

AGENDA PAPER

Item Number: 3
Date of Meeting: 5 June 2019
Subject: Proposed Exposure Draft (ED 02/19) to revise APESB pronouncements

Action required For discussion For noting For information

Purpose

To obtain, subject to the Board's feedback and review comments, the Board's approval to issue an Exposure Draft comprised of revisions to the following APESB pronouncements:

- APES 310 *Client Monies* (APES 310);
- APES 320 *Quality Control for Firms* (APES 320);
- APES 325 *Risk Management for Firms* (APES 325);
- APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Member in Business* (APES GN 40); and
- APES GN 41 *Management Representations* (APES GN 41).

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. Refer to Agenda Item 2 for an update on the progress of ED 01/19.

Consideration of Issues

Technical Staff have prepared an Exposure Draft and Explanatory Memorandum for the second group of five APESB pronouncements to be revised as part of the restructure project. Refer to Agenda Item 3 (a) for the proposed Exposure Draft on the selected pronouncements.

The key proposed amendments incorporated into the selected pronouncements in the Exposure Draft include:

- updating of cross-references to the new restructured Code;
- updating or revising paragraphs and definitions to ensure consistency with the restructured Code;
- revisions to address matters noted on APESB's Issues Register;
- revisions to address matters identified by Technical Staff from review of the selected pronouncements;
- revisions to ensure consistency with other APESB pronouncements;
- updating the effective date of the standards to be operative from 1 January 2020 with early adoption permitted (which aligns with the effective date of the restructured Code);
- addressing minor editorial matters; and
- providing an update on interactive PDF features.

The details of these revisions and how they affect the selected pronouncements are set out in the Explanatory Memorandum to the Exposure Draft.

The Exposure Draft also includes a request for specific comments for respondents to comment on whether the proposed provisions in these pronouncements require amendment due to the use of digital technology and artificial intelligence.

Note that the International Auditing and Assurance Standards Board (IAASB) is currently conducting a consultation process in relation to the international pronouncements on quality management (refer to Agenda paper 6). The IAASB project is expected to be finalised in 2020, with any amendments coming into force 18 months after the standard is finalised in 2022.

APESB Technical Staff are monitoring this international project and will be making a submission to the IAASB to influence the final form of the quality management standard.

Technical Staff seek the Board's feedback and review comments on the proposed Exposure Draft.

Staff Recommendations

Subject to the Board's feedback and editorial comments, the Board approve for release the exposure draft and explanatory memorandum on APESB pronouncements.

Material Presented

Agenda Item 3 (a) Proposed Exposure Draft 02/19 *Revision of APESB pronouncements*.

Authors: Jacinta Hanrahan
 Benjamin Collins

Date: 21 May 2019