APESB
Accounting Professional & Ethical Standards Board

AGENDA PAPER

Item Number:	6
Date of Meeting:	4 September 2026
Subject:	Post Implementation Review for APES 320 and APES 325

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

Purpose

To provide the Board with an update on the Post Implementation Review (PIR) of APES 320 *Quality Management for Firms that provide Non-Assurance Services* (APES 320) and APES 325 *Risk Management for Firms* (APES 325).

Background

APES 320 *Quality Management for Firms that provide Non-Assurance Services* (APES 320) was reissued in February 2022 and was effective from 1 January 2023, with early adoption permitted. This Standard replaced APES 320 *Quality Control for Firms* issued in September 2019.

APES 320 was reissued primarily because the Australian Auditing and Assurance Standard Board (AUASB) revised the Quality Management Standards in March 2021. It requires firms' non-assurance service lines to establish policies and procedures for their quality management processes. The elements of reissued APES 320 are aligned, at a high level, with the components of ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* issued by the AUASB, which are effective from 15 December 2022.

In addition, Appendices 1 and 2 of the reissued APES 320 assist hybrid firms with both assurance and non-assurance practices in determining which quality management standards to comply with and which services are covered by the Standard, including a comparison of APES 320 elements to ASQM 1 components.

At the February 2022 Board meeting (Agenda Item 3), the Board approved the issue of APES 320. The Board also determined that APESB should undertake a Post-Implementation Review (PIR) of the reissued APES 320 within two years from the effective date of 1 January 2023 to determine if any revisions to the standard are required. This review will include reviewing the interaction between APES 320 and APES 325 *Risk Management for Firms* (APES 325).

APES 325 sets out mandatory requirements and guidance for firms to establish, maintain, monitor and document a risk management framework. It addresses the objective of a firm's risk management framework, including monitoring its risk management policies and procedures and documentation requirements.

In July 2024, Technical Staff received feedback from the Professional Bodies, suggesting that the PIR of APES 320 be postponed for two years to gather feedback from members through their quality review programs. At the September 2024 Board meeting (Agenda Item 8), the Board agreed to defer the PIR of APES 320 for two years, at the request of the Professional Bodies, to 2026. The PIR of APES 325 was also deferred to 2026 to align with the PIR of APES 320.

Matters for Consideration

In June 2026, APESB Technical Staff contacted CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ), and the Institute of Public Accountants (IPA) to determine whether they had any issues or concerns, including those raised by Members, in respect of the revised APES 320 and APES 325.

As at the date of writing this paper, Technical Staff have received feedback from CPA Australia and IPA, with their comments tabulated in General and Specific Comment Tables at Agenda Items 6 (a) and 6 (b), respectively.

Overall, feedback was generally positive, noting a high level of compliance with the requirements by practitioners. One professional body encouraged APESB to make no further changes to APES 320 or APES 325 at this stage,

Key matters raised are summarised below:

- AML/CTF and Privacy law reforms (GC3 and GC12) – The professional bodies queried whether amendments to APES 320 are anticipated given practitioners' new obligations under the AML/CTF and Privacy law reforms, effective from 1 July 2026, with one suggesting a guidance note to assist practitioners with their AUSTRAC reporting obligations.

- Role of APES 320 in recent ethical failures in large firms (GC4) – A professional body queried whether APES 320 has a role to play given recent failures of compliance with the fundamental principles in a large firm.

- AI and Technology resources (SC 2 and SC3) – A professional body recommended that the PIR consider the impact of Artificial Intelligence (AI) on quality control management given the exponential growth in AI use by practitioners.

- Documentation requirements for sole practitioners (SC1) – A professional body commented that documentation requirements should be proportionate, in both form and substance, to the size and nature of a firm's practice. The professional body considered that the standard would benefit from explicitly stating that sole practitioners are also required to appropriately document their policies and procedures, removing any ambiguity as to this requirement.

- Compliance costs from maintaining multiple manuals (GC8) – Concerns were also raised about the compliance burden, whereby practitioners providing both assurance and non-assurance services are required to maintain multiple manuals. The professional body notes that this increases costs, particularly for small and sole practitioner firms, with further rebuilds required as sole practices grow into multi-practitioner firms.

Technical Staff analysis

- AML/CTF and Privacy law reforms (GC3 and GC12) - Technical Staff note that the Board discussed AML/CTF and Privacy law reforms at its June 2026 Board meeting (Agenda Item 7), where it was noted that the AML/CTF Tranche 2 obligations will apply to professional accountants involved in financial services and may therefore also impact APES 230 *Financial Planning Services*.

- Role of APES 320 in recent ethical failures in large firms (GC4) – Technical Staff note that APES 320 is an engagement-level standard and most of the matters currently under investigation at the PJC did not occur during the course of a specific engagement. We also note that the IESBA's Firm Culture and Governance (FCG) Project is currently underway. Following a decision on the way forward at the IESBA's June 2026 Board meeting, the IESBA agreed that FCG will be addressed through a targeted update to the IESBA Code.

- AI and Technology resources (SC 2 and SC3) – Technical Staff note that APESB is separately undertaking a broader project on the impact of Technology, including AI, as part of its review of APESB Pronouncements, including the APES 300 series. Technical Staff have begun desktop research and stakeholder engagement for this project, initially focusing on forensic accounting services and valuation services. A project update is provided at Agenda Item 9.

- Documentation requirement for sole practitioners (SC1) – Technical Staff note that APES 320, paragraph 3.17, already imposes an obligation for firms, including sole practitioners, to document their system of quality management. APES 320 paragraph 3.18 provides guidance via application material to assist Members in determining the form and content of documentation suited to their Firm. For sole practitioners, it provides guidance that informal methods, such as manual notes, checklists and forms, may be used, in contrast to the electronic databases used by large firms.

- Compliance costs from maintaining multiple manuals (GC8) – Technical Staff note that the reissued APES 320 Basis for Conclusions (page 3) highlights that APES 320 was designed with a high-level alignment to ASQM 1 to assist hybrid firms with both assurance and non-assurance practices, and that the extant requirements and application material of the predecessor APES 320 standard (originally issued in 2006) were maintained as much as possible to minimise disruption by enabling continued use of existing policies and procedures with minimal changes. APESB also produced a mapping table to facilitate the transition process and help non-assurance practitioners implement the revised APES 320 in February 2022.

Staff Recommendations

On balance, Technical Staff consider that the feedback received confirms broad support for APES 320 and APES 325. Accordingly, Technical Staff recommend no separate APESB project be undertaken to amend the requirements of APES 320 or APES 325 at this time.

Technical Staff recommend that staff undertake further research on the interaction between the AML/CTF and Privacy Laws reforms, including APES 320 and other applicable APESB Standards and consider whether a change to an applicable standard or the development of guidance material is appropriate.

Technical Staff also recommend that the impact of Technology be considered in the current project dealing with the impact of AI on APESB pronouncements.

With respect to issues associated with Firm Culture, given IESBA's project and the likelihood of a global exposure draft being issued later this year, it is probably best to wait until the global process is finalised.

Question for Board members

Question 1

Do Board members agree with the Technical Staff's analysis and proposed responses to the comments received (Agenda Papers 6(a) and 6(b))?

Way forward

The proposed way forward for this project is for Technical Staff to:

- undertake further research on the interaction between the AML/CTF and Privacy Laws reforms and its impact on applicable APESB Standards.
- Consider the impact of AI on APES 320 and APES 325 as part of the current APESB project on technology.
- Defer consideration of firm culture due to IESB's global project, which is scheduled to issue an Exposure Draft at its December 2026 meeting

Material presented

Agenda Item 6 (a)	General Comments Table
Agenda Item 6 (b)	Specific Comments Table

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