

19 February 2020

APESB issues revised APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31) to replace the existing APES GN 31 (Issued September 2017).

The key changes in the revised APES GN 31 consist of:

- Revisions to reflect the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, issued in November 2018;
- Updating the guidance to include cross references to APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*; and
- Amendments to the Scope and application section to align with other APESB pronouncements.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES GN 31 will be effective as at the date of issue.

APESB has incorporated the following interactive PDF features within the revised APES GN 31:

- Bookmark tab section for contents page;
- Dynamic links to sections and paragraphs;
- Pop-up definitions upon mouse rollover for defined terms; and
- Links to external websites.

The revised guidance note is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES GN 31 (Issued September 2017)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* which was originally issued in September 2017 (extant APES GN 31).

Paragraph/Section Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) issues <u>has revised</u> professional Guidance Note APES GN 31 <i>Professional and Ethical Considerations relating to Low Doc Offering Sign-offs</i> (the Guidance Note), which is effective from the date of issue and supersedes APES GN 31 issued in September 2017.
Footnote 1 [to paragraph 1.3]	APES 350, paragraph 1.640, specifies that the “Standard should be applied to the extent practicable where a Member in Public Practice provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with an Engagement which is not in connection with a Public Document.”
1.4	Members in Public Practice using this Guidance Note should refer to: (a) <u>APESB’s Due process and working procedures for the development and review of APESB pronouncements</u> (APESB’s Due Process document); and (b) <u>APES 350 for the applicable requirements where a Member in Public Practice provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person.</u> The APESB’s Due Process document provides the meaning of the term ‘should’ used in this Guidance Note. ²
Footnote 2	See Refer to APESB’s Due Process Document; Section 5 <i>Drafting Approach</i> ; Paragraph 5.2(ef).
1.5	<u>Members in Public Practice working in Australia should follow the guidance in APES GN 31 when they provide Professional Services.</u>
1.6	<u>Members in Public Practice outside of Australia should follow the guidance in APES GN 31 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.</u>
1.7	<u>The Guidance Note is not intended to detract from any responsibilities which may be imposed by law or regulation.</u>
1.8	<u>All references to Professional Standards, guidance notes and legislation are references to those provisions as amended from time to time.</u>
1.9	<u>Members in Public Practice are required to comply with other applicable Professional Standards and be familiar with relevant guidance notes when performing Professional Services. All Members are required to comply with the fundamental principles outlined in the Code.</u>
1.105 to 1.116	[Paragraphs 1.5 and 1.6 in extant APES GN 31 remain unchanged, but have been renumbered as paragraphs 1.10 and 1.11.]
2.	<u>Defined terms, including terms defined in addition to the definitions contained in APES 350, are shown in the body of the Guidance Note in</u>

Paragraph/Section Reference	Revisions
	<p><u>title case.</u></p> <p>¶For the purpose of this Guidance Note:</p>
3.3	<p>A Member in Public Practice who performs a Professional Activity, including providing a Low Doc Offering Sign-off, is required to comply with Part A — General Application of the Code <u>1 Complying with the Code, Fundamental Principles and Conceptual Framework</u>, and Part B 3 Members in Public Practice and the Independence Standards (Parts 4A and 4B) of the Code, and applicable laws or regulations.</p>
4.3	<p>For the purpose of this Guidance Note, a Low Doc Offering Engagement is considered to be an Engagement to which paragraph 1.640 of APES 350 applies and where many of the elements of an APES 350 Engagement <u>to which APES 350 is applicable</u> are present.</p>
5.6	<p><i>[Paragraph 5.6 contains editorial amendments to update the formatting of the alpha listing.]</i></p>
5.7	<p>The circumstance referred to in paragraph 5.6(a) may generally include:</p> <p>(a) ¶<u>¶</u>The historical Financial Information underlying the Financial Information on which the Low Doc Offering Sign-off is to be provided has been recently (or concurrently) subject to audit or review by the same Firm or another Firm.</p> <p>(b) ¶<u>¶</u>The Client allowing for sufficient time, budget and resources for the Firm to perform the required review procedures in accordance with ASAE 3450.</p>
5.8	<p><i>[Paragraph 5.8 contains editorial amendments to update the formatting of the alpha listing.]</i></p>
Appendix 1	Illustrative Examples – amended (minor amendments)
Appendix 2	Summary of revisions to the previous APES GN 31 (Issued in September 2017) – added