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New risk management standard for accounting firms

The Accounting Professional and Ethical Standards Board's (APESB) has introduced a compulsory professional and ethical standard requiring accounting firms to establish a risk management framework. The new standard will come into effect January 1, 2013.

The new standard, *APES 325 Risk Management for Firms*, means accounting practices will now be required to develop a risk management framework that includes policies and procedures to identify, assess and manage key organisational risks.

Requirements of the framework will include governance, legal matters, finance, human resources, technology and any other broader considerations, which may have an impact on business continuity and quality of service.

APESB Chair Kate Spargo says: "A Risk Management Framework is a set of elements that provide the foundations and arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the firm."

Many accounting firms already have risk management practices in place but this new standard reinforces the importance of risk management and provides a framework for it," Ms Spargo says.

"We believe the standard will be of particular value to small-to-medium private practices in helping them to consider and manage the strategic and operational risks that come with running a professional practice."

The proposed standard will replace RMS 1 *Risk Management Statement* issued by CPA Australia and N3 *Risk Management Guidelines* issued by the Institute of Chartered Accountants in Australia.

<ENDS>

For further information or to arrange an interview with Ms Spargo, please contact:

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Notes to Editors: The APESB is an independent body that sets the code of ethics and professional standards by which members of Australia's three professional accounting bodies are required to abide.