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Chairperson  
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By E-mail: [sub@apesb.org.au](mailto:sub@apesb.org.au)

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Dear Kate

## Exposure Draft ED 03/10 of Proposed Standard: APES 110 Code of Ethics for Professional Accountants

Grant Thornton Australia Limited (Grant Thornton) appreciates the opportunity to comment on the Accounting Professional and Ethical Standards Board's (APESB) ED 03/10 Proposed Standard APES 110.

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses.

Grant Thornton broadly supports the release of APES 110 as an APES standard given that the global equivalent standard 'Code of Ethics for Professional Accountants' was issued by the International Ethics Standards Board for Accountants (IESBA) in July 2009 and is generally globally applicable as from 1 January 2011.

## Consistency with IESBA Code of Ethics for Professional Accountants

As previously advised in our various submissions to the APESB and in particular our 9 April 2009 submission on ED 01/09 APES 320 "Quality Control for Firms", Grant Thornton believes that only minimal necessary regulatory changes should be made to any recognized global standard that is being adopted in Australia given the need to ensure consistency of global standards. The 'look and feel' of an Australian standard should be instantly recognized as a global standard, and we note that this is the policy of both the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB), with neither of the Boards having a problem with accommodating Australian legislation and the local Australian environment.

Where the APESB believes that other editorial changes are necessary to a global standard, we believe that it is incumbent on the APESB to seek the views of the relevant global standards setter to ensure that any changes do not impact the effectiveness of the particular standard. As a general rule we would discourage any editorial changes, but where needed for regulatory reasons, we believe that such amendments need to be highlighted as an Aust reference along the lines that the AASB and AUASB follow.

#### Timing of Release of EDs and Standards

We also believe that the APESB needs to be issuing proposed amendments to its standards at the same time that the equivalent International Standards setter issues any proposed amendments, to ensure that Australian constituents have the opportunity to influence any resulting standard that needs to be adopted by Australia to ensure International compliance with world's best practice. The process followed by the AASB with roundtables and asking for submissions just prior to the submission deadline for International EDs works well, and ensures that Australian constituents have sufficient time to amend their own internal requirements to ensure compliance with International standards. In particular we believe that the Australian equivalent to the IFAC Code of Ethics should have been released at the same time when it was released by the IFAC. The delay in releasing an Australian equivalent to the IFAC Code of Ethics means that Australian constituents have less time than other IFAC constituents have had to implement the revised standard.

Our specific comments on various parts of ED are set out in the Appendix to this letter.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly  
National Head of Professional Standards

# Appendix

## AUST210.11.1

This Australian only requirement mandates a ‘safeguard’ in the IESBA Code so that it is a requirement to seek permission from the prospective audit client to contact the current auditor, and then make the appropriate contact. Whilst we would agree that this is normally the case, there may be specific reasons why such contact is not necessary, and other safeguards can be applied. The APES Board needs to provide a justification as to why Australia should have a more restrictive requirement that that applicable globally. In the absence of any acceptable Australian only justification, we do not support this requirement.

## AUST210.15.1

We question why there needs to be clarification that section 210 of the Code applies where an Accountant who is not a Member is involved.

## AUST240.7.1

This Australian only requirement mandates a ‘safeguard’ in the IESBA Code so that it is a requirement to disclosure to a client in writing that a referral fee or commission is applicable. Whilst we would agree that this is normally the case, there may be specific reasons why such disclosure is not necessary, and other safeguards can be applied. The APES Board needs to provide a justification why Australia should have a more restrictive requirement that that applicable globally. In the absence of any acceptable Australian only justification, we do not support this requirement.

## AUST240.7.2

The APES Board needs to provide a justification why Australia should have a more restrictive requirement that that applicable globally, by banning referral fees and commissions for an Assurance Engagement. In the absence of any acceptable Australian only justification, we do not support this requirement.

## AUST290.11.1

We question why it is necessary to add additional guidance that states that it is necessary to aggregate multiple threats to Independence. Surely this is self obvious and hence the reason why the IESBA Code does not contain this requirement?

#### AUST290.39.1

We question why Australia should have additional requirements relating to Mergers and Acquisitions violations compared to the IESBA Code. In the absence of any acceptable Australian only justification, we do not support this requirement.

#### AUST290.117.1

We question why Australia should have additional requirements relating to Financial Interests violations compared to the IESBA Code. In the absence of any acceptable Australian only justification, we do not support this requirement.

#### AUST290.133.1

We question why Australia should have additional requirements relating to Family and Personal Relationships violations compared to the IESBA Code. In the absence of any acceptable Australian only justification, we do not support this requirement.

#### AUST290.146.1

This Australian only paragraph expands the ban on a partner or employee of the Firm serving as a Director or Officer of an Audit Client, to include the management of an Administration. We support this on the basis that it is guidance on who is a Director or Officer in the Australian environment.

#### AUST290.148.1

This Australian only paragraph expands the ban on a partner or employee of the Firm serving as a Company Secretary. We support this on the basis that it is guidance on who is a Director or Officer in the Australian environment.

#### AUST290.151

Given that the Corporations Act has a more restrictive rotation period for listed companies, we believe that APES 110 should have an AUST paragraph that reflects the maximum 5 year rotation for listed companies. This is necessary as APES 110 will continue to be the main reference for independence in the Australian environment. The APES Board may wish to consider whether there is a need to make other Corporations Act independence references in APES 110, again as a warning that there are some more restrictive independence requirements in Australian legislation.

#### AUST291.10.1

We question why it is necessary to add an additional guidance that states that it is necessary to aggregate multiple threats to Independence. Surely this is self obvious and hence the reason why the IESBA Code does not contain this requirement?

#### AUST291.33.1

We question why Australia should have additional requirements relating to Engagement Period violations compared to the IESBA Code. In the absence of any acceptable Australian only justification, we do not support this requirement.

AUST291.112.1

We question why Australia should have additional requirements relating to Financial Interests violations compared to the IESBA Code. In the absence of any acceptable Australian only justification, we do not support this requirement.

AUST320.2.1

We support additional guidance that enables a Member in Business to take steps to disassociate themselves from preparation or approval of financial statements that do not comply with Australian Accounting Standards.