

20th October 2023

Chief Executive Officer
Accounting Professional and Ethical Standards Board Limited (APESB)
Level 11, 99 William Street
Melbourne Victoria 3000
Australia

By email: sub@apesb.org.au

Dear Channa

Proposed Technology-related revisions to APES 110 Code of Ethics for Professional Accountants (including Independence Standards)

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 173,000 members in over 100 countries and regions. We make this submission in response to the Accounting Professional & Ethical Standards Board Limited (APESB) exposure draft on Proposed Technology-related revisions to *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) on behalf of our members and in the broader public interest.

CPA Australia generally supports the alignment of the Code with the Code issued by the International Ethics Standards Board for Accountants (IESBA), as this ensures consistency in the expectations of professional conduct and obligations for professional accountants who may work both domestically and globally.

However, we are concerned that the continued volume, pace and breadth of change to the Code may be negatively impacting the ability of the profession to adopt and implement such changes, especially professional accountants working in public practice, including those in small to medium practices (SMP).

The objective of the conceptual framework in the Code recognises that professional accountants must identify, assess and determine their responses to ethical challenges, most of which will be unique to that professional accountant. It supports professional accountants in their ethical decision making, who use the framework to guide their decisions using professional judgment and scepticism, including the responsibility to scan and interrogate underlying assumptions. As stated in the Code, applying the conceptual framework requires having an inquiring mind, exercising professional judgement, and using the reasonable and informed third party test. We are concerned that the expanding scope of the Code, with extensive descriptions, examples and direct rules and prohibitions, risks diminishing the underlying value of the fundamental principles in the Code in ethical decision making by professional accountants.

We understand that the proposed amendments to the Code are being driven by revisions by IESBA and again acknowledge the importance of ensuring alignment. However, as noted in our submission to IESBA's proposed strategy and Work Plan, 2024-2027¹, we would also encourage the consideration of utilising non-authoritative material to address identified issues, rather than making continual revisions to the Code.

¹ <https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/policy-and-advocacy/consultations-and-submissions/ethics/2023/proposed-iesba-strategy-and-work-plan-20242027-cpa-australia-submission-july-2023-web.pdf?rev=d42a7c2fa18c4c12900519d837b0125a>

Proposed Operative Date

CPA Australia supports the proposed operative date of on or after 1 January 2025, noting that the professional bodies will require time to engage and support professional accountants understand the new obligations in the Code.

Confidentiality

The Code proposes to include a new definition of confidential information as follows:

Confidential Information Any information, data or other material in whatever form or medium (including written, electronic, visual or oral) that is not publicly available

Proposed R114.2(d) states that where the duty of confidentiality applies to information, the professional accountant must continue to apply this duty, even where the information becomes publicly available.

We note that IESBA considered in its Basis for Conclusion that there is a potential conflict between the definition of 'confidential information' and the obligations of R114.2(d), and concluded the duty applies to 'information' and not 'confidential information'. Therefore, when the information becomes publicly available it would no longer meet the new definition of 'confidential information', yet the obligation to comply with duty of confidentiality would still apply to the 'information'.

However, the proposed exception in R114.3 only applies to 'confidential information' as per the proposed new definition, meaning the exception would not apply to R114.2(d).

We are concerned that as drafted, the proposed new definition of 'confidential information' and its application as proposed R114.2(d) and R114.3 are problematic and should be addressed before being finalised.

If you have any queries about this submission, please don't hesitate to contact Keddie Waller, Senior Manager Public Practice, Financial Planning and Ethics Policy on Keddie.waller@cpaaustralia.com.au or 0401 716 083.

Yours sincerely

Elinor Kasapidis
Head of Policy and Advocacy