APESB

Accounting Professional & Ethical Standards Board

AGENDA PAPER

Item Number:	11
Date of Meeting:	4 September 2026
Subject:	Update on Auditor Independence Guide Project

☐ **Action Required** ☒ **For Discussion** ☒ **For Noting** ☐ **For Information**

Purpose

To update the Board on the progress of the Auditor Independence Guide revision project.

Background

The fifth edition of the Independence Guide provides members with practical guidance on applying the independence requirements in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), with illustrative scenarios that demonstrate the application of the conceptual framework to audit and assurance engagements. It is jointly published by APESB, Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia and the Institute of Public Accountants (IPA).

APESB worked with the three professional bodies to co-develop the fifth edition of the Independence Guide, issued in May 2020. The professional bodies developed the first four editions of the Independence Guide without APESB's involvement.

The fifth edition substantially revised the fourth edition of the Independence Guide to reflect changes to the Code and explain how the enhanced conceptual framework in the restructured Code applies in circumstances commonly encountered by auditors. It also introduced many new scenarios to help members understand and meet their auditor independence obligations.

Since its release, the fifth edition has been well received. It is widely used by members in public practice, audit firms, regulators and other stakeholders as a practical reference on auditor independence in Australia.

At the June 2026 Board Meeting, the Board agreed to collaborate with the three professional bodies to develop the proposed sixth edition of the Independence Guide. The Board considered the project scope and instructed management to finalise the Heads of Agreement with the bodies, then commence a tender process to engage a suitably qualified consultant to develop the guidance.

Matters for Consideration

Since the June 2026 Board meeting, APESB Technical Staff have progressed the following activities to establish the agreement and scoping for the proposed Sixth Edition of the Independence Guide:

- The project scope was circulated to the three professional bodies and has subsequently been approved.
- The Heads of Agreement for the project has been finalised following review by the professional bodies and external legal advisers. The external legal advisers issued the document for formal execution on 20 August 2026. APESB and the professional bodies fully executed the Agreement on 26 August 2026.

APESB Technical Staff will commence the tender process to engage a suitably qualified consultant to assist with developing the 6th Edition of the Independence Guide.

A proposed timetable for the project is set out below:

Date	Action
1 September 2026	Invitation to Tender issued.
30 September 2026 (6.00 PM)	Deadline for receipt of tender submissions.
October 2026	Consultant appointed by the Board.
September 2026 – April 2027	Drafting, research and stakeholder engagement.
End of May 2027	Finalisation and publication of the Independence Guide (6th edition)

Way forward

In September 2026. APESB Technical Staff will commence work on the tasks allocated to APESB under the project scope. Stakeholder engagement with ASIC, the ATO, APRA, the AUASB, the professional bodies, firms and audit practitioners will commence to inform drafting, particularly of the new sustainability assurance section and the guidance for SMSF auditors.

APESB Technical Staff will update the Board at the November 2026 meeting on project progress, and the expected completion date is May 2027.

Staff Recommendation

That the Board note the update on the Independence Guide project.

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Date 27 August 2026