



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

via email: sub@apesb.org.au

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APES 320: Quality Management for Firms that provide Non-Assurance Services

We welcome the opportunity to provide comments on the APES 320 Quality Management for Firms that provide Non-Assurance Services, the reissuing of APES 320 Quality Control for Firms (extant APES 320).

Firstly, we would like to thank the Accounting Professional and Ethics Standards Board (APESB) for considering the initial feedback provided by industry participants on the initial changes to APES320 following agreement within Australia to adopt ISMQ1 and 2, through the issuing of ASQM1 and 2 by the Australian Auditing and Assurance Standards Board in March 2021. Secondly, we would also like to thank APESB for undertaking comprehensive engagement with industry participants during this consultation period, including the hosting of a virtual roundtable discussion on this topic on 8 November 2021. We found this roundtable discussion very engaging and informative. We would encourage more of these types of discussions for future consultations.

We are generally supportive of the revised APES 320 standard as it acknowledges there is a need for a different quality system for non-assurance services. Quality must be front of mind in any service provided by a professional services firm, but the design and approach of a quality system and standard for assurance standards should be different to that of non-assurance services given the more standardised nature of assurance work and the important role that assurance plays in supporting integrity in financial reporting. Non-assurance work is generally more diverse and provides a range of different outputs. In this respect, we welcome the changes in terminology within the standard, for example in the proposed change from *reasonable assurance* to *reasonable confidence*; and the proposed removal of *Engagement Quality Control Reviewer*, with *appropriate reviewer*.

We believe Root Cause Analysis (RCA) should be excluded from APES320, in acknowledgement that it may add a significant level of complexity to the standard and be too resource intensive for smaller firms. This is not to say that RCA is not a critical element of a quality management system, but to mandate it as part of a standard for non-assurance work is, we believe, would create implementation costs that outweigh the benefits.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001

T: +61 2 8266 0000, www.pwc.com.au

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We would support the offer to provide additional guidance and support materials for smaller and medium practices to help them implement the new requirements of the standard. This would not only assist with the expected level of documentation but provide some consistency in how smaller firms develop their approach to compliance.

Finally, we are comfortable with the continued separation of APES 320 and APES 325 at this time given the disruption it may cause to the risk management frameworks of the firms. In addition the risks considered under APES 325 are more strategic and comprehensive than those considered under APES 320. We believe this question should be revisited at a later point.

Should you need any further information, please feel free to contact myself on the number below or Benjamin Carr on 0419 165 080.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Mill', with a stylized flourish at the end.

Andrew Mill

PwC Australia Partner

Direct: +61 (3) 8603 3085

Mobile: +61 419 535 623

Email: andrew.mill@pwc.com