



The Institute of Public Accountants

**Submission to APESB:  
ED 02/2016**



**IPA** INSTITUTE OF PUBLIC  
ACCOUNTANTS

*Partnership beyond numbers*

06 April, 2017

The Chair  
The Hon. Nicola Roxon  
Accounting Professional & Ethical Standards Board Limited  
Level 11/ 99 William Street  
Melbourne VIC 3000

Dear Ms Roxon

***Exposure Draft 02/16 Proposed amendments to APES 110 Code of Ethics for Professional Accountants due to revisions to IESBA's Code of Ethics for Professional Accountants***

As a matter of principle, the Institute of Public Accountants (IPA) continues to support Australian conformity with the IESBA's *Code of Ethics for Accountants for Professional Accountants*. Accordingly, we **support** the proposed amendments in the Exposure Draft 02/16 subject to our comments on the operative date.

Given that the IESBA issued these revisions to the Code last July, the Australian exposure draft does not give any meaningful opportunity to suggest changes to the content. We consider that the APESB should issue Australian exposure drafts concurrently with those of the IESBA.

When the final amendments are issued by the IESBA, the APESB should seek comments on any specific issues affecting Australian constitutes and the local regulatory regime. Specific comment should be sought on the operative date.

The IPA is particularly supportive of roundtable and other consultations once the IESBA has issued an exposure draft and assisting the APESB in its submission(s) to IESBA, and in the ongoing development for the exposure draft to a Standard.

The Australian exposure draft was released some five months after the release of the IESBA's amended Code. We consider such a delay to be unnecessary and unacceptable.

The proposed operative date of 15 July 2017 is aligned to that of the IESBA. The IESBA adopted an operative date of approximately one year after the release of its amendments to the Code. Given the significance of the changes, we considered this to be far too short. We would have preferred an operative date of two years hence.

If the 15 July date was to proceed, this would only represent a couple of months between the finalisation of the exposure draft and the release of the revised Code. We are not aware of any particular or compelling reasons which support this effective date. Given that the IESBA has spent six years on consultation and the content of the Standard has been known for some time, then we believe this does not reflect well on our domestic process.

Importantly, there would be insufficient time to create an awareness of the revisions, for training to be conducted, and for processes and systems to be revised. This is compounded

by the number of entities employing professional accountants who are affected by the changes. Even though the IPA has already commenced the process of raising awareness and training, this will be totally insufficient in such a short period of time. The sheer scope of application and the task of implementation are enormous and should not be underestimated.

At a minimum, the operative of the amendments to the Code should be aligned to the operative date of the related ASA 250 *Consideration of Laws and Regulations in the Audit of Financial Report*. That date being 15 December.

***We would prefer an operative date of the amendments to the Code to be 15 July 2018.***

We note that in overseas jurisdictions, only a couple have applied the 15 July 2017 date. We believe that APESB has sufficient reason to defer the IESBA's operative date by a year.

In addition, the IPA believes that further guidance will be needed as to how to implement and apply NOCLAR; for instance, how to interpret what constitutes "non-compliance", the "public interest", and numerous other concepts; and to clarify the legal, regulatory and ethical responsibilities regarding how to respond to the Standard. There will be much ambiguity and greyness in how NOCLAR is to be interpreted and applied, not just across Australia, but also consistently across the world.

It is also likely that stronger whistle blower protections will be needed in Australia in a broader and more general sense. We note that this is currently being proposed by the Federal Government in terms of strengthening whistle blower protections, though these are not likely to come into effect for some time and the final scope and terms are yet to be decided. At this stage there are only proposals being put forward for consideration. APESB should also be involved in this Federal Government consultation as a relevant stakeholder. In fact, we note in this regard, that IESBA will be answering questions such as how the Standard will apply in countries that don't have safe harbour provisions for whistle blowers.

We further note that IESBA will also be providing more guidance including "implementation support material". Even though IESBA currently has some material on implementing NOCLAR including a Q&A video series and developments being notified through Twitter (#NOCLAR and #IESBA), we appreciate that more will follow.

If you would like to discuss our comments, please contact me or our technical advisers Colin Parker ([colin@gaap.com.au](mailto:colin@gaap.com.au)) or Sonya Sinclair ([sonya@ecorac.com.au](mailto:sonya@ecorac.com.au)), GAAP Consulting.

Yours sincerely



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