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11 November 2019

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

Online Submission via: www.apesb.org.au

Dear Channa

Exposure Draft (ED) 04/19 – Revision of APES 230 *Financial Planning Services*

CPA Australia represents the diverse interests of more than 164,000 members working in 150 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

CPA Australia is supportive of the key proposed amendments identified on pages 3 and 6 of ED 04/19.

CPA Australia supports the proposed amended paragraph 8.2 which requires members to obtain informed consent annually (changed from the extant requirement of biannually) in writing to charge and collect fees on a “percentage of funds under management” basis. We note that annual client acceptance is included in Recommendation 2.1 of the *Financial Services Royal Commission Implementation Roadmap (August 2019)*¹.

In addition to the key proposed amendments, the APESB has requested respondents to provide specific comment on the following issue identified on page 5 of the ED.

- Whether the existing provisions in (APES 230) require amendments due to the use of digital technology and artificial intelligence (AI).

Digital Technology and AI

The International Ethics Standards Board for Accountants (IESBA) has established a Working Group (WG) to examine the potential impact of digital technology and artificial intelligence on the Code of Ethics for Professional Accountants (the Code). Without pre-empting the recommendations of the WG, it is reasonably foreseeable that changes and/or inclusions may be made to the Code which will subsequently require the APESB to consider changes to APES 110 *Code of Ethics for Professional Accountants* (APES 110)

Recent amendments to APES 110 include paragraph 19 which states

¹ http://www.treasury.gov.au/sites/default/files/2019-08/399667_Implementation_Roadmap_final.pdf

All Members are required to comply with the Code and relevant Professional Standards, and to be familiar with guidance notes, when providing Professional Activities.

The inclusion of paragraph 19 cascades compliance with APES 110 to all Pronouncements issued by the APESB. Therefore, CPA Australia suggests that any principles-based changes proposed to address ethical issues relating to digital technologies and AI, be made within APES 110.

If you have any questions regarding this submission, please do not hesitate to contact Josephine Haste CPA, Policy Adviser – Ethics and Professional Standards on +613 9606 9693 or josephine.haste@cpaaustralia.com.au.

Yours sincerely



Dr Gary Pflugrath CPA
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