

# APESB's Professional & Ethical Standards

**Accounting Educators' Conference**

**RMIT University**

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Accounting Professional & Ethical Standards Board

# Overview

- APESB
- Board composition
- APESB Functional Structure and Key Resource Inputs
- APESB pronouncements and its structure
- APESB's International perspective
- IESBA's Code Structure project
- NOCLAR and Long Association
- Other technical projects

## Who we are

- Independent body established in 2006
- 6 directors - including independent non-accountant chairman
- Work closely with Professional Accounting Bodies

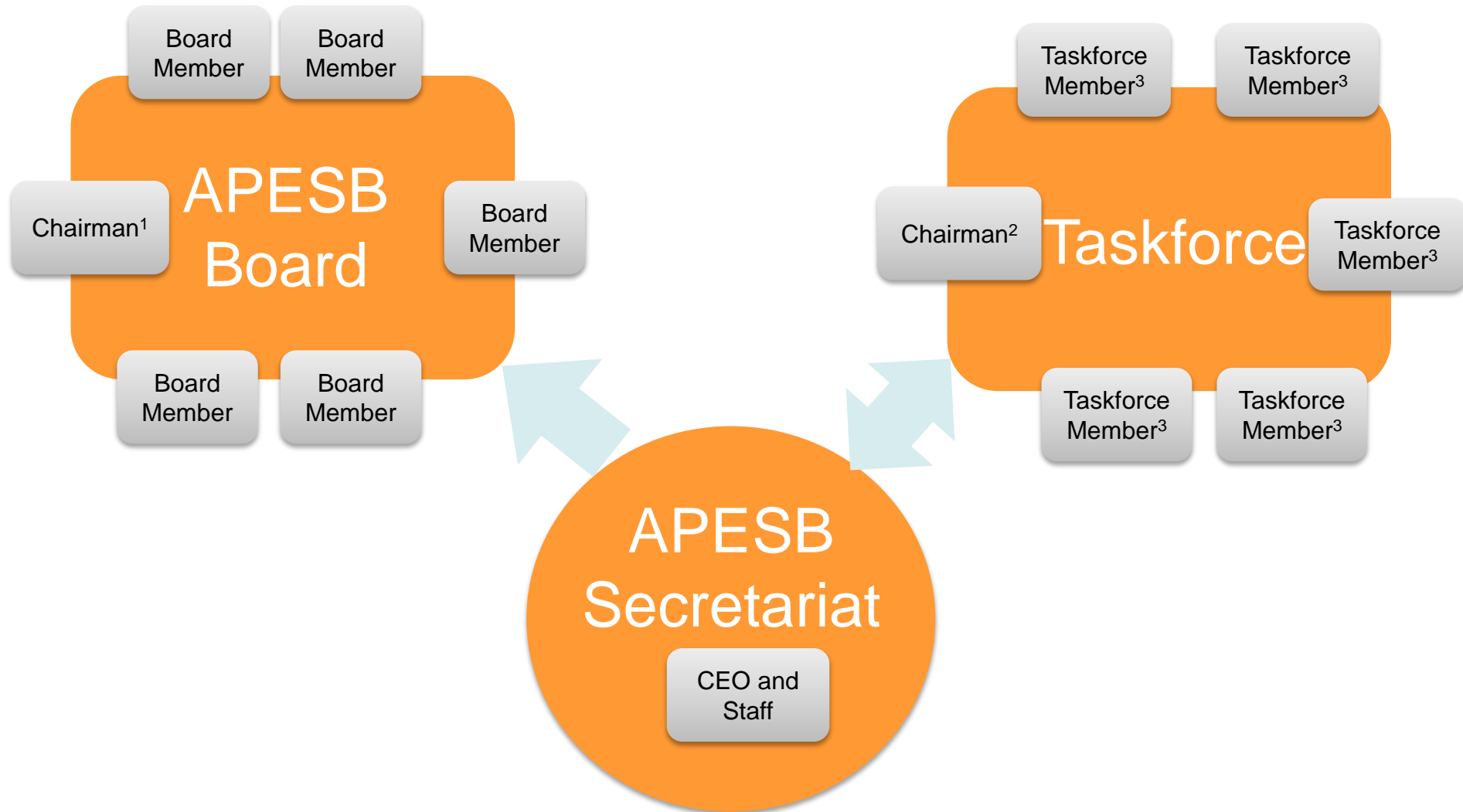
## What we do

- Promote professional and ethical behaviour/ conduct
- Develop & issue professional and ethical standards
- Influence national and international agendas

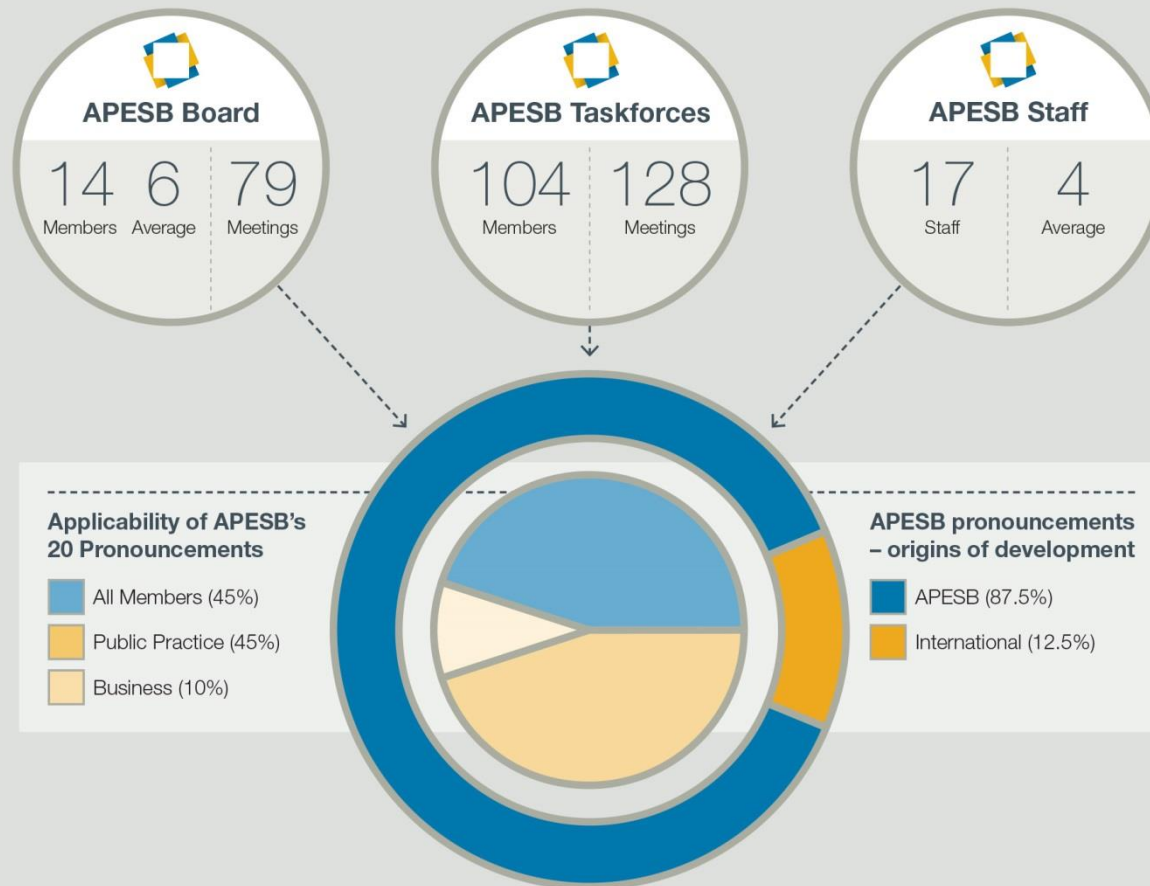
# Board Composition

- Independent Chair
- Two Directors CPA Australia
- Two Directors CA ANZ
- One Director IPA

# APESB Functional Structure

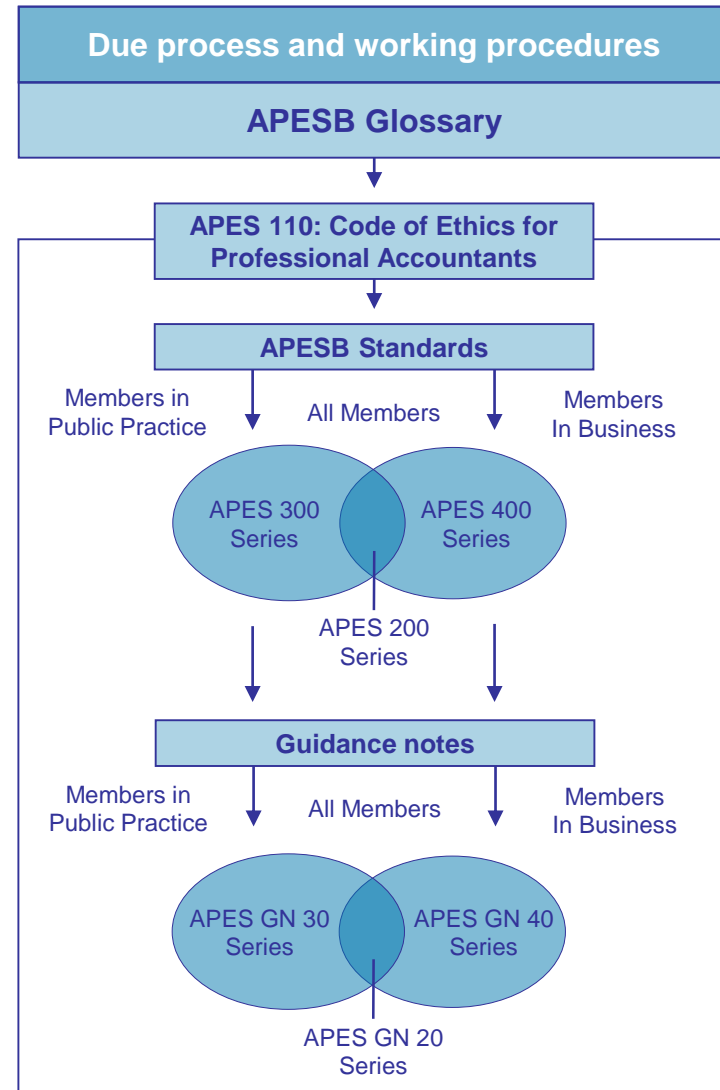


# APESB Standards – Key Resource Inputs



# Structure of APESB pronouncements

- **Conceptual Framework**
  - Principles based
  - Mandatory for professional accountants
  
- **Standard**
  - Introduces principles
  - Mandatory requirements in black letter
  - Guidance and/or explanation in grey letter
  
- **Guidance notes**
  - Do not introduce new principles
  - Guidance on a specific matter on which the principles are already stated in a Standard
  - Guidance is only in grey letter



# APESB Pronouncements

## **APES 110 Code of Ethics for Professional Accountants** *(includes conceptual framework)*

### **Another 14 standards**

**APES 205** *Conformity with Accounting Standards*

**APES 210** *Conformity with Auditing and Assurance Standards*

**APES 215** *Forensic Accounting Services*

**APES 220** *Taxation Services*

**APES 225** *Valuation Services*

**APES 230** *Financial Planning Services*

**APES 305** *Terms of Engagement*

**APES 310** *Dealing with Client Monies*

**APES 315** *Compilation of Financial Information*

**APES 320** *Quality Control for Firms*

**APES 325** *Risk Management for Firms*

**APES 330** *Insolvency Services*

**APES 345** *Reporting on Prospective Financial Information Prepared in Connection with a Disclosure Document*

**APES 350** *Participation by Members in Due Diligence Committees in connection with a Public Document*

### **5 Guidance Notes**

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

**APES GN 21** *Valuation Services for Financial Reporting*

**APES GN 30** *Outsourced Services*

**APES GN 40** *Ethical Conflicts in the Workplace*

**APES GN 41** *Management Representations*



# APESB International perspective

## International perspective

- APESB structure is unique in the world and has developed one of the most comprehensive suite of professional standards in the world
- A member of the IESBA's National Standards Setters group
- APESB's past Chair was a Board member of IESBA
- APESB's current and past directors on IFAC Committees
- APESB's Submissions to the IESBA

# IESBA's Code Structure Project

# How the new Code is proposed to be structured

## OVERVIEW OF THE CODE

**PART 1 (ALL PROFESSIONAL ACCOUNTANTS)  
COMPLYING WITH THE CODE, FUNDAMENTAL PRINCIPLES AND CONCEPTUAL FRAMEWORK  
(SECTIONS 100 TO 199)**

**PART 2  
PROFESSIONAL ACCOUNTANTS IN BUSINESS  
(SECTIONS 200 TO 299)**

**PART 3  
PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE  
(SECTIONS 300 – 399)**

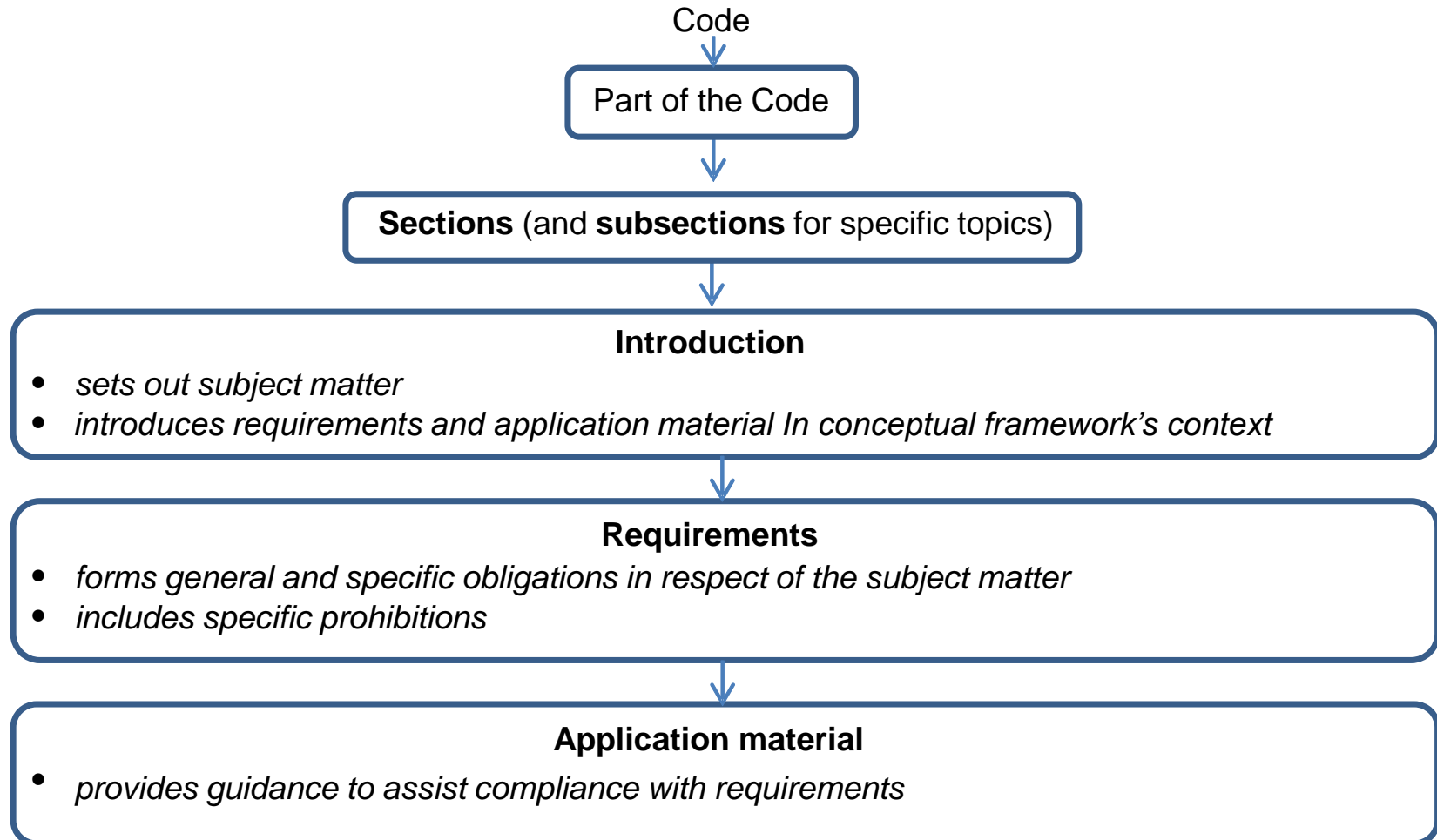
**INTERNATIONAL INDEPENDENCE STANDARDS  
(PARTS 4A AND 4B)**

**PART 4A – INDEPENDENCE FOR AUDITS AND REVIEWS  
(SECTIONS 400 TO 899)**

**PART 4B – INDEPENDENCE FOR OTHER ASSURANCE  
ENGAGEMENTS  
(SECTIONS 900 TO 999)**

**GLOSSARY (ALL PROFESSIONAL ACCOUNTANTS)**

# How the Code is proposed to be structured



# Significant Matters

1. Requirement - apply conceptual framework & comply with fundamental principles.
2. Requirements distinguished from application material.
3. Application material positioned next to requirements.

# Significant Matters

4. Identification of a Firm's or an individual PA's responsibility to comply with the requirements.
5. Use of language.
6. Added Guide to the Code.

# Significant Matters

7. Organised material into sections and subsections:
  - More sub-headings to facilitate navigation.
8. Independence sections moved to the end of Code:
  - International Independence Standards included in Part 4 as 4A & 4B.
9. Reorganised Code to take advantage of future electronic features.

# Non-Compliance with Laws and Regulations (NOCLAR)

## *Internationally*

- Issued by IESBA in July 2016
- NOCLAR sets out framework for professional accountants when they become aware of potential illegal acts committed by client or employer
- Increase emphasis on integrity
- Mandates that public interest is more important than confidentiality

## **Australia**

- APESB Due Process to be completed before NOCLAR introduced in Australia
- Whistleblower Protection



# Long Association- Audit Partner rotation

- **Rotation requirements for KAPs on PIEs**
  - Retained 7-year time-on period for KAPs on PIEs.
  - Cooling-off periods:
    - Extended to 5 years for the EP on all PIEs (subject to jurisdictional safeguards).
    - Retained 2 years for other KAPs (except EQCR).
    - EQCR period increased to 3 years.

# Summary of impact

KAP	Existing IESBA Code		Existing APES 110 / Corps Act		Impact of IESBA New provisions	
	Listed PIE	Non-Listed PIE	Listed PIE	Non-Listed PIE	Listed PIE	Non-Listed PIE
EP	7/2	7/2	5/2	7/2	5/3	7/5
EQCR	7/2	7/2	5/2	7/2	5/3	7/3
Other KAPs	7/2	7/2	7/2	7/2	7/2	7/2

# Other Technical Projects

- Revision of APES 310 *Client Monies*
- Proposed Guidance on Low Doc Engagements

# Next steps...

- For more information:

Visit: [www.apesb.org.au](http://www.apesb.org.au)

- For timely updates, follow the APESB page:

[LinkedIn](#) 

- To download APESB's mobile app:



# Q & A session...