

21 June 2021

Nancy Milne  
Chair  
Accounting Professional & Ethical Standards Board Limited  
Level 11, 99 William Street  
Melbourne VIC 3000

Dear Ms Milne

**Re: Exposure Draft 02/21: ‘Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers**

Thank you for the opportunity to comment on exposure draft 02/21: *‘Proposed Amendments to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers.*

The Institute of Public Accountants supports the proposal in ED 02/21 to incorporate an Australian paragraph AUST R325.8.1 to enhance and clarify the requirement that an Engagement Partner cannot undertake the role of an Engagement Quality Reviewer for the same Audit Client without completing a two-year cooling-off period between the two roles.

IPA believes additional Australian guidance paragraphs could also be incorporated into section 325 to address the objectivity of other appropriate reviewers in the context of small and medium practitioners providing non-assurance services. Consideration of this issue could be undertaken in the context of APESB’s Quality Management project (APES 320).

Our review of ED 02/21 has also identified an editorial suggestion in the Appendix below.

If you would like to discuss the IPA comments, please contact me at [vicki.stylianou@publicaccountants.org.au](mailto:vicki.stylianou@publicaccountants.org.au).

Yours sincerely



Vicki Stylianou  
Executive General Manager, Advocacy & Policy  
Institute of Public Accountants

## Appendix

### *IPA Editorial Suggestion*

- **Section 325, paragraph 325.6 A1(b) – Self-review Threat**

IPA suggests changing the word “previously” to “recently”. The term “previously” doesn’t necessarily indicate a threat will continue to exist. As time passes, the threat dissipates. The term “recently” indicates a higher likelihood that a threat prevails at a point in time. Use of the term “recently” would fit well with the later guidance in paragraph 325.7 A1 which provides “The length of time the individual was previously involved with the engagement and the individual’s role”.

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### *About the IPA*

*The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 42,000 members in more than 80 countries, including Australia, the IPA represents members and students working in industry, commerce, government, academia, and private practice. Through representation the IPA ensures that the views of its members are voiced with government and key stakeholders including the Australian Tax Office, Australian Securities & Investments Commission, and the Australian Prudential Regulation Authority on issues affecting our members, the profession, and the public interest. When the IPA merged with the UK’s Institute of Financial Accountants, the IPA Group became the world’s largest accounting body in the SMP/SME sector.*