

**Analysis of dual signatory situations and the scope of APES 310 Client Monies**

APESB are considering the matter of whether situations where a Member in Public Practice is a co-signatory with a Client for Client Bank Accounts (dual signatory situations) should be excluded from the scope of APES 310. The current position is that dual signatory situations are within the scope of the Standard.

To assist with the analysis of this issue, Technical Staff have considered the rationale for including or excluding the dual signatory roles with the scope of APES 310. These matters are set out in the table below.

Retain within Scope	Exclude from Scope
<ul style="list-style-type: none"> <li>• Is in the public interest.</li> <li>• Allows professional accounting bodies to monitor <u>all</u> situations where their members are dealing with client monies.</li> <li>• Recognises that other parties would not discount an accountants' responsibility for a transaction simply because the client also approved the transaction (this is relevant if the transaction is subsequently found to be fraudulent or inappropriate). Refer to Agenda Item 5(d) for a recent case where both the accountant and client were held responsible for the underpayment of wages.</li> <li>• Relief to audit requirements and the associated cost is proposed for dual signatory situations. (revised <a href="#">APES 310</a> para 8.3 allows for a review engagement in certain circumstances).</li> <li>• Recognises that those charged with governance of the client is relying on the member's expertise and reputation. If not, there is no reason for the Member to be involved in the transaction.</li> <li>• Stakeholders have not provided compelling evidence that a change is required.</li> <li>• Option to provide support/ additional guidance to members and auditors of client monies on the requirements.</li> <li>• If Member has acted in accordance with APES 310 and something goes wrong with then protection would be afforded under PI cover.</li> <li>• If part of service for which fees are received it should be covered by the standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Being a co-signatory on a bank account is part of a professional service and is covered by the general provisions in the Code.</li> <li>• Will negate client privacy issues re access to the client's source records.</li> <li>• Reduces the costs associated with providing this service (it may be costly to have audit/ review performed) particularly for SMPs.</li> <li>• Recognises that the co-signatory client is ultimately responsible for disbursements (which could be emphasised in engagement letter).</li> </ul>