

APESB Professional and Ethical Standards

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APESB 
Accounting Professional & Ethical Standards Board

Overview

- APESB History
- Brief overview of APESB pronouncements to date
- Overview of selected pronouncements:
 - APES 110 *Code of Ethics* – SMSF Auditor Independence;
 - APES 220 *Taxation Services*;
 - APES 225 *Valuation Services*; and
 - APES GN 40 *Ethical Conflicts in the Workplace*.
- Case Studies

APESB History

- Established in February 2006 by the ICAA and CPA Australia
- IPA became a member in December 2006
- Previously APS series
- Members of the three bodies are required to comply
- APESB pronouncements to date:
 - 15 Standards
 - 2 Guidance Notes
 - 1 Guidance Note ED

APESB Pronouncements to date

All members

- APES 110 Code of Ethics for Professional Accountants
- 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 GN 20 Scope and Extent of Work for Valuation Services**

** Project is currently in progress*

APESB Pronouncements to date

Members in Public Practice

- 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
- APES 350 Due Diligence Committees
- APES GN 30 Outsourced Services

APESB Pronouncements to date

Members in Business

- APES GN 40 Ethical Conflicts in the Workplace

***APES 110: Code of Ethics for Professional
Accountants
SMSF Auditor Independence***

Ethical Obligations of the Professional Accountant

Adhere to APES 110 Code of Ethics for Professional Accountants:

- Member's public interest obligations

The Code has five fundamental principles:

- integrity;
- objectivity;
- professional competence and due care;
- confidentiality; and
- professional behaviour.

APES 110 and Auditor Independence

Independence comprises both:

- Independence of mind; and
- Independence in appearance.

APES 110 on Assurance Engagements

- Independence obligations for Assurance Engagements:
 - Section 290: and
 - Section 291.

- SMSF Audits and independence

Legislative and regulatory support for APES 110

Corporations Act Audits:

ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements → APES 110

SMSF Audits:

Superannuation Industry (Supervision) Amendment Regulations 2012 (No. 6) Para. 9A.06 *Auditor independence requirements → APES 110*

Guidance on SMSF Auditor Independence

Joint Accounting Bodies 'Independence Guide' – Chapter 9 *Special consideration: Self-managed superannuation funds* – (March 2013)

- Guidance on applying independence requirements
- Examples of independence breaches
- Scenarios

Australian Tax Office 'Guide for SMSF auditors' – (January 2013)

- Chapter 3: Professional & Ethical responsibilities

APES 220
Taxation Services
(Revised March 2011)

APES 220 Taxation Services

- Formerly APS 6
- Applies to Members in Public Practice as well as Members in Business
- Includes mandatory requirements and guidance for Taxation Services
- Revised APES 220 is operative on or after 1 May 2011

APES 220 Taxation Services

- Taxation Services to a Client or Employer defined as:
 - preparation of return, notice, statement or similar document
 - preparation of tax calculations for financial statements
 - tax planning and other tax advisory
 - assistance in resolving tax disputes

APES 220 Taxation Services

- Preparation and lodgment of returns to Revenue Authorities
- Members must not be involved in tax schemes and arrangements which are not within the law
- Use of estimates in preparation of revenue returns
- Members obligations in respect of false and misleading information

APES 225
Valuation Services
(Revised May 2012)

APES 225 Valuation Services

Australian perspective

- APESB
 - APES 225 *Valuation Services* (May 2012)
 - APES 110 *Code of Ethics for Professional Accountants* (Nov 2013)
 - Proposed APES GN 20 *Scope and Extent of Work for Valuation Services*
- ATO
 - Market Value Guidelines (2002)
- ASIC
 - RG 111: Contents of experts reports (Oct 2007)
 - RG 112: Independence of experts (Oct 2007)

APES 225 Valuation Services

Scope and application

- Engagement → Members in Public Practice
- Assignment → Members in Business
- Mandatory for the Members
- Revised APES 225 is effective 1 September 2012

APES 225 Valuation Services

Key Definitions

- Three types of Valuation Services:
 - Valuation Engagements
 - Limited Scope Valuation Engagements
 - Calculation Engagements
- Results:
 - Valuation Engagement → Conclusion of Value
 - Limited Scope Valuation Engagement → Conclusion of Value
 - Calculation Engagement → Calculated Value

APES 225 Valuation Services

Reporting

- Mandatory requirements for Members in Public Practice (Para 5.2)
- Guidance for Members in Business (Para 5.5)

APES 225 Valuation Services

Reporting cont.

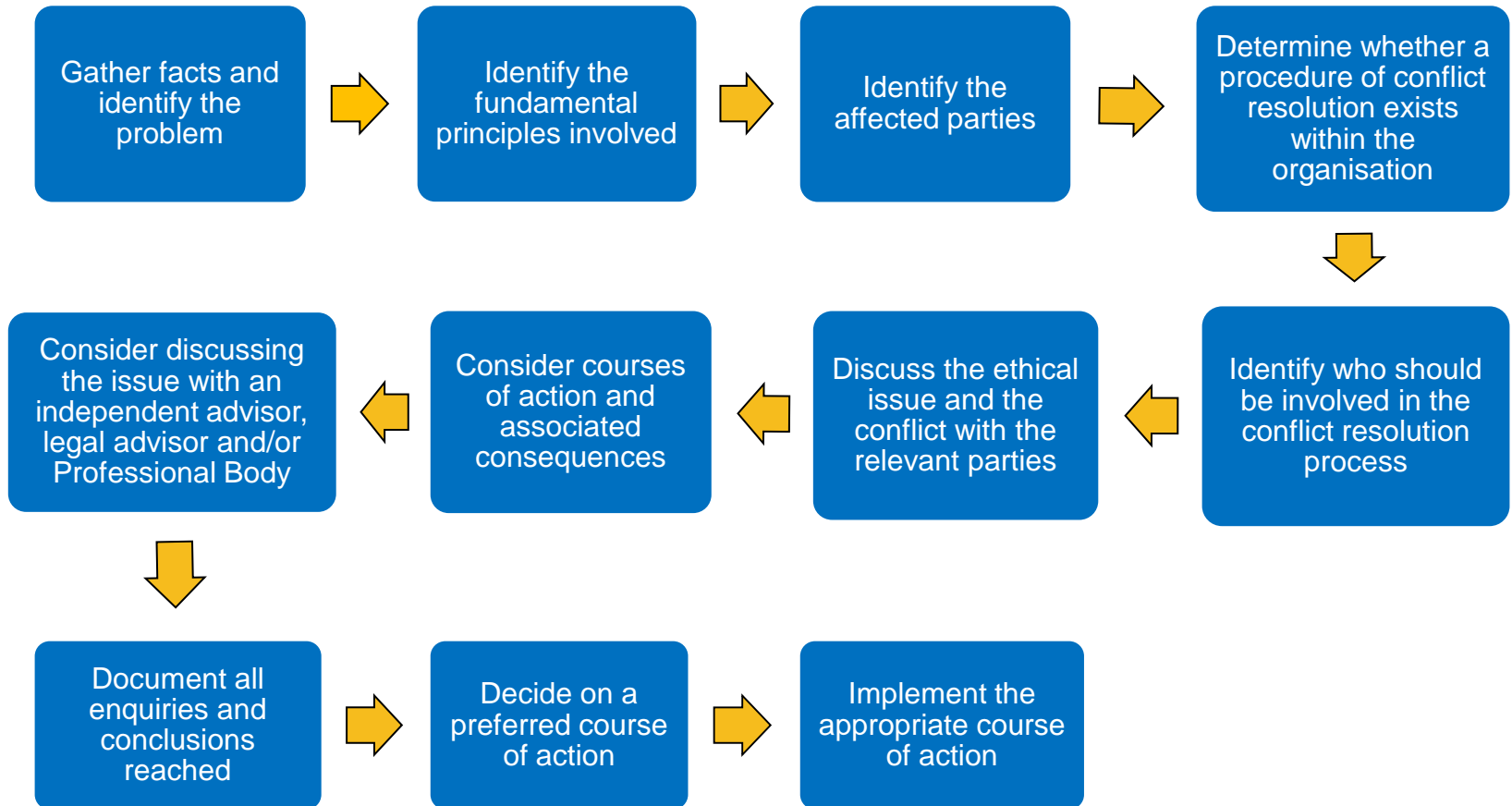
- Key report disclosures from Para 5.2 are:
 - Usual disclosures – scope, basis, purpose, limitations etc.
 - Whether acting independently or not
 - Material assumptions and basis of those assumptions
 - Valuation Approaches, Valuation Methods and Valuation Procedures adopted
 - All qualifications
 - Valuation Services conducted in accordance with the Standard

APES GN 40
Ethical Conflicts in the Workplace
(Issued March 2012)

APES GN 40 *Ethical Conflicts in the Workplace*

- Applicable to Members in Business
- Structured approach
- 21 case studies

A Structured Approach for Considering Ethical Issues



But: Whistleblowers Beware!

- Who can you turn to?
- Employees have a duty to maintain confidentiality.
- An employee might need to consider ‘blowing the whistle’
- However, beware! – limited protection
- legal advice or consult IPA.

***Case Studies:
SMSF Auditor Independence***

Case Study:
APES 220 Taxation Services

***Case Study:
Ethical Conflicts in the Workplace***

Case Studies: Valuation Services

Questions?