

# Meeting Highlights

9 JULY 2012

1. The Board noted the Compiled version of APES 110 *Code of Ethics for Professional Accountants* and agreed that clarity around the application date and other minor editorial amendments are required. The Board agreed to approve the Compiled version of APES 110 *Code of Ethics for Professional Accountants* by circulation once the outstanding matters are finalised.
2. The Board noted the proposed ED 04/12 Revised APES 205 *Conformity with Accounting Standards* and discussed the need to specifically refer to the requirements of AASB 1053 *Application of Tiers of Australian Accounting Standards* (AASB 1053) in APES 205. The Board agreed that it is not necessary to specifically note AASB 1053 in APES 205 as APES 205 requires Members to comply with all AASB Standards which include AASB 1053. Accordingly, the Board determined that it is not necessary to update or revise APES 205.
3. The Board noted the proposed ED 05/12 Revised APES 305 *Terms of Engagement* and discussed the importance of clarifying the term “recurring engagement”. The Board was informed that ambiguity surrounds the commencement date of recurring engagements, the interpretation of which may impact application of other professional standards. The Board was of the view that defining the term “recurring engagement” is not required and that the desired clarification can be achieved by providing further guidance on recurring engagements in section 5 of the standard. The Board directed Technical Staff to address the Board’s review comments and present a revised version at a subsequent meeting of the Board.
4. The Board noted the proposed ED 06/12 Revised APES 310 *Dealing with Client Monies* and considered each of the issues noted in the six month review of APES 310 and how the existing APES 310 could be amended to address stakeholder concerns. The Board directed Technical Staff to make further editorial amendments and present the Exposure Draft at a subsequent meeting of the Board.
5. The Board considered the Technical Analysis Paper – ED 01/12 APES GN 30 *Outsourced Services – Summary and Analysis of Key Issues Raised by Respondents*. The Technical Director provided the Board with an update from the Taskforce meeting held on 4<sup>th</sup> July 2012. The Board was informed that the Taskforce agreed with the Technical Staff recommendations with the exception of the commencement date for the guidance note. The Taskforce was of the view that a specific commencement date was not required as it is a guidance note.

The Board noted the Taskforce views and provided its preliminary views on the key matters as follows:

*I. Consistency with international developments*

Board agreed with the Taskforce view that a lack of an international equivalent should not deter APESB from developing and issuing its own standards or guidance notes.

*II. Structure and drafting style*

Board agreed with the Technical Staff proposal to redraft the guidance note to incorporate sufficient flexibility.

*III. Interaction of guidance note with ASA 600 and application to group audits*

Board noted the need to consider the situation where the group auditor or subsidiary auditor in a group audit scenario outsources the external audit to an Outsourced Service Provider and directed that this situation should not be inadvertently excluded by excluding engagements subject to ASA 600.

*IV. Interaction with other standards and regulations*

Board agreed that paragraph 1.9 of the guidance note does allow sufficient flexibility in this regard. However, this matter may need to be revisited once the guidance note is redrafted.

*V. Treatment of existing contracts*

Board agreed with the view expressed by the Taskforce that as the pronouncement is a guidance note, a start date for application of guidance is not required.

*VI. Scope of guidance in relation to the provision of Outsourced Services*

Board agreed that the provision of Outsourced Services should remain within the scope of the proposed guidance note.

*VII. Revision of Definitions*

Board agreed with the respondents' comments and directed Technical Staff to revise the definitions.

*VIII. Disclosure requirement for written consent*

Board agreed that disclosure to the Client should be a matter that is considered by Members in Public Practice.

The Board directed Technical staff to redraft the proposed guidance note in conjunction with the Taskforce and to present it at a subsequent meeting of the Board.

***This highlights document reports on meetings of the APESB as a service to its constituents. Decisions reported may be changed or modified by the APESB. Decisions become final only after completion of the formal processes required to issue documents. No responsibility is taken for the results of actions or omissions to act taken on the basis of any information in this document, or for any errors or omissions.***