

22 November 2021

Mr. Channa Wijesinghe  
Chief Executive Officer  
Accounting and Ethical Standards Board Limited  
Level 11, 99 William Street  
Melbourne  
VICTORIA 3000

By e-mail: [sub@apesb.org.au](mailto:sub@apesb.org.au)  
[channa.wijesinghe@apesb.org.au](mailto:channa.wijesinghe@apesb.org.au)

Dear Channa,

**Exposure Draft: Proposed Standard: APES 320 Quality Management for Firms that provide Non-Assurance Services**

CPA Australia represents the diverse interests of more than 168,000 members working in over 100 jurisdictions and regions around the world. We make this submission on behalf of our members and in the broader public interest. We value the opportunity to provide comments on the proposed Standard: APES 320 *Quality Management for Firms that provide Non-Assurance Services*.

CPA Australia supports the proposed standard as outlined in the exposure draft, noting our responses to the specific request for comment questions, detailed in the exposure draft, are provided in Attachment 1.

Responses to these questions are drawn from on our policy and advocacy work, our experience of the current standard in practice through our CPA Australia Best Practice Program assessments of members in public practice, and responses and feedback from public practitioners who participate in CPA Australia's Public Practice and Best Practice Program advisory committees.

Should you have any questions regarding this submission, please do not hesitate to contact Melissa Read, Senior Manager, Professional Standards on 0481 476 275 or [melissa.read@cpaaustralia.com.au](mailto:melissa.read@cpaaustralia.com.au)

Yours faithfully

Dr. Gary Pflugrath FCPA  
Executive General Manager, Policy and Advocacy

## CPA Australia responses to Exposure Draft Requests for Specific Comments

**Request for Specific Comment 1** – *Do you agree that APES 320 should apply to the non-assurance practices and engagements of firms as set out in this Exposure Draft or should APES 320 continue to apply to all firms? Please provide reasons and justification for your response.*

We support the proposed change of the standard so that it applies to non-assurance practices and engagements of firms as set out in the Exposure Draft. We consider the high-level alignment of the standard with the auditing standard ASQM1 enables hybrid firms to comply with both standards. We consider separating the standards assists with simplifying standards applicable to audit and assurance practitioners.

**Request for Specific Comment 2** – *Should APES 320 include root cause analysis as a means of identifying the root causes of deficiencies in the system of quality management? Please provide reasons and justification for your response.*

We support the inclusion of root cause analysis in APES 320. We acknowledge the concern that this may be onerous for small practitioners. Therefore, we support the inclusion of suitable guidance in the standard with respect to considerations relevant to the scalability for practice size and the nature of identified deficiencies.

We support the inclusion of root cause for all practitioners due to the benefit of identifying, and therefore correcting, the underlying cause of a quality management deficiencies. We also consider that it will assist hybrid firms by having the high-level consistency of APES 320 with ASQM1.

**Request for Specific Comment 3** – *Would practitioners find the development of additional implementation material for APES 320 useful? For example, APESB's development of the Independence Guide to demonstrate the application of independence standards has been favourably commented on by stakeholders. APESB is open to the development of similar implementation material for quality management of non-assurance practices. Please provide reasons and justification for your response.*

Members in public practice, particularly those in small and medium firms, appreciate guidance and assistance in implementing standard changes. We see this as a role for the professional bodies in supporting their members. CPA Australia will amend its current APES 320 Quality Management tool to reflect the changes in the standard and what practitioners will need to address to ensure their ongoing compliance.

The proposed changes to APES 320 are not complex. Therefore, if the APESB wishes to develop a support product for practitioners, a frequently asked questions or implementation checklist are likely to be sufficient.

**Request for Specific Comment 4** – *Do you agree that APES 320 and APES 325 should continue to be separate standards or should APES 320 be incorporated into, or otherwise combined with, APES 325? Please provide reasons and justification for your response.*

Across our membership we have received conflicting responses to this question. However, given our support for APES 320 only applying to non-assurance practitioners we support maintaining quality management and risk management as separate standards. We consider combining APES 325 into APES 320 will be confusing for practitioners who are providing assurance services. In this situation they would only need to comply with parts of the combined standard.