

Exposure Draft 02/25: Proposed Revisions to the Code Addressing the Work of an External Expert

Review of Submissions - General Comments
Exposure Draft 02/25: Proposed Revisions to the Code Addressing the Work of an External Expert

Note: Specific comments relating to Exposure Draft 02/25 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to the standard?
1	N/A	CA ANZ	<p>Exposure Draft 02/25: Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide comment to the Accounting Professional and Ethical Standards Board (APESB) on its proposals to address Using the Work of an External Expert (the ED) via proposed revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code). We make this submission on behalf of our members and in the public interest.</p>	No
2	N/A	CPAA	<p>Exposure Draft 2/25 Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</p> <p>CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 175,000 members working in over 100 jurisdictions and regions around the world. CPA Australia has over 30,000 members in public practice in Australia, serving our communities as trusted advisers who provide business advisory, tax, financial planning, reporting, auditing/assurance and insolvency-related services. Our members primarily support the small and medium sized market, and their structures and regulatory requirements are generally similar to those of the larger firms.</p>	No

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3	N/A	Deloitte	<p>APESB Exposure Drafts 01/25 and 02/25</p> <p>Deloitte appreciates the opportunity to comment on the following Exposure Drafts issued by the Accounting Professional & Ethical Standards Board (APESB) in March 2025 (the EDs):</p> <ul style="list-style-type: none"> • 01/25 Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) ("the AESSA") and Other Revisions to the Code Relating to Sustainability Assurance and Reporting; and • 02/25 Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert. 	No
4	N/A	EY	<p>ED 01/25 Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and ED 02/25 Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</p> <p>EY Australia (EY) welcomes the opportunity to respond to the Accounting Professional & Ethical Standards Board (APESB) Exposure Drafts ED 01/25 and ED 02/25.</p>	No
5	N/A	IPA	<p>APESB ED 02/25 Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</p> <p>The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Exposure Draft (ED).</p>	No
6	N/A	IPA	Overall, IPA supports the proposals in ED 02/25 to amend the existing APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code) to guide professional accountants in both business and public practice when using the work of an External Expert.	No
7	N/A	KPMG	<p>In this response KPMG Australia is responding to the following consultations:</p> <ul style="list-style-type: none"> • APESB Exposure Draft ED 01/25 'Proposed Australian Ethics Standards for Sustainability Assurance (including Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting' • APESB Exposure Draft ED 02/25 'Proposed Revisions to the Code Addressing the Work of an External Expert' 	No

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8	N/A	KPMG	<p>KPMG Australia (KPMG) welcomes the opportunity to comment on the proposed revisions set out in the Exposure Drafts. KPMG is supportive of the APESB's intent to clarify the ethics and independence requirements for sustainability assurance engagements.</p> <p>KPMG has been actively involved in recent consultation processes on the topic of climate and sustainability disclosures, including the December 2024 submission to ASIC on <i>Consultation Paper 380</i>, November 2024 submissions to the AUASB on the <i>Proposed Australian Standard on Sustainability Assurance</i> and <i>Prohibiting Sustainability Assurance Practitioners from using Direct Assistance by Internal Auditors</i>, May 2024 submission to the AUASB on <i>Assurance over Climate and Other Sustainability Information</i>, and 2023 submissions to Treasury on <i>Climate-related financial disclosure</i>.</p> <p>In these responses KPMG has consistently supported the adoption of a globally consistent disclosure of sustainability-related information, accompanied by a robust assurance regime.</p>	No
9	N/A	KPMG	<p>We note that the AUASB has recently consulted on an exposure draft for ASSA 5000, to which KPMG has responded. We understand that the AUASB is due to consider amendments to ASSA 5000 at their upcoming board meeting, including considering deferring the application of Part 5. KPMG recommended this in our response to the AUASB and would welcome the amendment.</p> <p>Given the overlapping regulatory areas and need for consistency in this area, it would be beneficial for APESB, AUASB and ASIC to work collaboratively to issue clear guidance on key issues to ensure consistent interpretation and application of the regime.</p> <p>In this submission, we make several comments and suggestions where we believe the Exposure Drafts should be clarified or strengthened.</p>	No
10	N/A	KPMG	<p>Exposure Draft ED 02/25 'Proposed Revisions to the Code Addressing the Work of an External Expert'</p> <p>KPMG considers that the proposed requirements will be challenging for external experts and smaller firms that are not currently subject to independence requirements. To address this, a longer period of safe harbour may be required to allow sufficient time to implement the necessary requirements and any system upgrades.</p>	No

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11	N/A	CA ANZ	<p><i>General Comments</i></p> <p>Consistent with our comments to the International Ethics Standards Board for Accountants (IESBA) on this matter, CA ANZ is broadly supportive of the proposals that introduce a framework to assist in evaluating whether an expert has the necessary competence, capabilities, and objectivity (CCO) to meet the intended purpose/s of the engagement by the inclusion of the following three new sections to the Code and other related amendments to the Code:</p> <ul style="list-style-type: none"> • Section 290 for Professional Accountants in Business (PAIBs) • Section 390 for Professional Accountants in Public Practice (PAPPs); and • Section 5390 for Sustainability Assurance Practitioners (SAPs). <p>We support the proposal to explicitly refer to external experts who are engaged by an employing organisation, firm, or SAP to differentiate between experts who might be internal to the firm or employing organisation. We welcome the inclusion of “experience” in the proposed definition of “expertise”. We note that the inclusion of “experience” was in response to comments (including those of CA ANZ) to the IESBA about the importance of experience as an essential component of expertise¹. The amended definition will now align with the definition contained in ASA 620 <i>Using the Work of an Auditor's Expert (ASA 620)</i> improving the congruence of both standards.</p> <p>¹ IESBA Basis for Conclusions: Revisions to the Code Addressing Using the Work of an External Expert, paragraph 43</p>	No
12	N/A	CA ANZ	<p>As set out in our response to IESBA's exposure draft, we foresee significant practical challenges that may arise due to objectivity requirements applying to all experts regardless of the scope, importance, or materiality of their work. Where the number of experts available is less than the demand for their services, the ability to meet the objectivity test may be difficult, particularly in smaller market economies, such as Australia. This may cause a detriment to the public interest where an expert cannot complete an engagement, or no suitable expert can be identified. We urge the APESB to specifically consider this requirement considering the Australian marketplace.</p>	No

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13	N/A	CPAA	<p>We acknowledge and support the approach taken by the International Ethics Standards Board for Accountants (IESBA) by expanding their planned revisions to existing provisions in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) to include those relevant to the Sustainability project, and the Accounting Professional & Ethical Standards Board's (APESB) support of this approach.</p> <p>CPA Australia supports the proposed revisions set out in Exposure Draft 2/25 <i>Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</i> (the Exposure Draft), including but not limited to the proposed new sections 290, 390 and 5390. We support the specific consideration given to the ethics and independence issues arising from the use of work of external experts in complex areas such as tax planning, technology and sustainability reporting matters. Additionally, we support the proposed effective dates.</p>	No
14	N/A	CPAA	Further to our submission to IESBA in April 2024 on IESBA's Exposure Draft: <i>Using the Work of an External Expert</i> , CPA Australia remains concerned that small and medium-sized businesses (in respect of proposed subsection 290) and practices will find these proposed revisions extremely challenging to adopt and implement. As previously discussed, many smaller businesses and practitioners already find the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) to be difficult to implement. Such organisations may be more likely to utilise external experts when engagements include complex matters such as technology, and sustainability reporting and assurance compared with larger firms with substantial service offerings and internal resources. The size and complexity of the Code for such members continues to be a substantial concern to CPA Australia.	No
15	N/A	Deloitte	<p><u>Exposure Draft 02/25 Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards) Addressing Using the Work of an External Expert</u></p> <p>We are supportive of the revisions proposed by the APESB in this ED which reflects changes made by the International Ethics Standards Board for Accountants (IESBA) to the International Code.</p>	
16	N/A	EY	<p><u>General comments</u></p> <p>Overall, EY is supportive of the APESB's proposed amendments to APES 110 to incorporate the recent revisions made by the International Ethics Standards Board for Accountants (IESBA) to its</p>	No

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			<i>Code of Ethics for Professional Accountants (including Independence Standards)</i> , namely Part 5 and provisions related to using the work of an external expert of the IESBA Code. We also agree with replicating the existing Australia specific modifications in Part 1 to 4A in the new Part 5 of APES 110.	
17	N/A	EY	<p>We appreciate that the APESB is following appropriate due process and seeking public feedback on these proposed revisions. We also recognise that the Auditing and Assurance Standards Board (AUASB) is intending to adopt, subject to Board approval, amendments to the ASSA 5000 that are aligned with recommendations we had put forward to the AUASB. In our submission¹ to the AUASB, we conveyed several points that are of relevance to the APESB which we would like to note:</p> <ul style="list-style-type: none"> ▪ In our view, there should have been a public consultation on ASSA 5000 directly adopting Part 5 of the IESBA Code ahead of the APESB process. If we had the opportunity to provide feedback at that point, our preference would have been alignment with the IESBA effective date. ▪ We caution against retrospective application of standards as this could create adverse implications for practitioners, their firms and clients. ▪ We encourage stronger coordination between the AUASB and APESB on matters related to the IESBA Code, including alignment on operative dates and giving due consideration to practical challenges that firms may encounter in implementing new ethical and independence requirements. <p>Our specific comments in relation to the two Exposure Drafts ED 01/25 and ED 02/25 that the APESB is seeking feedback on are detailed below.</p> <p>¹ EY submission to AUASB ED 01/25</p>	No
18	N/A	IPA	Our comments above are consistent with those expressed in our submissions to the International Ethics Standards Board for Accountants' (IESBA) Exposure Draft: <i>Using the Work of an External Expert</i> (April 2024).	No

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19	N/A	CA ANZ	The Appendix provides more information about CA ANZ. Should you have any queries about the matters raised in this submission, or wish to discuss them in further detail, please contact Josephine Haste FCA, by email via josephine.haste@charteredaccountantsanz.com .	No
20	N/A	CPAA	If you have any queries please contact Belinda Zohrab-McConnell, Regulation and Standards Lead, at belinda.zohrab-mcconnell@cpaaustralia.com.au .	No
21	N/A	Deloitte	I would be pleased to discuss our comments with members of the APESB or its staff.	No
22	N/A	EY	We would be pleased to discuss our comments with the Board and with technical staff. Should you wish to discuss our comments further, please contact me at leigh.walker@au.ey.com or on 03 9288 8454.	No
23	N/A	IPA	For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at vicki.stylianou@publicaccountants.org.au .	No
24	N/A	KPMG	KPMG appreciates the opportunity to provide feedback and looks forward to continued engagement on the sustainability reporting and assurance regime. Should you wish to discuss the contents of this submission further, please do not hesitate to reach out.	No
25	N/A	CA ANZ	<p>Appendix</p> <p>About Chartered Accountants Australia and New Zealand</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 139,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.</p> <p>Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.</p> <p>CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.</p>	No

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			<p>Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.</p> <p>We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.</p> <p>Our support of the profession extends to affiliations with international accounting organisations.</p> <p>We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.</p> <p>We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.</p>	

RESPONDENTS

1	CA ANZ	Chartered Accountants Australia and New Zealand
2	CPAA	CPA Australia
3	Deloitte	Deloitte Touche Tohmatsu
4	EY	Ernst & Young
5	IPA	Institute of Public Accountants
6	KPMG	KPMG