# AGENDA PAPER

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| **Item Number:** | 8 |
| **Date of Meeting:** | 11 September 2025 |
| **Subject:** | Update on proposed revised APESB pronouncements (APES 300 and GN 30 series) for Code Conforming Amendments |

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| ☐ | **Action required** | x | **For discussion** | ☐ | **For noting** | ☐ | **For information** |

## Purpose

To provide an update to the Board on proposed revisions to the following APESB pronouncements:

- APES 305 *Terms of Engagement* (APES 305);
- APES 310 *Client Monies* (APES 310);
- APES 315 *Compilation of Financial Information* (APES 315);
- APES 320 *Quality Management for Firms that provide Non-Assurance Services* (APES 320);
- APES 325 *Risk Management for Firms* (APES 325);
- APES 330 *Insolvency Services* (APES 330);
- APES 345 *Reporting on Prospective Financial Information Prepared in connection with a Public Document* (APES 345);
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350);
- APES GN 30 *Outsourced Services* (APES GN 30); and
- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31).

## Background

In June 2025, APESB released the newly compiled APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). The Code incorporated the Amending Standard for Tax Planning and Related Services (Tax Planning Amending Standard) issued in January 2025, which became effective from 1 July 2025.

In July 2025, APESB issued the Amending Standard for Sustainability Assurance and Reporting and Use of External Experts (Sustainability Amending Standard), effective from 1 January 2026, with a later implementation date of 1 July 2028 for provisions related to value chain components.

As a result, APESB Technical Staff considered that there is a need to review APESB's suite of pronouncements for Code conforming amendments to ensure they remain consistent with the latest Code incorporating the new Amending Standards.

**Consideration of Issues**

Impact of Code Amendments to definitions and other consequential changes

Technical Staff have undertaken a process of reviewing the APES 300 and APES GN 30 Series of pronouncements in comparison with the newly Compiled Code and the Sustainability Amending Standard.

Technical Staff have identified the following revisions to update definitions and cross-references to the Code and Amending Standards, to ensure consistency in definitions and terminology.

The proposed revisions to the pronouncements are set out in Agenda Item 8(a) and include:

- Updating cross-references, where relevant, to the latest Code and Amending Standards.
- Aligning definitions with the latest Code and Sustainability Amending Standard, which included "Assurance Engagement", "Auditing and Assurance Standards", "Australian Accounting Standards", "Financial Statements", "Firms", "General Purpose Framework", and "Professional Activity".
- A new definition for "Confidential Information" to APES 315, APES 330 and APES GN 30, including a defined term in relevant paragraphs. This definition was updated in the Amending Standard Technology-related revisions.
- Revising the name of Part 4B to "Part 4B *Independence for Assurance Engagements Other than Audit Engagements, Review Engagements, and Sustainability Assurance Engagements Addressed in Part 5*" as this was updated in the Sustainability Amending Standard.
- Revising the name of APES 320 to "APES 320 *Quality Management for Firms that provide Non-Assurance Services*" as part of Quality Management conforming amendments to the Code (Paragraphs 3.13, 11.1 and 11.2 of APES 330);
- Incorporating reference to ASSA 5000 *General Requirements for Sustainability Assurance Engagements* as it outlines the requirements for agreeing the terms of assurance engagements (Paragraph 1.3 of APES 305);
- Addressing minor editorial matters.

Although the Sustainability Amending Standard has introduced new definitions for "Expert" and "Expertise", Technical Staff determined not to include these definitions in APESB's firm and specialist pronouncements to reduce complexity in their application and interpretation by Members.

Other matters noted by Technical Staff

From the review of the pronouncements, Technical Staff noted an inconsistency in the definition for "Staff" noted in APES 320 and APES 325, in which:

- APES 320 – Definition for "Staff" is "professional, other than Partners, including any experts the Firm employs"; and
- APES 325 – Definition for "Staff" is "professional, other than Partners, including any experts the Firm engages".

Technical Staff recommend that "employs" is more appropriate than "engages" and a change is required to APES 325 and this will then make it consistent with APES 320.

General impact of Sustainability reporting and assurance, and the need to take into account ESG considerations when performing professional activities

With mandatory climate-related reporting requirements for Australian Group 1 entities commencing on 1 January 2025, it is becoming crucial for members in public practice to increase their awareness and education on how to competently perform professional activities to ensure the reliability and trustworthiness of sustainability information, as well as potential risks and threats arising from ESG reporting and assurance activities.

To maintain professional competency, members must ensure their skills and knowledge are transferable to non-financial reporting and its integration with financial reports. The sustainability information presented for decision making should be transparent, appropriate, and not misleading.

Therefore, the Technical Staff considered that there is a need to assess the impact and associated risks of sustainability reporting and assurance when members in public practice perform various professional services for clients and their impact on the APES 300 and APES GN 30 Series.

General impact of Technology, including AI, when performing professional activities

A similar consideration is the growing impact of technology, including Artificial Intelligence (AI), on the accounting profession. Members are increasingly adopting AI to perform professional services, such as reporting, auditing, valuations and forensic services. There is often a focus on the efficiencies and growth it can provide for firms, as well as the overwhelming transformational benefits, with less attention on the associated risks of using technology.

Technical Staff believe it is important to consider these technological developments, especially the ethical considerations, when applying AI in performing professional activities. This is where the professional code of ethics becomes especially relevant. Core principles such as integrity, objectivity and professional competence require professional accountants to critically assess and verify any information used, including AI-generated data.

Stakeholder engagement

As part of this review of APESB pronouncements, Technical Staff will undertake a broad stakeholder engagement process, including consultation with relevant Taskforces, with the aim of identifying associated risks arising from professional activities involving Sustainability and Technology. The matters identified and their impact on the respective pronouncements will be reported to the Board as part of the project updates.

## Way forward

The proposed way forward for this project is for Technical Staff to:

- undertake broad stakeholder engagement, including consulting with the professional bodies and relevant Taskforces, and seek stakeholder feedback on the impact of the Sustainability, Technology and other developments on the APESB pronouncements; and
- provide an update to the Board on the progress on APESB's Code Conforming Amendments project at the December 2025 meeting.

## Staff Recommendations

The Board note the update on proposed revised APESB pronouncements (APES 300 and APES GN 30 series) for Code Conforming Amendments.

## Material Presented

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| Agenda Item 8 (a) | Analysis and review of APESB pronouncements (APES 300 and APES GN 30 series) |
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| **Date:** | 22 August 2025 |