

The Institute of Public Accountants



IPA INSTITUTE OF PUBLIC
ACCOUNTANTS[®]

15 September 2016

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

Dear Ms Roxon

Proposed Standard ED 01/16 APES 310 Client Monies

The Institute of Public Accountants (IPA) welcomes the opportunity to comment on the proposed standard ED 01/16 *APES 310 Client Monies* (Standard).

Overall, we support the changes to the revised standard. We provide our specific comments below:

1. We are supportive of the addition of the objectives of APES 310 (paragraph 1.1) in the revised standard which provides the member in public practice who deals with client monies and the auditor of client monies with a high level overview of the purpose of the revised Standard.
2. We agree with the inclusion of paragraph 6.6 on how to deal with unclaimed monies below legislative thresholds which allows for these funds to be donated to a charity as defined in the *Charities Act 2013*.
3. The Standard should be clear and specific (as part of the overall objectives and as a separate sub-heading of the Standard) that it also deals with circumstances where the member has been appointed Power of Attorney or as a trustee of a trust for a client. In this instance, the member is not relieved of their obligations under the revised Standard.
4. Paragraph 8.1 of the Standard provides clarification where an assurance engagement undertaken under legislation which covers all of the subject matter required by the Standard, the member is not required to appoint another member in public practice as auditor of client monies.
5. In addition to the above, where the same auditor may be used for the assurance under legislation (for example, member may hold an AFS licence) and client monies, the Standard should include additional guidance on the responsibility of the auditor to identify synergies for compliance requirements under both the Standard and the legislation.
6. A decision-tree diagram may assist members when working through scenarios to determine if the Standard applies in the specific circumstance. Whilst professional accounting bodies play a significant role in communicating to members their

obligations with respect to professional standards, it would still benefit to have common scenarios provided diagrammatically.

7. For example, the Standard *does not apply* where the member has no authority to transact Client Monies, may have online access to the bank account but is only preparing or arranging banking transactions for subsequent client approval. In contrast, the Standard *does apply* where a member provides bookkeeping services and is able to transact on a Clients Bank Account.
8. We recommend the Standard make reference to APES 230 *Financial Planning Services* (APES 230) to ensure a member considers circumstances where it may hold, receive or disburse client monies. For example, the member may receive remuneration to be able to transact on behalf of the client. Consideration of compliance with both APES 230 and this Standard will become even more common given the changes with the accountants exemption. This would also be consistent with the IPA's Pronouncement 11 on financial services.
9. The new requirement as outlined in paragraph 8.3 of the Standard allows a review engagement to be conducted on client monies where the member does not have to maintain a trust account to comply with the Standard; and can only co-authorise transactions in a client bank account in conjunction with the client. We recommend that in addition, reference should be made to paragraph 4.5 that a member must comply with access controls specified by the relevant Financial Institution at all times.
10. We recommend that consideration be given to instances where the member is a Power of Attorney in a client relationship and whether a review engagement is still adequate; we think not. An audit should be required. With respect to solicitor trust account audits, there is still a requirement for an audit to be conducted where the solicitor is a Power of Attorney.

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

Yours sincerely



Vicki Stylianou
Executive General Manager, Advocacy & Technical
Institute of Public Accountants
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