

AGENDA PAPER

Item Number: 8.6

Date of Meeting: 12th February 2008

Subject: Proposal to withdrawal of APS 8 *Statement of Management Consulting Services Standards*

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Purpose

Proposal to withdraw APS 8 *Statement of Management Consulting Services Standards* with effect from 30 June 2008.

Background

APS 8 *Statement of Management Consulting Services Standards* (the Standard) was issued in June 1984 by the Australian Society of Certified Practising Accountants (CPA Australia) and the Institute of Chartered Accountants in Australia. The Standard addressed the following basic principles governing the professional responsibilities that members in Public Practice are required to exercise in the course of providing management consulting services:

- professional independence
- skill and competence
- reasonable care
- confidentiality professional behaviour
- quality control
- estimates
- remuneration

Following establishment of the Accounting Professional & Ethical Standards Board (APESB), the Code of Ethics for Professional Accountants (the Code) was issued in June 2006, with the requirement that the Code is mandatory for all members. The Code is more comprehensive than the previous joint Code of Conduct and as the definition of Professional Services covers management consulting, the requirements of the Code effectively applies to members providing management consulting services as well.

At the international level, the Professional Accountants in Business Committee of the International Federation of Accountants (PAIB Committee) has commenced a process to develop principles-based pronouncements. The PAIB Committee is developing two new types of principles-based good practice guidance: International Management Accounting Statements and International Good Practice Guidance.

A review of the Standard setting boards of the United Kingdom, New Zealand and the USA identified that only the American Institute of Certified Practising Accountants (AICPA) addressed consulting services specifically with a detailed definition of consulting services contained in CS Section 100 *Consulting Services: Definitions and Standards*. The other countries did not appear to have issued any standards specifically for management consulting.

In Australia, the Institute of Management Consultants (IMC) issued a Code of Professional Conduct in 2003. This code contains principles that members of the IMC should comply with, in a manner similar to that of the Code. That is, it does not specifically address management consulting services but rather a general code of conduct that practitioners are required to adhere to.

Consideration of Issues

The original APS 8 was issued 24 years ago to communicate the requirements of the professional bodies in relation to the provision of management consulting services. Significant changes in the business environment together with the recent issue of the Code have effectively made this Standard redundant.

Whilst there may be a need to address principles and responsibilities of management consultancy services, the current APS 8 does not specifically address specific management consulting relating issues, with the majority of it being of a general nature which is already addressed in the Code. Accordingly, APS 8 does not provide an appropriate basis from which to relaunch a new professional standard. Similarly, the AICPA standard and the IMC Code of Professional Conduct are somewhat general in nature and address issues already covered in the Code.

Given international developments and the move to issue standards in the area of management consulting, it would be more appropriate to utilise the international lead as the basis for a future Australian standard.

Staff Recommendation

The Board approve the withdrawal of APS 8 *Statement of Management Consulting Services Standards* and continue to monitor international developments in this area with a view to issuing an appropriate standard in the future.

Material Presented

- APS 8 Statement of Management Consulting Standard
- Comparison of APS 8 to APES 110
- AICPA Statement on Standards for Consulting Services
- Code of the Institute of Management Consultants

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Date: 31st January 2008