

30 August 2021

Chief Executive Officer
Accounting Professional Standards & Ethical Standards Board Limited
Level 11
99 William Street
Melbourne Victoria 3000
Australia

Exposure Draft 03/21 – Proposed Amendments to Fee-related provisions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*

EY welcomes the opportunity to comment on the Exposure Draft 03/21 (ED).

We are supportive of the Accounting Professional Standards & Ethical Standards Board's (APESB) efforts to enhance the fee-related provisions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). There are certain aspects of the proposed changes that we agree with and which we believe contribute to a more robust Code. However, as explained in our responses below, there are certain proposed changes that we believe warrant further consideration by the APESB and we hope our comments will aid the APESB in their efforts.

Outlined below are our specific observations and recommendations on the proposed revisions.

Requirements and Application Material - General

We believe that the intent of the proposed paragraph 410.3 A3 in relation to what is included and excluded in the term audit fees is clear and therefore do not have any specific comments.

Public Disclosure of Fee-related Information

The proposed paragraph AUST 410.29.1 A1 states that "Firms should consider the following categories of services for making disclosures in relation to fees received or receivable for Professional Services provided to Audit Clients".

We support transparency and communication with those charged with governance at the audit client and the public as an element of safeguarding independence. However, we believe that public disclosure of fee-related information is a financial reporting matter and accordingly is primarily the responsibility of the audit client in complying with the appropriate financial reporting framework and not the auditor. It is the auditor's role to opine on whether the financial report complies with the financial reporting framework. Accordingly, the disclosure of audit and non-audit fee information and should be addressed by the financial reporting framework, being the *Corporations Act 2001* or an appropriate Australian Accounting Standard issued by the Australian Accounting Standards Board (AASB).



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The Parliamentary Joint Committee on Corporations and Financial Services (PJC) Inquiry into the regulation of auditing in Australia recommended the development of defined categories and associated fee disclosure requirements in relation to audit and non-audit services in Australian Accounting Standards. Whilst there is a financial reporting requirement to disclose audit and non-audit fees, the PJC noted that "current practice is that reporting entities develop their own criteria as to what constitutes the different categories of services (for example, audit-related or other assurance services) as reported in entities' financial statements". We note that the PJC Interim Report did not recommend that auditors take responsibility for this disclosure.

We do not believe APES110 as it applies to auditors should purport to contain financial reporting requirements or seek to impose financial reporting requirements on auditors, who are not the preparers of financial reports.

We would be pleased to discuss our comments with APESB and its staff. Should you wish to do so, please contact me (christopher.george@au.ey.com or (0419 206 323).

Yours sincerely

A handwritten signature in black ink, appearing to be 'Chris George', written in a cursive style.

Chris George
Partner - Oceania Assurance Professional Practice Director