

Project Proposal – Revision of APESB’s Suite of Pronouncements

Introduction

APESB is currently undertaking a project to revise APES 110 *Code of Ethics for Professional Accountants* (the Code) to incorporate changes arising from the restructured and renamed *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA).

Accordingly, APESB will need to undertake a project to update its suite of pronouncements to align these pronouncements with the restructured and revised Code.

Background

The Code is the foundation of all APESB pronouncements. References to the various provisions in the Code are included in all APESB’s Standards and Guidance Notes. Therefore, APESB will need to consider the impact of the revisions in the Code on its suite of pronouncements, to ensure references are up to date and the content remains consistent with the provisions in the revised Code.

Key Considerations

Technical Staff expects that most of the proposed revisions to the APESB pronouncements arising from the revised Code will be consequential or editorial in nature (e.g. changing a cross reference to sections within the Code).

However, in undertaking this project APESB will also need to consider:

1) Timing of the issue of the revised Code

In preparing the timeline for this project, Technical Staff have considered the expected timing of the issue of the revised Code, which is planned for late 2018 or early 2019. The revised Code is expected to become effective on 1 January 2020.

However, this timeline may be affected if the IESBA experience delays in finalising the revised Inducements provisions. The IESBA are planning to finalise these provisions in June or July 2018. Subject to the Public Interest Oversight Board (PIOB) approval, the IESBA will then release the final restructured International Code. Any changes to the IESBA’s timeline will need to be considered as to their impact on this project’s timeline, as necessary.

2) IT developments

The impact of technological advancements and the rate of change has been an issue considered by the accounting profession and APESB over the last few years. This project provides an opportunity to consider whether the APESB pronouncements are keeping abreast of technological developments that affect professional accountants.

3) Issues Register

Any issues noted on APESB's Issues Register will be considered as part of the review of the APESB pronouncements, as appropriate.

4) AASB review of the Reporting Entity Concept

APES 205 *Conformity with Accounting Standards* currently uses the existing Reporting Entity concept. We understand the AASB is looking at the conceptual framework which may mean that in the future this concept will not exist. APESB will need to monitor the developments of the AASB in relation to this matter, and consider amendments to APESB pronouncements, if applicable.

5) IAASB 's current project on Quality Control

The IAASB is currently undertaking a project on Quality Control. This may impact the requirements in APES 320 *Quality Control for Firms* and APES 325 *Risk Management for Firms*. APESB will need to monitor the developments of the IAASB in relation to this matter, and consider amendments to APESB pronouncements, if applicable.

Proposed Project Plan

Appendix A presents the proposed project plan for updating APESB's suite of pronouncements. It lists the key project activities, proposed timeline, project risk assessment and resource requirements.

Other Matters

Impact on accounting, auditing, or other relevant standards

Not applicable.

Related legislative developments

APESB is aware that there will potentially be updates to legislation for whistleblowing, data breaches and Anti-Money Laundering that will need to be considered by the APESB during the development process.

Related international developments

Other than the IESBA/ IAASB developments, no other developments that impact upon the APESB pronouncements is noted at this stage.

Benefits of updating the pronouncements

The project will ensure that the pronouncements continues to be aligned with the Code and remain relevant.

Appendix A

Project Plan to Update APESB Pronouncements	
Objective	To update APESB pronouncements primarily to incorporate revisions to the restructured Code.
Activities (in phases)	<p>The activities for this project have been grouped into 4 key phases. To enable the project to be completed in an effective and timely manner, pronouncements have been grouped together. The groupings are set out below. Each grouping will step through the phases below at different times apart from the roundtable discussions.</p> <p>Phase 1: Review/update APESB pronouncements</p> <ul style="list-style-type: none"> • Internal review of pronouncements including identification of amendments relating to provisions and references to the Code. • Consider issues noted on the Issues Register and make changes on the pronouncements, as necessary. • Consider implications of technological advances on the pronouncements. <p>Phase 2: Develop and issue exposure drafts</p> <ul style="list-style-type: none"> • Exposure Drafts to request specific comments from stakeholders on technological advances and any potential impacts on our pronouncements. • Comment periods will range between 30 – 90 days (depending on subject matter and the option to link to a roundtable discussion). <p>Phase 3: Hold roundtable discussions</p> <ul style="list-style-type: none"> • Roundtable discussions to be linked to rollout sessions for the restructured Code. • Discussion points to address proposed changes due to restructured Code and any implications relating to technology developments. <p>Phase 4: Issue updated pronouncements</p> <ul style="list-style-type: none"> • Analyse submissions to exposure draft. • Prepare final revised pronouncement for Board approval. • Effective date for revised standards will be in most cases 1 January 2020 subject to when the Exposure Drafts are issued. The effective date for the Guidance Notes will be the date that they are issued.

Project Plan to Update APESB Pronouncements

Grouping of Pronouncements

Pronouncements have been placed into 5 groups. The groups have been determined based on synergies that can be gained from related pronouncements. The Guidance Notes will become effective on the date of issue, so these pronouncements will need to be the last group considered.

Group A

- APES 205 *Conformity with Accounting Standards*
- APES 210 *Conformity with Auditing and Assurance Standards*
- APES 305 *Terms of Engagement*
- APES 320 *Quality Control for Firms*
- APES 325 *Risk Management for Firms*

Group B

- APES 215 *Forensic Accounting Services*
- APES 220 *Taxation Services*
- APES 225 *Valuation Services*

Group C

- APES 330 *Insolvency Services*
- APES 345 *Reporting on Prospective Financial Information prepared in connection with a Public Document*
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*

Group D

- APES 230 *Financial Planning Services*
- APES 310 *Client Monies*
- APES 315 *Compilation of Financial Information*

Group E

- APES GN 20 *Scope and Extent of Work for Valuation Services*
- APES GN 21 *Valuation Services for Financial Reporting*
- APES GN 30 *Outsourced Services*
- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*
- APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business*
- APES GN 41 *Management Representations*

Project Plan to Update APESB Pronouncements

<p>Timeline</p>	<p>The proposed timeline has been developed based on the main phases of the project:</p> <p><u>Phases 1 and 2: Review and issue of ED</u></p> <p>Group A - May 2018 to December 2018 Group B - October 2018 to February 2019 Group C - December 2018 to April 2019 Group D - February 2019 – June 2019 Group E – April 2019 – July 2019</p> <p><u>Phase 3: Roundtable discussions</u></p> <p>March – April 2019</p> <p>Note this timing suits most pronouncement groupings apart from Group E – the Guidance Notes.</p> <p><u>Phase 4: Issue of updated pronouncements</u></p> <p>Group A – May 2019 Group B – May 2019 Group C – September 2019 Group D – September 2019 Group E – December 2019 (with 1 January 2020 effective date)</p> <p>These times may be affected if the IESBA’s progress is delayed.</p>
<p>Project Risk Assessment (key risks)</p>	<p><u>Risk 1</u> Risk: Proposed revisions are not acceptable to Members, Professional Bodies and other stakeholders.</p> <p>Assessment:</p> <ul style="list-style-type: none"> • Probability: Low • Impact: Medium • Risk rating: Low <p>Mitigating Controls: Proactively consult with stakeholders including through roundtables.</p> <p><u>Risk 2</u> Risk: Changes in IESBA timeline may cause delays in APESB’s timeline</p> <p>Assessment:</p> <ul style="list-style-type: none"> • Probability: Medium • Impact: Medium • Risk rating: Medium <p>Mitigating Controls: Monitor IESBA’s progress. Liaise with IESBA Technical Staff, as needed. Adjust APESB’s timeline, as required.</p>

Project Plan to Update APESB Pronouncements

Resource Requirements	<ul style="list-style-type: none">• Estimated Technical Staff time over the life of this project will be approximately 12 months. This would cover the various stages of this project.• Costs to hold two Roundtable events – include room hire, catering, travel and accommodation for APESB Staff and Board Members (as required) and sundry costs. Costs will be covered by existing allocation for events and thought leadership activities in APESB’s budget.• Other sundry costs like printing and stationery.
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