

Perspective

This is one of a series of articles where experts in assurance, reporting and regulatory matters discuss recent technical and policy developments in these areas.



APESB: a decade of setting standards in the public interest

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This year the Accounting Professional and Ethical Standards Board (APESB) is completing its tenth year of operations. This article looks at APESB's key achievements in that time and its future plans as set out in the recently released 2016-2020 Strategic plan. The article also provides a summary on the recently issued guidance note on Management Representations.



A decade of Standard Setting

APESB was formed in 2006 as an independent standard setting body with the primary objective of developing professional and ethical standards in the public interest for the members of the three Professional Accounting Bodies. The three Professional Accounting Bodies, namely CPA Australia, Chartered Accountants Australia and New Zealand (formerly the Institute of Chartered Accountants Australia) and the Institute of Public Accountants (formerly the National Institute of Accountants) are the members of APESB.

At its formation, APESB inherited the APS and GN series of professional standards from CPA Australia and the Institute of Chartered Accountants Australia. This series was progressively revised and relaunched by APESB in its first eight years of operations. APESB also developed seven new pronouncements to meet the market needs of members of the Professional Accounting Bodies and to address issues of public concern.

Pronouncements

The key standard issued by APESB is APES 110 *Code of Ethics for Professional Accountants* (the Code), which is based on the International Ethics Standards Board for Accountants' (IESBA's) Code of Ethics. The Code sets out fundamental principles and a conceptual framework that members of the Professional Accounting Bodies need to adhere to when they perform professional activities for their client or employer. The Code also includes auditor independence requirements in respect of assurance engagements. APESB has also issued standards on quality control and risk management that cover the professional services delivered by accounting firms.



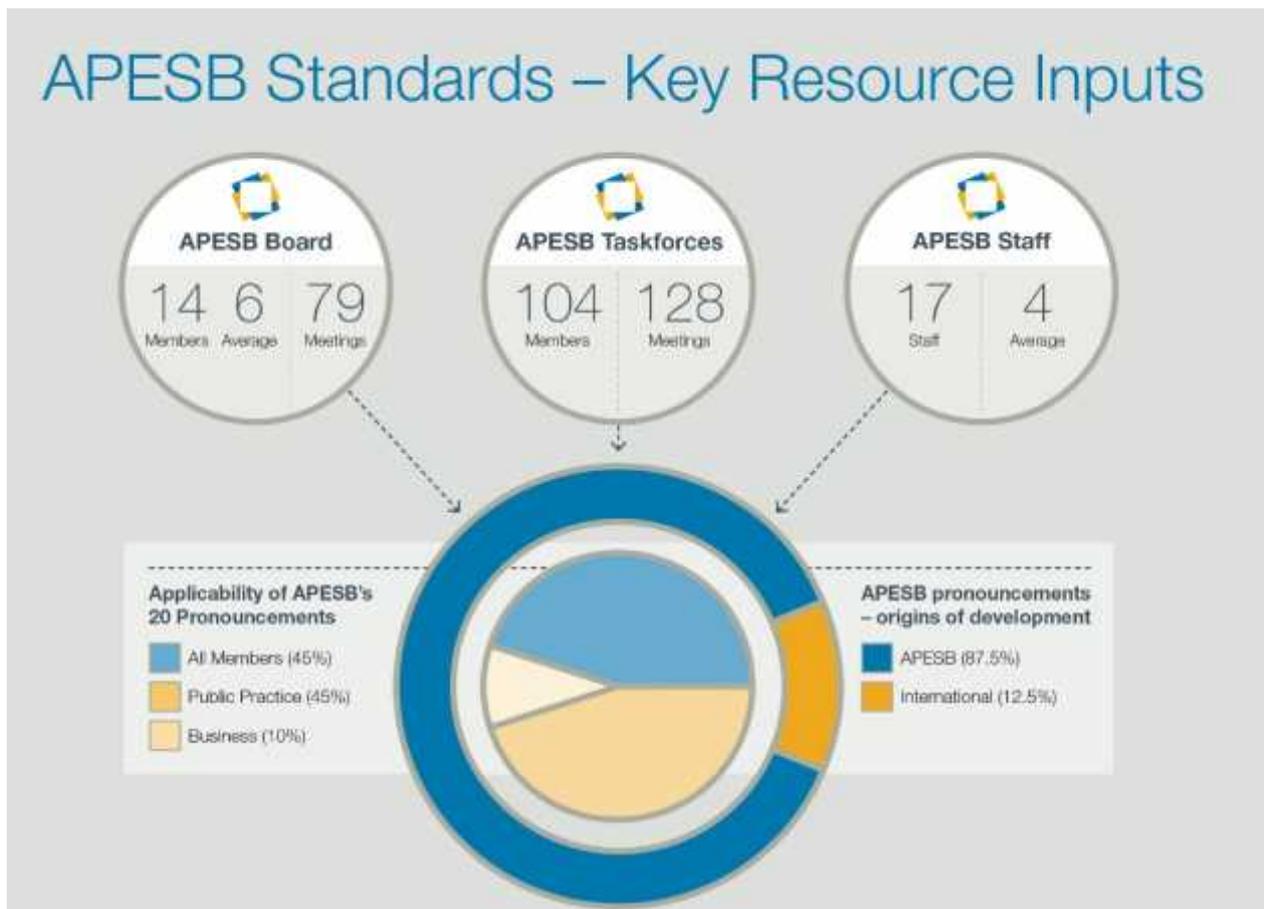
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APESB's other professional pronouncements cover a broad range of non-assurance services that members of the Professional Accounting Bodies may perform, such as Taxation Services, Valuation Services, Forensic Accounting, Insolvency Services, Financial Planning, Due Diligence Committees and Outsourced Services. They provide requirements and best practice guidance to assist members consider key subject matter when they perform these services, and a framework to exercise their professional competence and skill in order to discharge their professional obligations.

International professional and ethical standards issued by standard setting boards of the International Federation of Accountants (IFAC) are generally adopted by APESB. Where appropriate, APESB develops additional requirements or guidance to take into consideration the Australian environment. To date APESB has issued 2 pronouncements which use international standards as a base and in another instance a pronouncement uses key elements of an international standard. In respect of APESB's other 17 pronouncements these have been developed by APESB in Australia with the valuable assistance of APESB taskforces or by APESB technical staff. This means that in APESB's case 87.5% of its 20 pronouncements have been developed by APESB in Australia.

The complete list of APESB pronouncements is available on our website: apesb.org.au.

The pronouncements are subject to regular review to ensure they remain up to date technically and in line with public and regulatory expectations. In the last ten years we have conducted over 98 annual reviews and 30 technical updates of our pronouncements.



Engagement and Influence

APESB's standards development process is one of professional collaboration. APESB consults extensively with accountants in public practice and business, regulators, accounting firms and government agencies as part of its transparent standard setting process. APESB deals with the public and other stakeholders, both locally and internationally, as relevant to different issues.

At the domestic level, APESB has engaged with stakeholders through a variety of different media such as APESB taskforces, thought leadership events, roundtables, presentations at conferences, CPD events and other forums. APESB has also lodged 12 submissions to local standard setters, government and regulatory agencies.

At the international level, APESB represents Australia in the National Standard Setters Group of the IESBA, a standard setting board of IFAC.

APESB has prepared 29 submissions in response to international exposure drafts. APESB Board members have held and currently hold positions on international boards and committees which is invaluable in influencing the international agenda.

Communication activities

APESB has developed a strong communications platform to engage with stakeholders via the website, mobile app, communications with subscribers and social media.

APESB was the first standard setter in Australia to release a mobile app to provide easy access to professional and ethical pronouncements. The app has been downloaded over 1300 times since it was released in April 2015. The website has had over 9.8 million hits. The website provides updates on exposure drafts, details of pronouncement development, and APESB meeting information including agenda items, board papers and meeting highlights.

APESB posts regular updates on LinkedIn and have received more than 400,000 impressions since its inception in November 2013. The LinkedIn page also promotes the company's E-Newsletter – Professionalism with the number of subscribers growing steadily over time.

APESB has raised awareness of its pronouncements and standard-setting activities by performing 79 presentations and also attending various conferences and member professional development events. APESB has also written 33 professional articles for publications and journals.

Further information on the APESB's decade of setting professional and ethical standards can be found on our website in both the [10 year anniversary publication](#) and related [media release](#).

Future direction: Strategic plan 2016-2020

The next chapter for the APESB is likely to be different from its first decade of operations.

APESB has recently completed the development of its 2016 - 2020 Strategy. The new [Strategic Plan](#) builds on APESB's successes and leverages its existing activities to provide leadership in respect of accounting professional standards.

The four strategic priorities outlined in the Strategic Plan will promote professionalism and ethical behaviour and strengthen the integrity of the accounting profession. The four strategic priorities over the 2016 - 2020 strategic period are:

- Issuing professional and ethical standards that are relevant to members of the Professional Accounting Bodies in Australia while serving the public interest;
- Effectively engaging our key stakeholders, including professional accountants, the public, government bodies, regulators and the Professional Accounting Bodies;
- Influencing and responding to the national and international agenda in relation to professional and ethical standards; and
- Promoting that professionalism and ethical conduct drive the behaviour of accountants and conducting outreach activities in collaboration with key stakeholders.

During this strategic period, it is envisaged that the Code will be restructured, in line with the IESBA's project to restructure the International Code. This will provide clarity around key provisions in the Code and improve its readability. It will also provide the opportunity for the APESB to consider technological advances which could improve how users interact with our pronouncements. Any changes to the Code are expected to flow through to the suite of APESB pronouncements.

The APESB Board and management will also place a stronger focus on communication and outreach. APESB will continue to establish and maintain strong networks with stakeholders and other standard setters, both nationally and internationally, and will look for new ways to engage with the profession to promote exemplary levels of professionalism and ethical behaviour.

New guidance note on Management Representations

In August this year the APESB issued GN 41 *Management Representations* (APES GN 41). The guidance note aims to assist professional accountants who prepare, review or approve management representations.

The guidance note will help ensure management representations are prepared or presented fairly and honestly, in accordance with the Code. This applies to representations used internally by management or boards (i.e. financial reporting certifications, declarations to entities in other jurisdictions etc.), or alternatively those provided to an external party (i.e. for annual financial statements, valuation services, etc.).

A professional accountant's obligations also involve acting with sufficient expertise in preparing the management representation, having appropriate working papers to support the work performed, and ensuring confidentiality requirements are met.

APES GN 41 is directed primarily at chief financial officers or those in senior finance roles, but also provides specific guidance for professional accountants at different levels of an organisation in respect of their responsibilities. Some of these responsibilities include:

- consideration of the competency of personnel involved in the process;
- consideration of the extent of reliance on others' work;
- compliance with group policies and procedures;
- the internal control environment; and
- the completeness of group management representations.

APESB acknowledges the valuable contributions of the representatives of the Group of 100 (G100) and the Australian Institute of Company Directors (AICD) who assisted APESB in developing this guidance note.

APES GN 41 is effective from the date of issue and can be found on the APESB website: www.apesb.org.au