

AGENDA PAPER

Item Number: 10
Date of Meeting: 9 July 2012
Subject: APES GN 30 *Outsourced Services* Project Status Update



**Action
Required**



For Information Only

Purpose

To update the Board on the current status of the proposed APES GN 30 *Outsourced Services* (the Guidance Note) and to obtain the Board's preliminary views on the key issues identified by respondents.

Background

At the August 2007 meeting, the Board agreed to establish a taskforce to oversee the development of a guidance note on outsourcing of accounting services. In April 2008, APESB engaged Mr Bruce Coombes of MYOB Resourcing to develop a discussion paper. The discussion paper was presented at the August 2008 Board Meeting. The discussion paper was then used by the taskforce to develop the proposed principles for Outsourced Accounting Services. At the February 2010 Board meeting the proposed principles of Outsourced Accounting Services was presented to the Board. The Board considered the principles and requested that the taskforce consider whether the proposed pronouncement should be a professional standard or a guidance note. At the November 2010 Board meeting, the Board agreed with the taskforce's recommendation that the proposed pronouncement is more appropriately structured as a guidance note as opposed to a standard and directed staff to present a draft pronouncement at a subsequent meeting of the Board.

At the May 2011 Board meeting the taskforce presented a draft pronouncement for the Board's consideration. To enhance the Board members' understanding of the structure and content, the Board directed technical staff to prepare a framework diagram that provides an overview of the scope and application of the proposed guidance note. The Board further determined that the focus of the proposed guidance note should be on Members in Public Practice. Technical staff developed the framework document for the Board's consideration. Thereafter Technical staff revised the proposed APES GN 30 for the Board's consideration.

In January 2012 the Board approved the issue of Exposure Draft 01/12 APES GN 30 *Outsourced Accounting Services* for public comment for an exposure period of 60 days.

Consideration of Issues

At the end of the comment period for ED 01/12, APESB received submissions from the following respondents:

- Australian Public Policy Committee (APPC);
- Deloitte;
- Ernst & Young;
- Grant Thornton Australia Limited;
- Joint Accounting Bodies;
- KPMG; and
- PricewaterhouseCoopers

Initial review of the respondents' submissions highlighted a number of key issues that have been considered further in the attached Technical Analysis Paper:

- Consistency with international developments in Outsourcing;
- Structure and drafting style of the proposed guidance note;
- Interaction of APES GN30 with ASA600 and application to group audits;
- Interaction with other standards and regulations;
- Treatment of existing contracts;
- Scope of guidance in relation to the provision of Outsourced Services;
- Definitions; and
- Disclosure requirement for written consent

A taskforce meeting will be held on the 4th of July 2012 to have an initial discussion on the respondents' comments. Technical Staff will provide the Board with an update on the 9th of July 2012.

Staff Recommendation

The Board note the progress on the proposed APES GN 30 *Outsourced Services* and provide preliminary views on the key issues identified by respondents.

Material Presented

- Technical Analysis Paper – ED01/12 APES GN 30 Outsourced Services – Summary and Analysis of Key Issues Raised by Respondents;
- Constituent's Submissions – General Comments Table: comments on Exposure Draft 01/12: APES GN30 Outsourced Services;
- Constituent's Submissions – Specific Comments Table: comments on Exposure Draft 01/12: APES GN30 Outsourced Services;
- Proposed Guidance Note ED 01/12 *Outsourced Services*; and
- Article: Desai Roberts, April 2012, "Deficiencies in the Code of Conduct: The AICPA Rhetoric Surrounding the Tax Return Preparation Outsourcing Disclosure Rules", *Journal of Business Ethics* DOI 10.1007/s10551-012-1329-z Retrieved May 2012, <http://www.springerlink.com/content/c16v47522248t132/>

Authors: Channa Wijesinghe
Rozelle Azad

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