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Sent: Wednesday, 24 November 2021 12:15 PM
To: Sub APESB <sub@apesb.org.au>; Channa Wijesinghe <channa.wijesinghe@apesb.org.au>; Jacinta Hanrahan <jacinta.hanrahan@apesb.org.au>
Subject: ED on proposed revision of APES 320 Quality Management for firms providing non Assurance Services

Dear Channa

Firstly, thank you for the excellent Zoom presentation on the proposed re-issue and re-focussing of APES 320.

That explained the new standard and reasons why certain decisions were made on its structure, and was most helpful. It was apparent from the survey questions that the majority agreed with the approach being adopted, albeit that agreement was not universal. For what its worth, I agree with the approach taken on the various aspects/issues that were surveyed.

My thoughts are primarily at a high level; I trust these are helpful.

As regards the specific questions for which feedback is requested:

Request for Specific Comment 1 – Do you agree that APES 320 should apply to the non assurance practices and engagements of firms as set out in this Exposure Draft or should APES 320 continue to apply to all firms and engagements? Please provide reasons and justification for your response.

Segregating 320 to apply to only non assurance services simply makes sense. It avoids potential for confusion, and facilitates a more targeted standard. These services are sufficiently different to warrant a separate standard. Its also observed as well that, overall, non assurance services are by far the majority of services provided by professional firms - another reason for warranting a targeted focus.

Request for Specific Comment 2 – Should APES 320 include root cause analysis as a means of identifying the root causes of deficiencies in the system of quality management? Please provide reasons and justification for your response.

While its appropriate that firms should review their systems for when issues arise, its not necessary to define what that system should be. Root cause analysis is but one tool that might be used, but, as APESB have observed, it can be overly resource intensive..

Request for Specific Comment 3 – Would practitioners find the development of additional implementation material for APES 320 useful? For example, the development of the

Independence Guide by APESB in conjunction with the professional bodies, to demonstrate the application of independence standards has been favourably commented on by stakeholders. APESB is open to the development of similar implementation material for quality management of non-assurance practices. Please provide reasons and justification for your response.

Agree that some implementation guidance should be prepared - but not necessarily by APESB. While APESB might contribute and comment on, it potentially compromises their role as the standard setter. The professional bodies should be primarily responsible.

Request for Specific Comment 4 – Do you agree that APES 320 and APES 325 should continue to be separate standards or should APES 320 be incorporated into, or otherwise combined with, APES 325? Please provide reasons and justification for your response.

I have no strong views on this. I understand the pragmatic approach taken by APESB and am happy to support this. The fact, though, that 325 covers both assurance and non assurance services begs the question whether 325 also needs to be separated out. I mention this, but have no firm views - as is noted in the commentary, 325 is intended for firm governance, whereas 320 is for engagement delivery.

Other Comments

I support the change in the title of 320, ie from "Quality Control" to "Quality Management" - which better reflects the approach for non assurance services.

Interestingly, there is no definition of "quality", as such - in either the current standard or the ED. I suspect this is because it's so very difficult to define. And in the context of non assurance services, can mean very different things, according to the nature of engagement and the client's desires

Happy to discuss any of these comments further.

Best wishes

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