

AGENDA PAPER

Item Number: 2
Date of Meeting: 22 March 2018
Subject: Review of APESB Issues Register

Action required For discussion For noting For information

Purpose

To provide the Board with the APESB Issues Register updated for all current issues as at 1st March 2018.

Background

The APESB Issues Register is provided on the APESB website to inform stakeholders of issues reported to the APESB or identified by an internal technical review in respect of each APESB professional pronouncement. The document is updated on a periodic basis to reflect the activities of the APESB Work Program.

Consideration of Issues

Resolved issues from 2017 Issues Register

- An ED for the proposed restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* will be presented for Board review and approval at the March 2018 meeting. In response to a stakeholder comment, the ED will include reference to APRA prudential standards in respect of audits of APRA-regulated entities. See Agenda Item 3 for the proposed restructured APES 110.
- Revised APES 325 was issued in December 2017 to require firms to document their succession plans as part of their risk management framework and remind firms to include in their succession plans specific actions that enable firms to continue its operations.
- The APES 225 ED was issued in December 2017 to (i) require disclosure of the standard of value used in the Valuation and its definition in the Valuation Report, and (ii) add an example relating to the Valuation of intellectual property. Proposed revised APES 225 will be presented for Board approval at the March 2018 meeting. Refer to Agenda Item 6 for relevant details.

- APES GN 31 was issued in September 2017 to provide guidance on the application of paragraph 1.10 of APES 350 to Low Doc Offerings, including when it is considered appropriate to provide a Low Doc Offering Sign-off.
- Revised APES 315 was issued in March 2017, with the key change relating to updating of the reference in paragraph 1.11 to *ASIC Corporations (Audit Relief Instrument) 2016/784* which supersedes ASIC Class Order CO 98/1417 *Audit relief for proprietary companies*.

Key developments from 2017 which are in progress

APES 310 Dealing with Client Monies

The key issues noted in the 2017 Issues Register in respect of APES 310 relate to:

- Changing or resignation of Auditor of Client Monies;
- Practical difficulties associated with opening of trust accounts;
- Application of APES 310 when a Member is a co-signatory with a Client; and
- Access of Auditor of Client Monies to client documentation.

APESB considered these issues and the relevant proposed amendments are included in the APES 310 ED issued in December 2017. Technical Staff have collaborated with the Australian Bankers Association (ABA) and Tax Practitioners Board (TPB) to address the practical challenges of opening trust accounts by developing an Information Sheet to communicate with financial institutions. See Agenda Item 10 for further details.

APES 220 Taxation Services

Key issues noted in respect of APES 220 relate to:

- References in the Standard to laws and regulations needing clarification to enhance their application; and
- Engagement practices of some firms being perceived to be inconsistent with the auditor independence requirements applicable to firms in respect of providing audit and tax services.

The above issues have been addressed in the APES 220 ED which will be presented for Board consideration at their March 2018 meeting. See Agenda Item 7 for further details.

APES 230 Financial Planning Services

Key issue that continues to be raised by some stakeholders relate to the fee requirements in APES 230, which was included in the post-implementation review consultation paper issued by APESB in April 2017. APESB is currently undertaking further engagements with key stakeholders to inform this review.

Technical Staff also identified the need to consider the potential impact to APES 230 of the Code of Ethics for professional planners to be developed by FASEA. Technical Staff will continue to monitor this matter. APESB will engage with FASEA and make revisions to APES 230, if necessary.

APES GN 30 Outsourced Services

A Professional Body raised an issue regarding the use and effectiveness of APES GN 30 and whether there is a need to transform it into a Standard. The Board approved a project plan in this respect. See Agenda Item 9 for a project update.

NOCLAR

Technical Staff identified that there is a need to consider the implications of the NOCLAR provisions to various APESB pronouncements. Any potential changes to the pronouncements will be considered in the next revisions of the relevant pronouncements.

Staff Recommendation

The Board note the APESB Issues Register (1 March 2018).

Material presented

Agenda Item 2(a): APESB Issues Register (1 March 2018).

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Date: 1 March 2018