

28 April 2022

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

By email: [sub@apesb.org.au](mailto:sub@apesb.org.au)

Dear Channa,

***Re: Exposure Draft 01/22 Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)***

Thank you for the opportunity to provide further comment on proposed amendments to the fee-related provisions of APES 110 following the earlier exposure draft ED 03/21.

On the key requirements and guidance in Exposure Draft 01/22, IPA generally supports:

- Amending the provision regarding fee dependency on a referral source by introducing an arbitrary 30% threshold combined with a five-year cumulative period to allow existing and new firms a reasonable time period to address threats that may arise from such scenarios.
- Clarifying which Members in Public Practice can perform a review when assessing fee dependency for either the Engagement Partner, Office of a Firm or the Firm. In relation to the drafting on paragraph AUST R410.14.2, we agree that a review should be conducted by a Member who was not involved in the Audit Engagements, however the reviewer should also be from at least another office of the Firm or external to the Firm in order to appropriately address the self-interest or intimidation threat.
- Amending the drafting of the extant guidance paragraph AUST 410.14.1 A1 to be consistent with the IESBA drafting approach.
- Establishing an additional requirement to clarify actions to be taken if the fee dependency on a referral source continues past 5 years. IPA prefers option 1 (have an appropriate reviewer who was not involved in the audit engagement review the audit work) over options 2 and 3 if the fee dependency on a referral source continues beyond five years on the basis that option 1 is consistent with proposed paragraph 410.14 A7. It is hoped this requirement will act as a catalyst for professional accountants to manage the fee dependency within the five-year cumulative period.

If you have any queries with respect to our comments or require further information, please don't hesitate to contact me at [vicki.stylianou@publicaccountants.org.au](mailto:vicki.stylianou@publicaccountants.org.au) or on mobile 0419 942 733.

Yours sincerely



Vicki Stylianou  
Group Executive, Advocacy & Policy  
Institute of Public Accountants

### **About the IPA**

The IPA is one of the professional accounting bodies in Australia with over 47,000 members and students across 80 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. Since merging with the Institute of Financial Accountants UK, the IPA Group has become the largest SME and SMP focused accounting body in the world.