



**Building a better  
working world**

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

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

20 December 2022

Submitted via: <http://apesb.org.au/current-projects/>

## **Exposure Draft 07/22 – Proposed Standard: APES 215 Forensic Accounting Services**

Dear Channa,

EY welcomes the opportunity to comment on ED 07/22.

EY is supportive of the Accounting Professional & Ethical Standards Board's (APESB) efforts to enhance APES 215 *Forensic Accounting Services* (APES 215) in Australia. We broadly agree that APESB's proposed changes will reinforce and strengthen forensic accounting in Australia, and in turn promote increased confidence in these services.

However, we would like to bring to the attention of the APESB our concerns surrounding the interaction between APES 215 and the *Amendments to the Non-Assurance Services provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110) released in December 2022. Specifically, section R607.9 of these amendments prohibits firms from acting as an expert witness for PIE audit clients.

Further, section 3.14 of the proposed APES 215 *Forensic Accounting Services* requires reports that include a statement on the Member's specialised knowledge, training, study or experience to be considered an Expert Witness Service.

We are therefore concerned that an unintended consequence of this provision might arise. In an event where a report provided as part of a professional service, that was never intended to be used as part of an Expert Witness Service is subsequently used in legal proceedings, and that report contains a statement on the credentials or qualifications of the author, this might then give rise to an Expert Witness Service retroactively being considered a contravention of section R607.9 of APES 110.

As an example, where a firm is engaged by a PIE audit client to provide a valuation report in line with subsection 603 of APES 110 and with APES 225 *Valuation Services*, and such a statement is included either in the report itself or in a covering letter intended to be read in conjunction with the report. In a further example, the valuer could be asked to provide details of their qualifications or experience to support the PIE audit client in the relevant legal proceeding, without performing any additional work.

EY therefore requests the Board and technical staff consider an additional guidance paragraph, technical staff Q&A document, or an additional scenario under Appendix 3 to APES 215, to clarify that services to provide reports made under the requirements of a separate APESB pronouncement are not captured by these provisions.

We also take this opportunity to thank APESB for making available a marked-up version of this Exposure Draft. Such a document simplifies stakeholder analysis of APESB EDs and increases transparency and we encourage APESB to continue to do so.

We do not have any comments on APESB's technology-related specific questions.

We would be pleased to discuss our comments with the Board and with technical staff. Should you wish to do so, please contact me at [leigh.walker@au.ey.com](mailto:leigh.walker@au.ey.com) or on 03 9288 8454.

Yours sincerely

Leigh Walker  
Oceania Risk Management and Independence Leader