

AGENDA PAPER

Item Number: 4
Date of Meeting: 22 March 2018
Subject: Revisions of Long Association provisions of the Code

Action required For discussion For noting For information

Purpose

To present for Board approval the amending standard *Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants*.

Background

At its November 2017 meeting, the Board approved the issue of the Close-off Document *Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants* (APESB Close-off Document).

The APESB Close-off Document set out the proposed revisions to the Long Association provisions in APES 110, based on the close-off document released by the International Ethics Standards Board for Accountants (IESBA) and in the existing drafting format of the Code.

Consideration of Issues

At the time of issuing APESB's Close-off document, the expectation was that the IESBA would issue the Code in the new format (incorporating the Long Association provisions) early in the new year and that the whole Code will have an effective date of 1 January 2019.

However, it now appears that the effective date of the new IESBA Code will be for periods commencing on or after 15 June 2019 excluding the Long Association provisions which have an effective date for periods commencing after 15 December 2018. Accordingly, the effective date of the currently released text of the new International Code will have two effective dates.

In addition, as indicated in agenda item 3, the IESBA is still working on the inducement provisions of the Code which is expected to be issued in June 2018 and the effective date of these provisions is yet to be approved. It is possible that once the inducements provisions are finalised there could be three effective dates of the new Code.

We have had consultations with the NZAuASB and note that the NZAuASB has determined to issue their respective Long Association amending standard in the existing drafting format in late February 2018. This was also partly due to the fact that their legislative mechanisms did not allow for an issue of a Close-off document.

Under the circumstances, we believe that the Board should change the status of the APESB Close-off document and issue the Long Association provisions of the Code as a Standard to provide certainty to the Australian audit market and its stakeholders given that the start date is 1 January 2019.

This will then in turn address the potential risks of further delays that may occur and allow APESB to develop a comprehensive new Code which has one effective date. We believe that this approach will greatly facilitate the acceptance of the new Code in Australia and the application of the new Code by members in practice and in business.

Recommendation

The Board approve the issue of the *Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants*.

Material Presented

Agenda Item 4(a): *Amending standard Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants*.

Author Channa Wijesinghe

Date 6 March 2018