

## ISSUES REGISTER FOR APESB PROFESSIONAL PRONOUNCEMENTS

Current as at 1 March 2020

### **Note to Stakeholders**

The following is a summary of issues raised by stakeholders in relation to APESB pronouncements. Issues have been compiled by standard or guidance note, with the intended response and current status. Members of the professional accounting bodies, firms, professional bodies and other stakeholders are encouraged to report to APESB via the APESB website ([www.apesb.org.au](http://www.apesb.org.au) then Standards & Guidance/Issues Register) any new issues that need to be addressed by APESB when a pronouncement is next updated or reviewed.

Issues are entered into the register when brought to the attention of APESB by external stakeholders or through identification during internal reviews of the standard or guidance note. The issue remains on the register until it has been resolved to the satisfaction of the Board.

**APES 110 : Code of Ethics for Professional Accountants (including Independence Standards)  
Issues Register**

No.	Issue	Response	Current Status
110.1	Technical staff have identified an error in the numbering of paragraph 120.13 A1, which should be 120.12 A2, and paragraph 120.12 A2, which should be 120.13 A1.	This issue has been noted.	APESB will incorporate this amendment into the next revision of the Code.
110.2	Technical Staff are aware that some jurisdictions, including Australia, are reconsidering what services a firm can provide to an audit client. The Independence requirements in APES 110 may need to be reviewed if a major jurisdiction prohibits auditors from performing non-assurance services for an audit client.	This issue has been noted.	APESB will monitor international developments and the current Parliamentary Joint Committee inquiry into audit regulation to determine if changes are required to the Independence provisions of the Code.
110.3	Technical staff have identified that the definition of Administration in APES 110 needs to be updated to align with the amended definition in the revised APES 330 <i>Insolvency Services</i> (issued 30 August 2019).	This issue has been noted.	APESB will incorporate this amendment into the next revision of the Code.
110.4	ED 03/19 requested specific comments on whether the existing provisions in the pronouncements required amendments due to the use of digital technology and artificial intelligence. A respondent's view was that the most appropriate way to address ethical issues relating to digital technology and artificial intelligence is via the Code.	This issue has been noted.	Technical Staff will be undertaking a project on the impact of technology and artificial intelligence on APESB pronouncements. Technical Staff will also monitor the progress of the IESBA Technology Working Group.
110.5	The Code includes references to legislative reforms on whistleblowing, which were finalised subsequent to the release of APES 110. References to the reforms need to be updated.	This issue has been noted.	APESB will incorporate this amendment into the next revision of the Code.
110.6	A Stakeholder has requested guidance on how the whistleblowing legislation impacts on the Confidentiality requirements in the Code.	This issue has been noted.	Technical Staff will present a project proposal to the Board at the March 2020 Board Meeting in relation to this matter.

**APES 205 : Conformity with Accounting Standards  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
205.1	<p>Technical Staff have identified the need to consider any potential implications of the AASB's revision of the Australian Financial Reporting Framework on APES 205. The relevant AASB projects, and any resulting changes, will impact on the provisions in APES 205 relating to Members' financial reporting responsibilities and the references to AASB's conceptual framework.</p>	<p>These issues have been noted.</p>	<p>As part of the restructured pronouncements project, APESB sought feedback on this matter from stakeholders in their responses to the Exposure Draft 03/19, incorporating APES 205, which was issued 23 August 2019.</p> <p>Stakeholders provided feedback that APESB should continue to monitor the AASB projects and their impact on APES 205.</p> <p>The AASB projects are still in progress, with the AASB considering stakeholder feedback from the exposure drafts released in 2019.</p>

APES 210 : Conformity with Auditing and Assurance Standards  
Issues Register

No.	Issue	Response	Current Status
	No current issues		

APES 215 : Forensic Accounting Services  
Issues Register

No.	Issue	Response	Current Status
	No current issues		

APES 220 : Taxation Services  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

**APES 225 : Valuation Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
225.1	Technical staff note that Section 3 of APES 225 refers specifically to Members in Public Practice when dealing with conflicts of interest. Consideration should be given to whether this section should contain guidance for Members in Business.	The issue was noted during the project to restructure the APESB pronouncements.	Technical staff will consider this matter in the next revision of APES 225.

**APES 230 : Financial Planning Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
230.1	<p>Members in Public Practice who provide credit advice are regulated under the <i>National Consumer Credit Protection Act</i> and not the <i>Corporations Act 2001</i>. APES 230 requires Members to act in the best interests of their Client, which is defined in the standard as Division 2 of Part 7.7A of the Corporations Act.</p> <p>While Members in Public Practice providing credit advice can comply with the general obligation to act in their Client's best interest, they cannot comply with the remaining obligations defined in Division 2. However, ASIC has stated in RG 175.239 that satisfying the safe harbour of Section 961B in Division 2 is not the only way to demonstrate an individual is acting in their Client's best interest.</p>	<p>This matter was raised in the Six Month Review of APES 230.</p>	<p>In 2017, APESB released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of best interest duty requirements.</p> <p>APESB subsequently reviewed submissions to the consultation paper and undertook further engagement with key stakeholders to inform this review.</p> <p>In 2019, APESB favourably noted a recommendation from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry to extend the Best Interest Duty to credit activities.</p> <p>In December 2019, APESB released Consultation Paper CP 01/19, which seeks feedback on this matter. Comments are due by 10 March 2020.</p>



**APES 230 : Financial Planning Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
230.2	Technical Staff have identified the need to consider the potential implications on APES 230 of the Code of Ethics for professional planners issued by the Financial Adviser Standards and Ethics Authority (FASEA).	This issue has been noted.	<p>FASEA released their Financial Planners and Advisers Code of Ethics in February 2019.</p> <p>In December 2019, APESB released Consultation Paper CP 01/19, which seeks feedback on this matter. Comments are due by 10 March 2020.</p>
230.3	Some stakeholders continue to raise issues in respect of the professional fees requirements in APES 230 and their effectiveness in practice.	The Board discussed this issue and determined to engage with key stakeholders to explore the issues.	<p>In 2017, APESB released a consultation paper on the post-implementation review of APES 230, which included questions relating to application of best interest duty requirements.</p> <p>APESB subsequently reviewed submissions to the consultation paper and undertook further engagement with key stakeholders to inform this review.</p> <p>Technical Staff are monitoring the implementation of laws and regulations by the government stemming from the findings at the Royal Commission to ascertain the impact of the recommendations, if any, on APES 230.</p> <p>In December 2019, APESB released Consultation Paper CP 01/19, which seeks feedback on this matter. Comments are due by 10 March 2020.</p>

**APES 230 : Financial Planning Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
230.4	Technical Staff have identified the need to consider the potential implications on APES 230 of the findings from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.	This issue has been noted.	Technical Staff are monitoring the implementation of laws and regulations by the government stemming from the findings at the Royal Commission.

APES 305 : Terms of Engagement Issues Register			
No.	Issue	Response	Current Status
305.1	APESB is considering the inclusion of a mandatory requirement in APES 305 to disclose the use of outsourced services and the geographical location of the service provider within a firm's Terms of Engagement.	This issue has been noted.	<p>APESB sought specific feedback on the disclosures to clients about outsourced services as part of ED 03/19 which included APES GN 30 <i>Outsourced Services</i> .</p> <p>Stakeholder views were mixed on the mandatory nature of the disclosure, however, it was noted that if this was required it should be as part of APES 305.</p> <p>APESB will consider this issue further when APES 305 is next reviewed.</p>

APES 310 : Client Monies  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

APES 315 : Compilation of Financial Information  
Issues Register

No.	Issue	Response	Current Status
	No current issues		

**APES 320 : Quality Control for Firms  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
320.1	<p>Technical Staff have noted that as part of its Audit Quality initiative, the IAASB is currently undertaking a project that aims to enhance ISQC1 and develop a proposed new standard (ISQM 1). ISQC1 remains as the standard for managing Quality Control at the Firm level. The proposed new standard (ISQM 2) is intended to strengthen the requirements and guidance in respect of engagement quality reviews, including clarifying the criteria for selecting engagement quality reviewers and their responsibilities.</p> <p>APES 320 conforms with ISQC1, with some changes to accommodate Australian legislation and environment and to fit within the structure of APESB standards.</p>	This issue has been noted.	<p>The IAASB issued Exposure Drafts on ISQM 1 and ISQM 2 in February 2019.</p> <p>APESB have made a <a href="#">submission</a> to the IAASB in response to the Exposure Drafts, informed by various Stakeholder engagement activities.</p> <p>APESB will continue to monitor international developments in relation to ISQM 1 &amp; 2 to determine relevant future changes to APES 320.</p>

**APES 325 : Risk Management for Firms  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
325.1	Technical Staff has identified the need to consider the impact of changes to ISQC 1 noted in Issue 320.1 to APES 325.	This issue has been noted.	APESB will monitor international developments in relation to ISQM 1 & 2 to determine if changes are required to APES 325.

APES 330 : Insolvency Services  
Issues Register

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		



**APES 345 : Reporting on Prospective Financial Information Prepared in Connection with a Public Document  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	<b>No current issues</b>		

**APES 350 : Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	<b>No current issues</b>		

**APES GN 20 : Scope and Extent of Work for Valuation Services  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
20.1	Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 20 & 21 refer to APES 225 for definitions).	This issue has been noted.	Technical staff will consider this matter in the next revision of APES GN 20.

**APES GN 21 : Valuation Services for Financial Reporting  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
21.1	Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 20 & 21 refer to APES 225 for definitions).	This issue has been noted.	Technical staff will consider this matter in the next revision of APES GN 21.

APES GN 30 : Outsourced Services Issues Register			
No.	Issue	Response	Current Status
30.1	<p>A Professional Body has raised the issue of whether APES GN 30 is effective and used by Members in Public Practice in a proper manner.</p> <p>The Professional Body has suggested that APESB conduct a survey of its use and consider whether transforming it into a Standard would make it more effective.</p>	<p>This issue was noted and considered during the 2017 annual review of APES GN 30.</p>	<p>In 2017, the Board approved a project to review APES GN 30 to assess its effectiveness and use by Members.</p> <p>In accordance with the project plan, APESB sought engagement from a wide range of stakeholders. The majority of stakeholders preferred to retain APES GN 30 as a guidance note.</p> <p>In 2019, the Board considered whether there should be a mandatory requirement to inform clients of the nature of any services outsourced and, if applicable, the jurisdiction in which the outsourced service is performed.</p> <p>A request for specific comments in relation to this matter was included in the Exposure Draft 03/19, incorporating APES GN 30, issued 23 August 2019.</p> <p>Stakeholder views were mixed on the mandatory nature of the disclosure, however, if a requirement was needed APESB should consider its inclusion in APES 305.</p> <p>APESB will consider this issue further when APES 305 is next reviewed.</p>

**APES GN 31 : Professional and Ethical Considerations relating to Low Doc Offering Sign-offs  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
31.1	Technical Staff note that the definition of Member refers to the adoption of a standard or the relevant pronouncement. Referring to a standard, rather than using the general term pronouncement, may create an issue in respect of Guidance Notes which rely on definitions from a Standard (for example, APES GN 31 refers to APES 350 for definitions).	This issue has been noted.	Technical staff will consider this matter in the next revision of APES GN 31.

**APES GN 40 : Ethical Conflicts in the Workplace - Considerations for Members in Business  
Issues Register**

<b>No.</b>	<b>Issue</b>	<b>Response</b>	<b>Current Status</b>
	No current issues		

APES GN 41 : Management representations  
Issues Register

No.	Issue	Response	Current Status
	No current issues		