation to comment, APESB will highlight any areas where the proposed APESB pronouncement differs from any existing equivalent Australian or international pronouncement. In addition, APESB will release on the APESB website a version of the exposure draft marked up for revisions to the extant APESB pronouncement, when applicable.

Stakeholders are notified of the release of an exposure draft by a media release or technical alert posted on the APESB website and through the various communication channels used by the Professional Bodies.

For more complex proposed APESB pronouncements, APESB Technical Staff may prepare an article for the Professional Body journals, or other communication methods, outlining the proposed pronouncement addressed by the exposure draft, and drawing attention to any complex issues.

Exposure drafts are generally exposed for a period ranging from one to three months, with a longer exposure period considered if the exposure period falls over December and January. Some proposed APESB pronouncements may also require longer exposure periods if they include significant changes to current practice. A shorter exposure period may sometimes be necessary to accommodate an international timeframe, or for those proposed APESB pronouncements where there is an urgent market need.

As part of the exposure process, APESB makes submissions available for public access and downloading on the APESB website until the final pronouncement is issued. Confidential submissions will be received at the discretion of the Board.

An APESB invitation to comment, a discussion paper or a consultation paper, may also be prepared and published in some circumstances.

4.5 Consideration of respondents' comments on exposure drafts

APESB Technical Staff or the relevant taskforce (where one has been established) will provide the Board with a series of documents including:

a) a summary of the exposure process and any meetings held with respondents;

b) an analysis of the general and specific issues raised by respondents, summarising their proposed views, and, as appropriate, an explanation of the reason(s) significant changes recommended by a respondent were, or were not, accepted; and

c) a 'marked up' version of the proposed APESB pronouncement to illustrate changes (if any) made to the proposed pronouncement subsequent to the exposure.

These documents will be considered and discussed at public meetings of the Board. Private working meetings may be held in the early stages of considering a proposed standard to identify any significant issues requiring further discussion and debate at the public meeting.

The consideration of responses and resolution of issues may lead to approval of further changes to the proposed APESB pronouncement by the Board. Significant decisions of the Board are discussed in public meetings and are recorded in the minutes and published highlights of the meeting at which the decisions are made.

4.6 Approval of APESB pronouncements or exposure drafts

Following the due process outlined above, the Board may:

a) approve the proposed APESB pronouncement together with any approved changes for issue and distribution to members;

b) approve the exposure draft under consideration together with any approved changes for re-exposure, in which case the procedures outlined above for exposure drafts are repeated; or

c) withdraw the proposed APESB pronouncement or exposure draft under consideration.

Before an APESB pronouncement is approved for issue, an APESB Technical Staff member completes a checklist to ascertain that the relevant pronouncement was developed or revised in line with APESB's due process. The checklist is reviewed and approved by the APESB's CEO

Once issued, the pronouncement is placed on the APESB website and can be downloaded together with a paper summarising the basis for APESB's conclusions for new or substantially revised pronouncements or a Technical Update.

Prepared by APESB Technical Staff, the basis for conclusions provides a summary of the background to the project, the public interest implications of the standard, where applicable, main comments received on the exposure draft and the Board's conclusions regarding these comments in developing the final APESB pronouncement. A Technical Update is prepared for less substantive amendments which are primarily of an editorial nature.

Members are notified of the issue or withdrawal of an APESB pronouncement by a media release or technical alert posted on the APESB website and through the various communication channels used by the Professional Bodies.

For significant standard setting projects, APESB assesses the need and, as relevant, priority for undertaking a post-implementation review, including the aspects of the new and revised APESB pronouncement that should be addressed by such a review.

5. Drafting approach

5.1 Development of base pronouncement

Background

The initial focus of APESB's activities was the review and re-launch of the historical professional and ethical pronouncements (previous CPC, APS and GN series) transferred to APESB from CPA Australia and the Institute of Chartered Accountants Australia (now Chartered Accountants Australia and New Zealand) in 2006.

In addition, relevant professional and ethical pronouncements issued by IFAC were used as the base pronouncements from which two APESB pronouncements were developed. Another APESB pronouncement contains material from an IFAC pronouncement.

Base pronouncement

The actual base pronouncement (or physical starting point) used to develop a professional and ethical pronouncement will depend on the following scenarios:

a) an equivalent ~~IFAC~~IFEA pronouncement exists which is identical to an existing Australian pronouncement

In this case, the existing Australian pronouncement is used as the base pronouncement given that it already incorporates Australian terminology and references.

b) an equivalent ~~IFAC~~IFEA pronouncement exists which differs slightly from the existing Australian pronouncement;

In this case, the existing Australian pronouncement is used as the base pronouncement and modified to bring it in line with the equivalent international ~~IFAC~~IFEA pronouncement. Australian terminology and references in the existing Australian pronouncement are retained.

c) an equivalent ~~IFAC~~IFEA pronouncement exists which differs significantly from the existing Australian pronouncement; or

In this case the ~~IFAC~~IFEA pronouncement is used as the base pronouncement and where relevant, Australian requirements and guidance ~~is~~ are inserted.

d) an equivalent ~~IFAC~~IFEA pronouncement does not exist.

If an equivalent ~~IFAC~~IFEA pronouncement does not exist, then the existing Australian pronouncement is used as the base pronouncement, or where there is no Australian pronouncement, APESB considers pronouncements issued by national standard setters of other jurisdictions.

5.2 Drafting conventions

The following drafting principles and conventions apply to APESB standards:

a) mandatory requirements and guidance material are shown in separate paragraphs;

b) paragraphs containing mandatory requirements are shown in bold-type font. In the Code, the requirements are also designated with the letter 'R'. The requirement paragraphs support the objectives of the standard;

c) paragraphs containing guidance material are shown in normal type font. In the Code, the guidance material is also designated with the letter 'A'. These paragraphs provide guidance on what a requirement means or is intended to cover, matters the member should consider, suggested procedures or include examples of procedures that may be appropriate in the context of the engagement or assignment;

d) the word 'shall' is used within mandatory requirements paragraphs to denote the obligations a member is required to comply with;

e) the word 'should' is used in guidance paragraphs to denote matters that members have a professional obligation to consider when performing an engagement or assignment. In making the determination whether to follow the guidance denoted as 'should' or not, the member needs to consider the specific circumstances of the engagement or assignment as well as exercise the member's professional judgement whether the stated guidance is relevant and applicable in the circumstances. It is possible that in certain circumstances the member will be able to achieve the objectives of the guidance by undertaking alternative procedures rather than the stated procedures in the pronouncement or in other circumstances the guidance may not be relevant. Where the member determines that it is appropriate to undertake alternative procedures or not follow the guidance, the member may need to be able to justify the member's actions to the client or employer, the Professional Body to which the member belongs or, where applicable, the relevant regulator;

f) defined terms are in title case;

g) the present tense of verbs is used in the explanatory guidance when it is the best form of expression;

h) qualifiers such as 'ordinarily', 'normally' and 'usually' are avoided as far as possible as these create ambiguity as to whether they should form part of the requirements;

i) references to 'use of professional judgement' are avoided as far as possible unless clearly necessary in the context of the requirement;

j) requirements that exist in another APESB standard are anchored back to the original requirement (for example, using the phrase 'in accordance with') when repetition is considered necessary for understanding and context;

k) Australian supplements to international pronouncements will be prefaced by the letters AUST; and

l) the extent of differences between an international pronouncement and an APESB pronouncement is documented in the *Conformity with International Pronouncements* section of the relevant APESB pronouncement.

Appendix 5 provides a summary of commonly used terms in APESB pronouncements.

5.3 Application of APESB pronouncements

APESB pronouncements are to be applied by members of the Professional Bodies in the following manner:

a) the Code has mandatory requirements in bold-type font and designated with an 'R' and guidance material in normal type font and designated with an 'A';

b) professional standards have mandatory requirements in bold-type font and guidance material in normal type font; and

c) guidance notes have guidance material in normal type font.

5.4 Elements of APESB pronouncements

Each APESB pronouncement contains the following elements that impact on its application:

a) *Operative date* – the operative date stipulates the date from which the standard is to be applied. In some cases, a standard can be applied earlier than the stipulated operative date. It remains in force until:

- the operative date of any amendment to those requirements; or
- the pronouncement is withdrawn by APESB.

b) *Objectives* – the objectives section of the pronouncement defines the objectives and the primary application of the applicable APESB pronouncement in order to specify the circumstances in which the professional standard or guidance note is applicable and to provide the member with context when applying the mandatory requirements or application guidance of a pronouncement.

c) *Scope and application* – APESB pronouncements are applicable to members of the Professional Bodies.

Generally, the following paragraphs will be included in the scope and application of each APESB pronouncement:

- members in Australia are required to comply with APESB standards or should follow the guidance in APESB guidance notes;
- members outside Australia are required to follow the provisions of the standard or guidance note to the extent to which they are not prevented from doing so by specific requirements of local laws and/or regulations;
- members need to comply with the Code and other relevant professional and ethical requirements;
- the applicable APESB pronouncement is not intended to detract from any responsibilities that may be imposed by law or regulation; and
- in applying the requirements or guidance outlined in an APESB pronouncement, members should be guided not merely by the words, but also by the spirit of the pronouncement and the Code.

d) *Definitions* – definitions contained in APESB pronouncements are to be applied in the interpretation of APESB pronouncements and are consistent across all pronouncements issued by APESB.

e) *Conformity paragraphs* – conformity paragraphs explain the relationship of an APESB pronouncement with an equivalent international pronouncement (if any) issued by a standard setting board of IFEAAC. In cases where there is no equivalent international pronouncement, the conformity paragraph will state that an international equivalent does not exist.

5.5 Revision, compilation and reissue of existing APESB pronouncements

a) Revision

From time to time, issued APESB pronouncements may require minor revisions to incorporate editorial and other changes. Where APESB revises a pronouncement:

- The title page indicates the date of original issue and the date of the latest revision; and
- A revision table is included in the pronouncement which details the date of the revision, nature of the amendments and operative date.

b) Compilation

In certain circumstances, APESB may issue amending pronouncements to an existing APESB pronouncement. In these instances, there may be a need to issue a compiled version of the pronouncement.

Where APESB issues a compiled version of a pronouncement:

- The title page indicates that it is a compiled version and the date of the compilation;
- The compilation details include a compilation table and details of both the original APESB pronouncement and the amending pronouncements;
- The compilation table includes the date of both the original and amending APESB pronouncements, the nature of amendments and the operative date of the amendments; and
- A statement is included that the compilation is not a separate APESB pronouncement but a representation of the relevant APESB pronouncements which incorporate the original pronouncement and subsequent amendments.

c) Reissue

From time to time, APESB pronouncements may require substantial amendments. In the circumstance where APESB reissues a substantially revised pronouncement:

- The title page indicates that it is reissued and includes the date of reissue; and
- The title of the APESB pronouncement will usually remain the same as the original pronouncement.

5.6 Withdrawal of APESB pronouncements

The APESB may decide on the withdrawal of an APESB pronouncement, whether that withdrawal is due to the issue of a new or a revised APESB pronouncement that incorporates or replaces the subject matter of the existing APESB pronouncement, or for any other reason.

6. Work program

The work program of APESB is available on the APESB website. The Board regularly reviews the work program against achievement of its stated objectives, strategies and key performance indicators articulated in the strategic plan. This review includes consideration of:

a) developments in Australia and internationally, including but not limited to:

- developments relating to international convergence with relevant pronouncements; and
- consideration of the Professional Bodies' ability to fulfil their obligations of IFAC membership;

b) comments and suggestions from those who have an interest in the development of APESB pronouncements; and

c) technical and administrative support resources available to APESB.

New projects approved by the Board for inclusion in the work program are progressed in accordance with the relative priority they are assigned on approval and in consideration of available resources.

7. Communications

7.1 APESB website

APESB makes relevant information available for public viewing on its website (www.apesb.org.au) including:

a) all issued APESB pronouncements;

b) all issued APESB pronouncements under review;

c) exposure drafts currently on exposure;

d) submissions received for current exposure drafts when confidentiality has not been requested;

e) submissions by APESB to relevant national and international stakeholders on matters pertaining to the development and review of pronouncements;

f) the current strategic plan and work program;

g) all public meeting agendas and associated papers on items related to the development and review of pronouncements;

h) meeting highlights for APESB public meetings;

i) reports on the review of pronouncements;

j) the issues register;

k) technical updates;

l) media releases; and

m) international exposure drafts.

7.2 Requests for advice

APESB does not provide advice on how its pronouncements should be interpreted in practice by members of the Professional Bodies.

From time to time, APESB may be approached to provide guidance or commentary on matters of relevance to its pronouncements. Involvement in the provision of such guidance and commentary is assessed on the basis of factors such as the following:

a) relevance and relationship to APESB pronouncements;

b) defined need for APESB guidance;

c) project priorities reflected in the APESB strategic plan and work program; and

d) the availability of appropriate resources to provide guidance and commentary on a useful basis.

8. Review and evaluation

In recognition of the changing environment in which APESB pronouncements are developed and applied, APESB undertakes a regular review of APESB pronouncements in accordance with its constitutional obligations. This review process monitors the effectiveness of APESB pronouncements.

8.1 Regular review

APESB is required to regularly review the status of APESB pronouncements ~~regularly~~ and to monitor the needs of the accounting profession and the public for areas requiring new or updated professional and ethical pronouncements.

The review may be initiated by APESB due to:

- domestic or international developments;
- changes in legislation; or
- where there are deficiencies in market practice.

A Professional Body may also request APESB perform a review of APESB pronouncements.

A Board agenda paper~~report~~ on the review conducted is made available for public viewing on APESB website. The report includes:

a) issues identified;

b) analysis of issues identified; and

c) recommendations for action.

8.2 Issues register

APESB maintains an issues register encompassing every pronouncement released. Issues logged on the register provide the basis for project proposals and review reports.

Each issue logged on the issues register is allocated a reference number. The issue, affected stakeholders, proposed response and current status is logged. The issues register content is updated regularly and is available for public viewing on the APESB website.

Appendix 1: Structure of APESB pronouncements

The Code

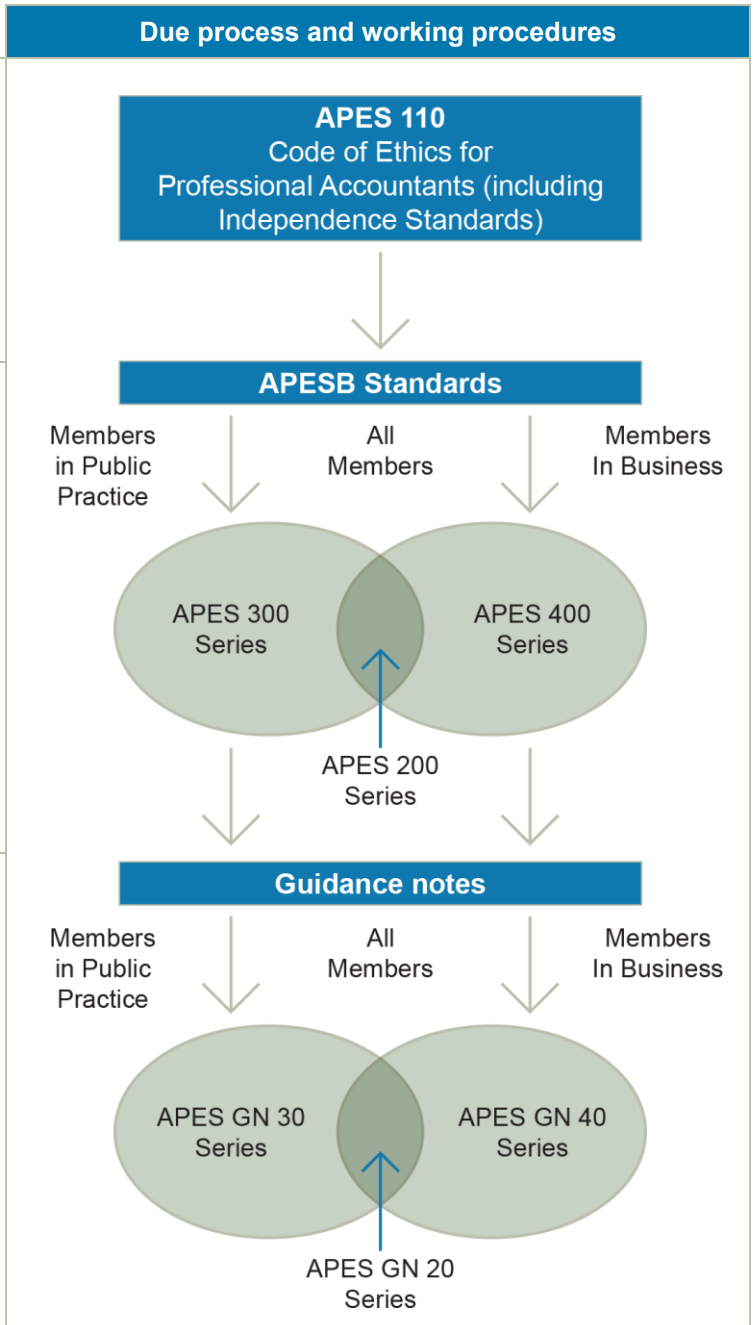
- Principles based
- Mandatory for Members of the Professional Bodies
- Requirements labelled with 'R'
- Guidance labelled with 'A'

Standard

- Introduces principles
- Mandatory requirements in **bold-type**
- Guidance and/or explanation in normal type

Guidance notes

- Do not introduce new principles
- Guidance on a specific matter on which the principles and requirements are already stated in a Standard
- Guidance is in normal type



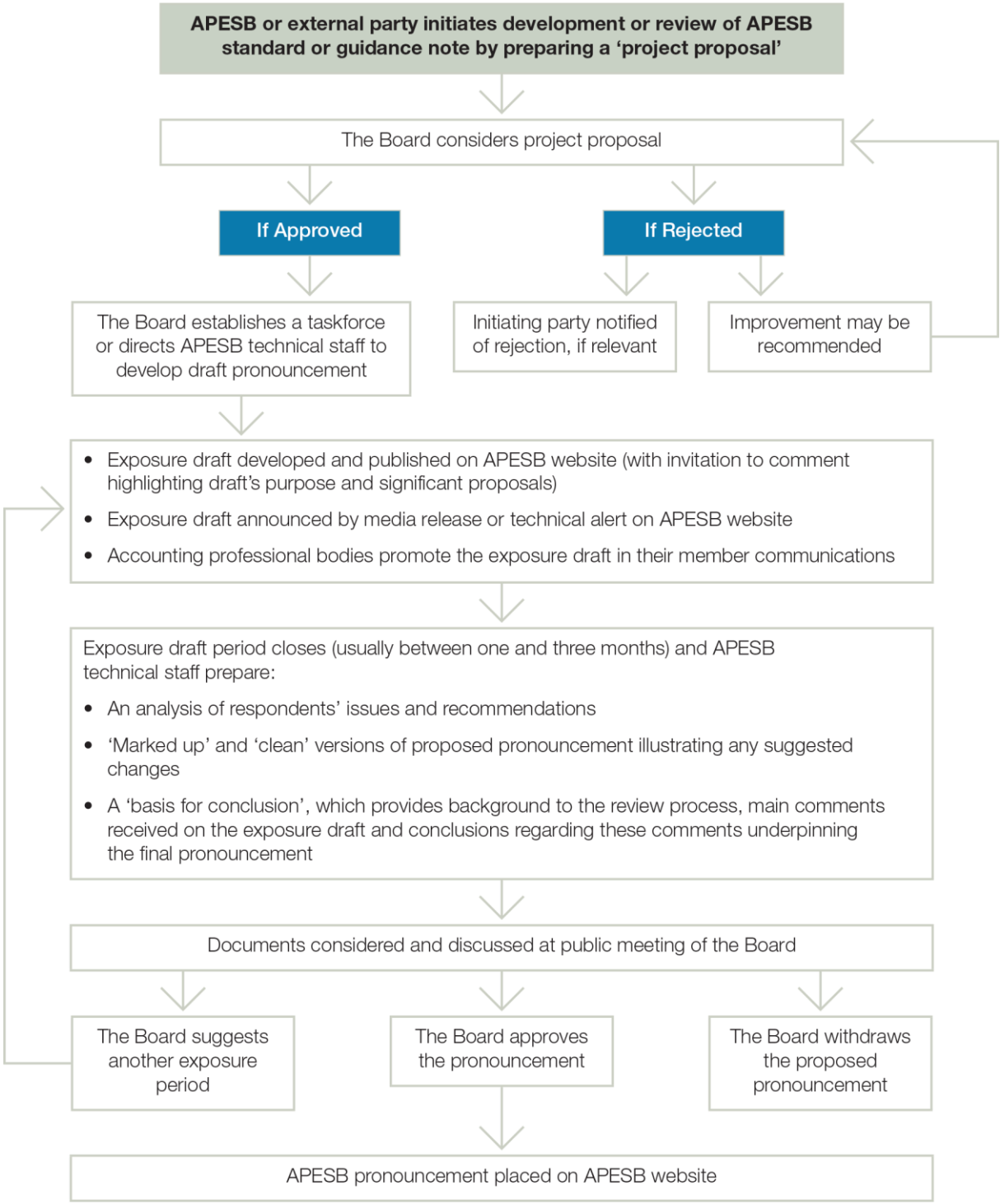
Appendix 2: APESB issued and proposed pronouncements as at ~~October~~ XXX 202X~~2~~

Professional pronouncements Framework	APES Reference	Name of Document, Standard or Guidance Note
Due Process	—	Due process and working procedures for the development and review of APESB pronouncements
The Code for all Members	APES 110	Code of Ethics for Professional Accountants (including Independence Standards)
Standards & Guidance Notes for all Members		
APES 200-299	APES 205	Conformity with Accounting Standards
	APES 210	Conformity with Auditing and Assurance Standards
	APES 206	Conformity with Sustainability Reporting Standards
	APES 215	Forensic Accounting Services
	APES 220	Taxation Services
	APES 225	Valuation Services
	APES 230	Financial Planning Services
APES GN 20-29	APES GN 20	Scope and Extent of Work for Valuation Services
	APES GN 21	Valuation Services for Financial Reporting
Standards & Guidance Notes for Members in Public Practice		
APES 300-399	APES 305	Terms of Engagement
	APES 310	Client Monies
	APES 315	Compilation of Financial Information
	APES 320	Quality Management for Firms that provide Non-Assurance Services
	APES 325	Risk Management for Firms
	APES 330	Insolvency Services
	APES 345	Reporting on Prospective Financial Information Prepared in Connection with a Public Document
	APES 350	Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document
APES GN 30-39	APES GN 30	Outsourced Services
	APES GN 31	Professional and Ethical Considerations relating to Low Doc Offering Sign-offs
Standards & Guidance Notes for Members in Business		
APES 400-499	—	
APES GN 40-49	APES GN 40	Ethical Conflicts in the Workplace – Considerations for Members in Business

	APES GN 41	Management Representations

Appendix 3: Due Process flowchart

The flowchart below sets out the key stages in the due process APESB undertakes when develeoping and reviewing APESB pronouncements.



Appendix 4: Taskforce terms of reference

1. Introduction

Accounting Professional & Ethical Standards Board Limited (APESB) is governed by an independent board of directors and has complete independence in its standard-setting activities.

The primary objective of APESB is to develop and issue, in the public interest, appropriate professional and ethical pronouncements which apply to the membership of the three major Australian professional accounting bodies. A secondary objective of the APESB is to provide the opportunity or forum for the discussion and consideration of issues relating to professional and ethical pronouncements for accountants.

A taskforce is a temporary working group established by APESB for new or existing pronouncements that require high level development or review. A taskforce is disbanded once its goal has been accomplished.

2. Objectives

The objectives of a taskforce are to:

2.1 Provide APESB with expert and authoritative advice on the development and review of professional and ethical pronouncements in a specific area of expertise.

2.2 Oversee the development and review of professional and ethical pronouncements in a specific area of expertise in accordance with the due process and working procedures.

2.3 Establish links with key stakeholders in order to incorporate the latest developments in the specific area of expertise.

2.4 Advise APESB on any practical implementation issues to be considered during the development of the pronouncement.

3. Composition and size

3.1 The appointment of Taskforce Members is at the discretion of the APESB and generally consist of, but is not limited to, the following stakeholders:

- APESB Chief Executive Officer (Chairman)
- APESB Board Member (Observer) – Non-voting
- APESB Senior ~~Technical~~ Staff member (Secretary) – Non-voting
- 1 CPA Australia nominee
- 1 CA ANZ nominee
- 1 IPA nominee
- 1 legal representative (if required)
- Members with demonstrated experience in the area of interest, i.e., subject matter experts.

3.2 The determination of the size of a taskforce is balanced between a broad base of representation and the need to restrict membership to workable numbers.

3.3 Taskforce meetings are only open to nominated members; or if a member cannot attend, their representative. Attendance by other stakeholders is considered on a case-by-case basis and is at the discretion of the Taskforce Chairman.

3.4 The APESB Senior ~~Technical~~ Staff member provides technical support to the taskforce and is the principal drafting editor of the standard. This includes meeting organisation, compilation and distribution of agendas, minutes and any other associated taskforce documents and drafts.

3.5 The APESB Chief Executive Officer functions as the Chairman and Quality Assurance Reviewer of the taskforce. The Chief Executive Officer is also responsible for providing guidance on APESB policies and procedures.

3.6 The nominated APESB Board Member attends taskforce meetings and also reviews pronouncements before presentation to the APESB.

3.7 The APESB Secretariat provides administrative support to the taskforce.

4. Method of appointment

4.1 To form a taskforce, APESB seeks nominations from organisations listed in 3.1 and seeks nominations from interested parties from its website.

4.2 When an organisation nominates a taskforce member it is expected that the member is able to speak authoritatively on the subject matter and/or communicate the views of that organisation.

5. Meeting frequency

5.1 Each taskforce meets as required by teleconference or in some circumstances, in person.

5.2 Regular email communication is anticipated between meetings.

6. Accountability

6.1 Each taskforce is accountable to the Board through the Taskforce Chairman.

7. Confidentiality

7.1 Internal taskforce documents are marked 'in confidence' and should be treated as confidential. This does not preclude a taskforce member reporting back to a nominating organisation; however, the nominating organisation must also maintain confidentiality.

7.2 No taskforce member is authorised to make public statements on behalf of that taskforce or the APESB, without prior agreement from the APESB Chief Executive Officer.

8. Intellectual property

8.1 In some instances, taskforce members are required to sign a document acknowledging that the intellectual property of all material developed by the taskforce rests with APESB.

Appendix 5: Common terms used in APESB pronouncements

Generally APESB pronouncements contain a section of definitions in each pronouncement. However, in developing professional and ethical pronouncements, the APESB use a number of common terms which are not considered necessary to define in the pronouncement. The table below sets out the definition/intention of these common terms when used in APESB pronouncements.

Common Terms	Definitions/Intentions
Assess	Where a member needs to analyse identified risks relating to a matter in order to conclude on their significance. "Assess", by convention, is used only in relation to risk. *Adaptation from IAASB Handbook Glossary of Terms 2025~~0~~*
Consider	Where the member needs to think about several matters, or when it may be appropriate for the member to do so, but not necessarily to arrive at a particular determination. *IESBA drafting conventions, International Code of Ethics for Professional Accountants (including International Independence Standards) (April 2018)-*
Determine	When the member has to conclude and make a decision. *IESBA drafting conventions, International Code of Ethics for Professional Accountants (including International Independence Standards) (April 2018)*
Evaluate	Where the member has to assess and weigh the significance of the matter. *IESBA drafting conventions, International Code of Ethics for Professional Accountants (including International Independence Standards) (April 2018)*