

19 May 2025

Mr Channa Wijesinghe
Chief Executive Officer
Accounting Professional & Ethical Standards Board Limited
Level 11, 99 William Street
Melbourne VIC 3000

By email: sub@apesb.org.au

Dear Channa

APESB ED 02/25 *Proposed Revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* Addressing Using the Work of an External Expert

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Exposure Draft (ED).

Overall, IPA supports the proposals in ED 02/25 to amend the existing APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to guide professional accountants in both business and public practice when using the work of an External Expert.

In particular, we support the proposals to:

- **New Sections 290, 390 and 5390**, that establish an ethical framework to guide Members in Business, Members in Public Practice and Sustainability Assurance Practitioners (SAPs) in evaluating whether an External Expert has the necessary competence, capabilities and objectivity (CCO) for the Member or SAP to use the expert's work for the intended purposes. However, in practice, we think professional accountants in small and medium-sized environments are likely to struggle with making a CCO evaluation of an external expert. IPA recommends the APESB work closely with IESBA to develop guidance and tools to assist the application of the proposed requirements, especially in assessing objectivity in practice.
- **a prohibition on using the work of an External Expert** if it is determined that the expert does not have the necessary CCO, or if the Member or SAP is unable to make such a determination. However, IPA notes that this may be challenging in the first few years of implementing the requirements given the potential limitations in the availability of experts for sustainability reporting and sustainability assurance services.

- **New definitions of “expert” and “expertise,” and a revised definition of “External Expert”.** Specifically, IPA supports the inclusion of “experience” in the proposed definition of “expertise”, as in practice an expert lacking sufficient experience despite possessing a high level of knowledge or skills in their field of expertise may raise unacceptable risks for a professional accountant. The inclusion of “experience” also aligns with the definition of “expertise” in *ASA 620 Using the Work of an Auditor’s Expert*.
- **Proposed operative date** to be effective for sustainability assurance engagements commencing on or after 1 January 2026, and for all other engagements and professional activities from 1 January 2027 with transitional relief in specific circumstances. Early adoption of the revised Standard is also permitted. IPA supports the proposed operative date and transitional provisions, especially the transitional relief on the basis that the provisions recognise Australia’s legislative environment is more advanced in requiring mandatory reporting and assurance of sustainability information (ED 02/25, page iv).

Our comments above are consistent with those expressed in our submissions to the International Ethics Standards Board for Accountants’ (IESBA) Exposure Draft: *Using the Work of an External Expert* (April 2024).

For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at vicki.stylianou@publicaccountants.org.au.

Yours sincerely



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