

Meeting Highlights

4 June 2026

1. Register of Interests

The Board noted Agenda Item 2 *Register of Interests*.

2. International and other activities

The Board noted Agenda Item 3 *International and Other Activities*.

The Board noted developments in the KPMG whistleblower allegations concerning client confidentiality, including KPMG's leadership changes in May 2026 and the Parliamentary Joint Committee hearing scheduled for 19 June 2026.

3. Sustainability Reporting, Assurance and Ethics Development

The Board noted Agenda Item 4 *Sustainability Reporting, Assurance and Ethics Developments*.

4. Project update on the review of APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business*

The Board noted Agenda Item 5 *Project update on the review of APES GN 40 Ethical Conflicts in the Workplace – Considerations for Members in Business*.

The Board considered feedback from the professional bodies on the draft APES GN 40, including the volume of case studies. The Board determined that additional examples in APES GN 40, the primary guidance for Members in Business, would better support accountants in assessing ethical matters.

The Board will approve the Exposure Draft out of session, with public release expected in July 2026.

5. Update on the IESBA-IAASB SWP Survey

The Board noted Agenda Item 6 *Update on the IESBA-IAASB SWP Survey*.

The Board noted APESB's response to the Joint Stakeholder Survey informing the *IESBA-IAASB Strategies and Work Plans (SWP) for 2028–2031*. Key messages were to

consolidate existing standards rather than expand them, balance agility with stability, broaden stakeholder input, strengthen coordination between the IESBA and the IAASB, and enhance implementation support.

The draft SWP is expected to go to global consultation in early 2027, with final approval anticipated in December 2027.

6. Update on Financial Planning Services

The Board noted Agenda Item 7 *Update on Financial Planning Services*.

The Board discussed legislative reforms affecting the financial planning industry, including the DBFO package, proposed regulatory simplifications, and AML/CTF reforms. The Board agreed that no changes to APES 230 *Financial Planning Services* are required at this time.

7. Impact of AI on the accounting profession

The Board noted Agenda Item 8 *Impact of AI on the accounting profession*.

The Board received a presentation from Professor Michael Davern of the University of Melbourne on *The Ethical Imperative: Why AI Demands More of Professional Accountants*.

The presentation distinguished traditional machine learning from deep learning, emphasised the need for human oversight and critical evaluation of AI outputs, and mapped key AI-related challenges to the fundamental principles in the Code.

The Board noted concerns that reliance on AI may erode critical thinking skills and emphasised the importance of a learning mindset. It was observed that audit firms will require significant upskilling and training to assess both clients' AI systems and their own use of AI.

8. Project update on the Impact of AI on Forensic Accounting and Valuation Services

The Board noted Agenda Item 9 *Project Update on the Impact of AI on Forensic Accounting and Valuation Services*.

The Board received an update on stakeholder outreach regarding the use of AI in forensic accounting and valuation services and agreed that no immediate changes are required to APES 215 *Forensic Accounting Services* and APES 225 *Valuation Services*.

The Board agreed to develop guidance and examples on the use of AI in these services, to be presented in the second half of 2026.

9. Proposed Revised Guidance Whistleblowing and Confidentiality

The Board noted Agenda Item 10 *Proposed Revised Guidance Whistleblowing and Confidentiality*.

The Board considered proposed revisions to the APESB Guidance on Whistleblowing and Confidentiality, including alignment with APES 110 and the addition of new sustainability assurance content.

The Board also noted Treasury's consultation on whistleblowing frameworks and the importance of reflecting its outcomes in the guidance. The revised guidance will be presented for consideration at the September 2026 Board meeting.

10. Proposed Revised APESB Guidance on Audit Partner Rotation

The Board noted Agenda Item 11 *Proposed Revised APESB Guidance on Audit Partner Rotation*.

The Board considered proposed revisions to the APESB Guidance on Audit Partner and Sustainability Assurance Leader Rotation and noted broad stakeholder support for the guidance.

The Board also discussed practical challenges in monitoring compliance with partner rotation requirements, noting that firms are primarily responsible for compliance, while professional bodies and ASIC conduct monitoring and quality reviews.

The Board approved, subject to editorial amendments, the issue of the revised APESB Audit Partner and Sustainability Assurance Leader Rotation Guidance.

11. Revision of the Auditor Independence Guide

The Board noted Agenda Item 12 *Revision of the Auditor Independence Guide*.

The Board agreed to collaborate with the three professional bodies to develop the proposed sixth edition of the Auditor Independence Guide. Having agreed the project scope, the Board instructed management to finalise the Heads of Agreement with the bodies and then commence a tender process to engage a suitably qualified consultant to develop the guidance.

12. Closing of the Public Session of the Meeting

The Chairman thanked Mr Colin Murphy PSM on the conclusion of his six-year term as an APESB Director, acknowledging his prior service as Auditor-General of Western Australia and his involvement with the AUASB. The Board expressed its appreciation for his valuable contributions to the APESB, including as Chair of the Audit and Finance Committee.