Exposure Draft 03/26: *Proposed amendments to APES 210 Conformity with Auditing and Assurance Standards*

Review of Submissions - Specific Comments
Exposure Draft 03/26: *Proposed amendments to APES 210 Conformity with Auditing and Assurance Standards*

Note: General comments relating to Exposure Draft 03/26 is addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1.	2 – Definition of Assurance Engagement	Deloitte	*Definitions - Assurance Engagement* The paragraph added to this definition stating that *"In Part 4B, the term "Assurance Engagement" addresses Assurance Engagements other than audit engagements, review engagements, or Sustainability Assurance Engagements addressed in Part 5."* is not relevant to this standard, and we suggest it be removed. If it is decided to keep the paragraph, then we suggest indicating that the references to Part 4B and Part 5 are to "the Code".	No
2.	2 –Definition of 'Sustainability Assurance Practitioner', 1.3, and 1.5 to 1.7	CA ANZ	While we support the objective of aligning APES 210 with the sustainability assurance provisions in APES 110, we believe the proposed addition of the definition of "Sustainability Assurance Practitioner" (and consequential amendments) requires further consideration, particularly in the context of the APESB's constitutional objects which provide that its standard -setting powers are directed to setting professional and ethical standards that will apply to members of the Professional Bodies (as defined in the APESB Constitution). The APESB may consider it prudent to obtain a legal opinion that the proposed amendments are within power. The inclusion of the term "individual(s)" extends beyond the APESB's prescribed member-based framework and creates uncertainty as to whether the APESB standards are intended to apply to non-member participants in sustainability assurance engagements. We have set out our observations and recommendations in Appendix 1.	No

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3.	2 –Definition of 'Sustainability Assurance Practitioner', 1.3, and 1.5 to 1.7	CA ANZ	**Appendix 1** ***Specific Comment – Definition of Sustainability Assurance Practitioner (SAP)*** The ED proposes to add the following definition: *"Sustainability Assurance Practitioner means the individual(s) conducting a Sustainability Assurance Engagement (usually the engagement leader or other members of the engagement team, or, as applicable, the firm)."* The ED also proposes amendments to the definitions of '*Firm*', '*Professional Activity*' and the new definition '*Sustainability Assurance Engagement*' that incorporates SAPs alongside professional accountants who are members of the Australian Professional Accounting Bodies (**APAB**). The proposed definition creates uncertainty regarding the scope of APES 210 and appears to extend the Standard to persons who are not members of the APABs, noting that the definition reflects an international position that may not be appropriate in this standard. APES 210 applies to Members, defined as members of the APABs that have adopted the Standard. The APABs identified in APES 210 are CA ANZ, CPA Australia and the Institute of Public Accountants (**IPA**). The proposed definition of SAP, however, is not linked to membership of an APAB. Instead, it captures "individual(s) conducting a Sustainability Assurance Engagement" and expressly contemplates members of an engagement team. As Australia's sustainability assurance market develops, engagement teams are likely to include a range of specialists who may not be members of an APAB, including environmental scientists, engineers, climate specialists, data specialists and other subject matter experts. Under the proposed definition, these individuals could technically fall within the definition of an SAP despite not being subject to the APESB standards through APAB membership. The proposed definition of an SAP appears premised on the assumption that all practitioners undertaking sustainability assurance engagements fall within the APESB's member-based regulatory framework. However, recent ASIC, AUASB and the APESB implementation materials recognise that sustainability assurance engagements will commonly involve multidisciplinary teams and the use of external experts. While the lead auditor responsible for a sustainability assurance engagement may be required to be a Registered Company Auditor (**RCA**), it is not expressly required under s 1280 of the Corporations Act or RG	No

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			180 – ASIC's registration framework for auditor registration – that an RCA be a member of CA ANZ, CPA Australia or the IPA. Further, members of the engagement team may include specialists from disciplines other than accounting. As a result, the proposed definition's reference to "individual(s)" may capture persons who are not members of a APAB and therefore fall outside the APESB's membership-based standards coverage. This drafting creates a conceptual inconsistency within APES 210. The APESB's standards are designed to apply through the membership obligations of participating APABs. APES 210 accordingly imposes obligations on Members and Firms. The introduction of a defined term that captures any individual participating in a Sustainability Assurance Engagement risks implying that the APESB standards impose direct obligations on persons who are not members of an APAB and who are therefore outside the APAB's enforcement frameworks and APESB's standard-setting reach. This is particularly evident in the proposed amendment to the definition of "Professional Activity", which extends the term to activities undertaken by "a Member or a Sustainability Assurance Practitioner". The effect is that APES 210 appears to create obligations by reference to a category of person broader than the class of persons over whom the APESB has standard-setting authority. The current drafting may result in: • Uncertainty regarding who is required to comply with APES 210. • Confusion for multidisciplinary sustainability assurance teams containing both APAB members and non-members. • The perception that the APESB standards directly apply to sustainability specialists who are not members of CA ANZ, CPA Australia or IPA. • Potential inconsistencies between APES 210 and the constitutional basis upon which the APESB issues professional and ethical standards. We recommend that the APESB reconsider the inclusion of the definition for an SAP and align it more closely with the membership of the APAB who can properly be subject to the APESB standards.	

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			Rather than introducing a new category of practitioner through the proposed SAP definition, APESB could achieve the intended outcome through more limited amendments that preserve the existing member-based application of APES 210. We support the proposed revision to the definition of "Assurance Engagement" to include engagements performed under the Australian Standards on Sustainability Assurance (including ASSA 5000). This amendment appropriately brings Members undertaking sustainability assurance engagements within the scope of APES 210 without the need to introduce a separate defined category of Sustainability Assurance Practitioner. Accordingly, APESB could consider: • Retaining the existing definition of Firm and removing reference to SAP from that definition. • Removing reference to SAP from the definition of Professional Activity. • Deleting the proposed definitions of SAP, Sustainability Assurance Engagement and Sustainability Information. • Relying on the revised definition of Assurance Engagement to bring sustainability assurance engagements within the scope of APES 210 for Members and Firms. Where alignment with APES 110 terminology is considered necessary, we suggest including explanatory material clarifying that APES 210 applies only to Members and Firms and does not create direct obligations for non-member specialists participating in multidisciplinary engagement teams. This approach would maintain consistency with APESB's constitutional and membership-based framework while still supporting alignment with sustainability assurance requirements and the evolving assurance environment.	
4.	3.2	Deloitte	*Independence – Para 3.2* As this paragraph relates to independence, we suggest the final bullet be limited to "the Independence Standards for Sustainability Assurance Engagements contained in Part 5", rather than all of Part 5 as that incorporates the Ethical Standards covered in paragraph 3.1.	Yes – Para 3.2

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RESPONDENTS

1	CA ANZ	Chartered Accountants Australia and New Zealand
2	Deloitte	Deloitte Touche Tohmatsu