

AGENDA PAPER

Item Number: 9

Date of Meeting: 16 August 2019

Subject: Proposed revisions to APESB guidance notes

Action required **For discussion** **For noting** **For information**

Purpose

To obtain Board approval to amend the Scope and Application sections of:

- APES GN 20 *Scope and Extent of Work for Valuation Services* (APES GN 20);
- APES GN 21 *Valuation Services for Financial Reporting* (APES GN 21); and
- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31).

Background

The Board approved a [project plan](#) in March 2018 to revise all APESB pronouncements to incorporate changes required due to the release of the restructured APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code).

The restructured Code was issued by the APESB in November 2018.

In March 2019, APESB released the first exposure draft relating to this project (ED 01/19 Revision of APESB Pronouncements) with revisions proposed to ten pronouncements, including APES GN 20, APES GN 21 and APES GN 31.

At the June 2019 Board Meeting, the Board approved the issue of the first batch of restructured pronouncements, including these three guidance notes.

Consideration of Issues

During the final review of these pronouncements for issue, APESB Technical Staff noted that while the scope and application paragraphs in APES GN 20, APES GN 21 and APES GN 31 were consistent, there were some differences to other guidance notes that APESB has issued and to the suggested elements of the scope and application section as listed in Section 5.4 of the *Due process and working procedures for the development and review of APESB pronouncements* (the Due Process document).

While the Board has approved the reissue of APES GN 20, APES GN 21 and APES GN 31, Technical Staff are of the view that the scope and application sections of these three guidance

notes should be updated before being released (which is scheduled for January 2020 as guidance notes become effective on the date they are issued). Technical Staff propose to amend the scope and application of each guidance note to include the following paragraphs (as listed in the table below with any alterations needed to tailor the paragraph for the relevant pronouncement in square brackets).

Proposed scope and application paragraph	To be included in		
	GN 20	GN 21	GN 31
APES GN 20 provides guidance to Members in understanding their professional and ethical obligations associated with determining the scope and extent of work that may be appropriate for Valuation Services defined in APES 225. This Guidance Note does not prescribe or create any mandatory requirements.	✓		
Members [in Public Practice] working in Australia should follow the guidance in APES GN [XX] when they provide Professional [Activities/Services].	✓	✓	✓
Members [in Public Practice] outside of Australia should follow the guidance in APES GN [XX] to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.	✓	✓	✓
The Guidance Note is not intended to detract from any responsibilities which may be imposed by law or regulation.	✓	✓	✓
All references to Professional Standards, guidance notes and legislation are references to those provisions as amended from time to time.	✓	✓	✓
Members [in Public Practice] are required to comply with other applicable Professional Standards and be familiar with relevant guidance notes when performing Professional [Activities/Services]. All Members are required to comply with the fundamental principles outlined in the Code.	✓	✓	✓

Technical Staff are seeking the Board's approval to amend the scope and application section of APES GN 20, APES GN 21 and APES 31 to incorporate the revisions listed above. As the changes are not substantive, we are of the view that these amendments do not need to be re-exposed for public comment.

Recommendation

Subject to the Board's feedback and comments, the Board approve the changes to the Scope and Application sections of APES GN 20, APES GN 21, and APES GN 31.

Authors: Jacinta Hanrahan
Benjamin Collins

Date: 2 August 2019