



**Proposed Standard: APES 310 Client Monies
(Formerly APS 10)**

Prepared and issued by **Accounting Professional & Ethical Standards Board Limited**

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Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by **15 December 2009**.

Comments should be addressed to:

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A copy of all submissions will be placed on public record on the APESB website:

www.apesb.org.au.

Obtaining a copy of this Exposure Draft

This Exposure Draft is available on the APESB website: www.apesb.org.au. Alternatively, any individual or organisation may obtain one printed copy of this exposure draft without charge until **15 December 2009** by contacting:

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Reasons for issuing Exposure Draft XX/09

Accounting Professional & Ethical Standards Board Limited (APESB) proposes to issue the Standard APES 310: *Client Monies* setting out mandatory requirements and guidance for Members in Public Practice who holds, receives or disburses Client Monies. Additionally, APES 310 stipulates the professional obligations of the Auditor who audits the Member's Trust Accounts. The proposed standard will replace the existing APS 10 *Trust Accounts*.

Key requirements and guidance in ED XX/09

The proposed APES 310 includes mandatory requirements and guidance in respect of:

- Fundamental responsibilities of Members in Public Practice;
- Objectives and general principles;
- Establishment of Trust Account(s);
- Client Bank Account(s);
- Receipt of Money;
- Operation of Trust Account(s);
- Disbursement of Client Monies;
- Trust Account Records;
- Audit of the Member's Trust Account(s); and
- Professional obligations of the Auditor.

Proposed operative date

It is intended that this Standard will be operative from 1 July 2010.

Request for comments

Comments are invited on this Exposure Draft of APES 310: *Client Monies* by **15 December 2009**. APESB would prefer that respondents express a clear overall opinion on whether the proposed Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. APESB regards both critical and supportive comments as essential to a balanced view of the proposed Standard.

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD
LIMITED**



**APES 310
Client Monies**

(Issued XXXX 2010)

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1 Scope and application

- 1.1 Accounting Professional & Ethical Standards Board Limited (APESB) issues the Standard APES 310 *Client Monies* (the Standard), which is effective from 1 July 2011.
- 1.2 APES 310 sets the standards for Members in Public Practice who hold, receive or disburse Client Monies. The mandatory requirements of this Standard are in **bold-type** (black lettering), preceded or followed by discussion or explanations in normal type (grey lettering).
- 1.3 **Members in Public Practice in Australia shall follow the mandatory requirements of APES 310 when they hold, receive or disburse Client Monies.**
- 1.4 **Members in Public Practice practising outside of Australia shall follow the mandatory requirements of APES 310 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.**
- 1.5 **Members in Public Practice shall be familiar with relevant Professional Standards and guidance notes when providing Professional Services. All Members shall comply with the fundamental principles outlined in the Code.**
- 1.6 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.
- 1.7 All references to Professional Standards and guidance notes and legislation are references to those provisions as amended from time to time.
- 1.8 In applying the requirements outlined in APES 310 Members in Public Practice should be guided not merely by the words but also by the spirit of the Standard and the Code.
- 1.9 This Standard is directed towards Members in Public Practice. However, Members in Business should apply this Standard to the extent practicable when they hold, receive or disburse Client Monies.
- 1.10 The outcome of statutory audits may be used to meet the reporting requirements of paragraph 12.3 of this Standard for Trust Account(s) maintained by Members in Public Practice and required by law to be audited or subject to regular inspection by the relevant statutory authority pursuant to:
 - a) *Trust Accounts Act (Qld) 1973*;
 - b) *Corporations Act 2001*, in respect of investment advisor, liquidator, administrator, receiver, receiver and manager, scheme manager or such other appointed controller of property; or
 - c) *Bankruptcy Act 1966*, in respect of registered trustee in bankruptcy or such other appointed controller of property;

2 Definitions

For the purpose of this Standard:

Auditing and Assurance Standards mean:

- a) in relation to reports for reporting periods and engagements commencing on or after July 2006:

- i) the AUASB standards, as described in *ASA 100 Preamble to AUASB Standards* and the *Foreword to AUASB Pronouncements*, issued by the AUASB, and operative from the date specified in each standard; and
 - ii) those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards, and
- b) in relation to reports for reporting periods and engagements commencing prior to 1 July 2006, the auditing and assurance standards issued by the AuASB on behalf of CPA Australia and the Institute of Chartered Accountants in Australia.

AuASB means the Auditing and Assurance Standards Board which issued Australian auditing and assurance standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia.

AUASB means the Australian statutory body called the Auditing and Assurance Standards Board established under section 227A of the *Australian Securities and Investments Commission Act 2001*.

Auditor means a Member in Public Practice of one of the Professional Bodies who has adequate training, experience and competence in auditing and who can comply with independence in accordance with paragraph 12.2 of this Standard.

Cheque means a bill of exchange drawn on a Financial Institution by the holder of a current account.

Client means an individual, firm, entity or organisation to whom or to which Professional Services are provided by a Member in Public Practice in respect of engagements of either a recurring or demand nature.

Client Bank Account means a Client's bank account held with a Financial Institution on which a Member in Public Practice, acting either solely or in conjunction with any one or more people, holds a signing authority.

Client Monies means any Money (in whatever form) coming into a Member in Public Practice or Firm's control which is the property of a Client. "Control" means a situation where a Member acting either solely or in conjunction with any one or more people, can authorise the transacting of Client Monies. This excludes:

- i) a Cheque made payable to another person or entity, received by a Member in Public Practice or Firm for the sole purpose of forwarding to the payee if it is so forwarded promptly; or
- ii) monies administered under any insolvency legislation for which a separate bank account is established by the receiver or liquidator; or
- iii) fees paid in advance for Professional Services agreed to be performed and clearly identified as such.

Close Family means a parent, child or sibling, who is not an Immediate Family member.

Code means APES 110 *Code of Ethics for Professional Accountants*.

Deficiency means a deficit or shortfall of Client Monies in a Trust Account, generally as disclosed by the Trust Account Records maintained by the Member in Public Practice, or in the records of the Financial Institution at which the Trust Account is held, but does not include any deficiency which an Auditor is satisfied was caused solely by an error of a Financial Institution.

Financial Institution means a bank, building society, credit union or such other financial entity that is regulated by the Australian Prudential Regulation Authority (APRA) in accordance with the *Banking Act 1959*.

Firm means

- (a) a sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) an entity that controls such parties;
- (c) an entity controlled by such parties; or
- (d) an Auditor-General's office or department.

Immediate Family means a spouse (or equivalent) or dependant.

Member means a member of a Professional Body that has adopted this Standard as applicable to their membership, as defined by that Professional Body.

Member in Business means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or professional bodies, or a Member contracted by such entities.

Member in Public Practice means a Member, irrespective of functional classification (e.g. audit, tax or consulting) in a Firm that provides Professional Services. The term is also used to refer to a Firm of Members in Public Practice and means a practice entity as defined by the applicable Professional Body.

Money means cash, foreign currency, any negotiable instrument and any security, the title to which is transferable by delivery, including delivery by electronic funds transfer.

Personnel mean employees, officers, directors, contractors or agents.

Professional Bodies means the Institute of Chartered Accountants in Australia, CPA Australia and the National Institute of Accountants.

Professional Standards means all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.

Professional Services means services requiring accountancy or related skills performed by a Member in Public Practice including accounting, auditing, taxation, management consulting and financial management services.

Trust Account means an account or accounts established by a Member in Public Practice or the Firm with a Financial Institution which are kept for the sole purpose of receiving, holding deposits and the disbursement of Client Monies from the account. The mere capacity to operate a Client's bank account with a Financial Institution, either alone or jointly, does not necessarily constitute the operation of a Trust Account.

Trust Account Records means documentation evidencing the receipt, holding, disbursement, disposal or otherwise dealing with Client Monies.

Working Day means a day that is not a Saturday, Sunday, public holiday or bank holiday.

Part A: Professional obligations of a Member in Public Practice in respect of Client Monies

3 Fundamental responsibilities of Members in Public Practice

Public interest

- 3.1** In accordance with Section 100 *Introduction and Fundamental Principles* of the Code, a Member in Public Practice shall observe and comply with the Member's public interest obligations when the Member holds, receives or disburses Client Monies.
- 3.2** A Member in Public Practice shall comply with Section 220 *Conflicts of Interest* and Section 280 *Objectivity – All Services* in the Code.
- 3.3** A Member in Public Practice shall comply with Section 270 *Custody of Client Assets* of the Code when the Member holds, receives or disburses Client Monies.

Professional competence and due care

- 3.4** A Member in Public Practice who holds, receives or disburses Client Monies shall maintain professional competence and due care in the performance of the Member's work in accordance with Section 130 *Professional Competence and Due Care* of the Code.

4 Objectives and general principles

- 4.1** The overriding objective of a Member in Public Practice when holding, receiving or disbursing Client Monies or when operating Client Bank Accounts, is to protect the Client's interests. This objective must be achieved by the Member from the time Client Monies are received by the Member until such time as they are either returned to the Client or otherwise dealt with in accordance with the Client's authority.
- 4.2** A Member in Public Practice shall be accountable for all Client Monies that are transacted through a Trust Account and keep Client Monies separate from all other Money of the Member or the Firm.
- 4.3** A Member in Public Practice shall hold or apply Client Monies exclusively for that Client, to be paid to that Client or as the Client directs.
- 4.4** A Member in Public Practice shall design and implement appropriate internal control safeguards and procedures in respect of the operations of Trust Accounts. The Member shall take all reasonable steps to ensure that the system of internal control implemented by the Member will achieve the following objectives:
 - a)** Client Monies are properly safeguarded and accounted for; and/or
 - b)** Client Bank Accounts are properly safeguarded against unauthorized access/use to the extent the Member or the Firm controls the operation of those accounts.

- 4.5 Subject to paragraph 9.7, a Member in Public Practice shall not obtain any benefit(s) from holding, receiving or disbursing Client Monies or operating Client Bank Accounts, including benefits deriving from the deposit and/or investment of Client Monies, without prior written authority from the Client.
- 4.6 A Member in Public Practice who is acting as a trustee or under a power of attorney shall comply with their legal and fiduciary duties as trustee or attorney in respect of Client Monies, and shall apply this Standard to the extent practicable.
- 4.7 A Member in Public Practice who wishes to accept a power of attorney on behalf of a Client shall take all reasonable steps to ensure that the powers of the Member are expressed as being subject to the Member's obligations to comply with Professional Standards.
- 4.8 Where a Member in Public Practice assumes the duties of a trustee, whether deriving from the trust deed or from the nature of the trust, and the duties are likely to place the Member in a position of conflict with the Member's obligations to comply with Professional Standards, to the extent they would otherwise ordinarily apply, the Member shall:
- a) decline the appointment as trustee; or
 - b) if the Member is already appointed as trustee, take all reasonable steps to ensure there will be no breach of the Member's obligations to comply with Professional Standards.
- 4.9 A Member in Public Practice shall not:
- a) receive or pay into a Trust Account or Client Bank Account; or
 - b) withdraw or pay out of a Trust Account or Client Bank Account
- any Money if the Member has reason to believe it was obtained from, or is to be used for, illegal activities or that receiving or dealing with the Money is otherwise unlawful.
- 4.10 A Member in Public Practice when holding, receiving or disbursing Client Monies in accordance with the Client's instructions and/or operating Client Bank Accounts shall not be involved in money laundering transactions or in the utilisation of the proceeds of crime or terrorist financing.

5 Establishment of Trust Account(s)

- 5.1 A Member in Public Practice shall establish a Trust Account at a Financial Institution to transact Client Monies.
- 5.2 A Member in Public Practice shall take all reasonable steps to establish the identity of the Client and the source of the Client Monies prior to agreeing to be engaged to hold, receive or disburse Client Monies.
- 5.3 A Member in Public Practice shall take all reasonable steps to ensure that a Trust Account is established in the Member's or the Firm's name and includes the words "Trust Account" in its title. A Member shall establish and maintain a separate Trust Account where a Client requests the establishment of a separate account.

- 5.4 Where a Member in Public Practice initially establishes a Trust Account, the Member shall give written notice to the Financial Institution that:
- a) all Money standing to the credit of that account is held by the Member or the Firm as Client Monies and that the Financial Institution is not entitled to combine the account with any other account or to exercise any right to set-off or counterclaim against Money in that account in respect of any sum owed to it on any other account; and
 - b) that any interest payable in respect of the account balance must be credited to that account; and
 - c) requesting that the Financial Institution acknowledge in writing that it accepts the terms of the notice, and confirm the understanding that Money held in the Trust Account are Client Monies and is the property of a Client(s) of the Member.
- 5.5 A Member in Public Practice shall deposit Client Monies held or received to the credit of a Trust Account, within two Working Days of receipt.
- 5.6 A Member in Public Practice shall maintain an appropriate register of Client Monies and safeguard Client Monies from unauthorised use when it is in a form that is not capable of being deposited in a Financial Institution.
- 5.7 A Member in Public Practice shall inform the Client of the Financial Institution at which the Client Money is held and shall provide this information:
- a) on initial deposit of the Client Money with the Member;
 - b) with the statement provided to the Client under paragraph 10.9 of this Standard; and
 - c) on a change of the Financial Institution where the Client Money is held.

6 Client Bank Accounts

- 6.1 A Member in Public Practice who is operating a Client Bank Account shall ensure, in respect of each Client Bank Account, that the Client's specific written authority to operate the Client Bank Account is obtained, and acknowledged by the relevant Financial Institution, prior to exercising that authority.

7 Receipt of Client Monies

- 7.1 A Member in Public Practice holding or receiving Client Monies shall dispatch or refund the Money immediately to the Client or third party as appropriate, or otherwise deal with it in accordance with the Client's instructions.
- 7.2 A Member in Public Practice receiving Client Monies where the payee is no longer a Client, or the intended recipient is unknown to the Member, shall forward the Money to the drawer or sender as appropriate.
- 7.3 A Member in Public Practice is directed to relevant state legislation on unclaimed Money for their obligations when unable to discharge Money to the Client, payee, drawer or sender as appropriate.
- 7.4 A Cheque payable to a Client does not constitute Client Monies until it is negotiated. A Member in Public Practice is deemed to have negotiated a Cheque when the Member has transferred, converted or assigned the Cheque to the Member or another by delivery or endorsement for consideration or otherwise.

- 7.5 A Member in Public Practice acting on a written authority to transfer, convert, assign Money on behalf of a Client, shall deposit the proceeds of such transfer, conversion, assignments to the credit of the Member's Trust Account in a timely manner.**
- 7.6 A Member in Public Practice may invest Client Monies received on behalf of a Client, if the Client so directs, but only with the Client's prior written authority.**
- 7.7 A Member in Public Practice shall record the following information, as appropriate, when they receive Client Monies to a Trust Account, or Money received for deposit in a Client Bank Account:**
- a) the name of the person from whom the Money was received;**
 - b) the amount of Money;**
 - c) the Client for whom the Money is to be held;**
 - d) the purpose for which the Money was received or other description of the Money;**
 - e) the date on which the Money was received;**
 - f) the form in which the Money was received, namely whether by Cheque, in cash, bank transfer or otherwise.**
- 7.8 A Member in Public Practice shall ensure that a fully completed receipt containing the details specified in paragraph 7.7 is issued to acknowledge that the Member has received Client Monies to a Trust Account, or Money for deposit in a Client Bank Account operated by the Member or the Firm.**
- 7.9 A Member in Public Practice who receives Client Money in the form of documents of title to the Money shall safeguard the Money against unauthorised use and record it in a register of documents of title.**

8 Operation of Trust Account(s)

- 8.1 Subject to legal and professional obligations, a Member in Public Practice who holds, receives or disburses Client Monies shall take all reasonable steps to protect the Client's interests when operating Trust Accounts.**
- 8.2 A Member in Public Practice shall take all reasonable steps to ensure that the Client authorises the Member's Professional Body access to all Trust Account Records for the purposes of Trust Accounts inspection, quality review program or disciplinary proceedings of the Professional Bodies.**
- 8.3 A Member in Public Practice shall only transact Money through a Trust Account with the authority of the legal owner of the Money, or otherwise by operation of the law.**
- 8.4 A Member in Public Practice shall charge various Financial Institutions, statutory and other government charges on the Trust Account to the Member's general bank account and not the Trust Account.**

- 8.5 A Member's own funds may be deposited to the Trust Account:
- a) to meet any charges made to the Trust Account where the Financial Institution has made such charges to the Trust Account in error, instead of the Member's general bank account; or
 - b) to meet a Financial Institution's prescribed minimum requirements for an ongoing account balance.

9 Disbursement of Client Monies

- 9.1 **A Member in Public Practice shall ensure that Client Monies are only disbursed from the Trust Account based on the authority obtained from the Client, or as authorised by the operation of the law and that such withdrawals are done in a timely manner.**
- 9.2 **A Member in Public Practice, or any two persons jointly authorised in accordance with paragraph 9.5, shall sign a Cheque withdrawing Client Monies from a Trust Account.**
- 9.3 **A Member in Public Practice shall ensure that the Member has appropriate documentation to transact electronic funds transfers from a Trust Account.**
- 9.4 The *Trust Accounts Act 1973* (Qld) requires certain conditions to be satisfied before an electronic funds transfer from a Trust Account can take place. Members in Public Practice could be held personally liable for any fraudulent withdrawal of Client Money by electronic funds transfer.
- 9.5 **In certain circumstances, where the Member in Public Practice is not available to authorise Trust Account transactions in a timely manner, the Member shall delegate the Member's authority to effect transactions in writing to another Member in Public Practice or to two persons drawn from any of the following categories:**
- a) **Solicitors holding a current practising certificate; or**
 - b) **Personnel of the Member's practice; or**
 - c) **Financial Institution managers; or**
 - d) **A Member of another Professional Body in a multi disciplinary practice.**
- 9.6 **A Member in Public Practice shall safeguard Trust Account Cheques and the Cheques issued by the Member shall be marked "not negotiable".**
- 9.7 **A Member in Public Practice who wishes to withdraw professional fees and/or expenses due from a Client from the Trust Account, shall notify the Client in writing and shall obtain the Client's written approval prior to such a withdrawal.**
- 9.8 **A Member in Public Practice shall not make a disbursement to or on behalf of a Client from a Trust Account that exceeds the amount of funds standing to the credit of that Client in the Trust Account.**

10 Trust Account Records

- 10.1 A Member in Public Practice shall maintain Trust Account Records to appropriately document the Trust Account transactions undertaken on behalf of Clients.**
- 10.2 A Member in Public Practice shall document the process followed to establish the identity of the Client and the source of Client Monies held or received, including any legal advice obtained for that purpose.**
- 10.3 A Member in Public Practice shall only hold Client Monies in a Trust Account for the period that is reasonably necessary to enable the purpose for which the Client Monies are held or received to be discharged.**
- 10.4 A Member in Public Practice maintaining a Client authorised interest bearing accounts shall appropriately record all the transactions that occur in the account.**
- 10.5 Except as may be required by law, all interest earned on Client Monies shall be credited to the relevant Client's account and the Member in Public Practice shall ensure compliance with any associated income tax compliance requirements.**
- 10.6 A Member in Public Practice shall disclose in writing to the Client any benefit accruing to the Member or the Client, (e.g. commission or other inducements) as a result of receiving, depositing or investing Client Monies.**
- 10.7 Members in Public Practice are referred to Section 240 *Fees and Other Types of Remuneration* of the Code, in respect of disclosure of benefits.
- 10.8 A Member in Public Practice shall immediately notify the Auditor upon becoming aware of any deficiency of Client Money occurring in the Trust Account.**
- 10.9 A Member in Public Practice shall provide a Client a statement of transactions, together with the opening and closing balances, on the Client's Trust Account at least annually:**
- a) within one month of the end of financial year of the Trust Account (or an applicable alternative period); or**
 - b) upon completion of the matter requiring the maintenance of the Trust Account;**
 - c) upon written request from the Client; and**
 - d) when the Trust Account is closed.**
- 10.10 A Member in Public Practice who operates a Client Bank Account shall prepare and issue on a timely basis, a statement containing details of the operation of the Client Bank Account, either to the Client or to such other person as the Client directs in writing. This statement shall be issued:**
- a) in respect of all transactions, at least annually; and**
 - b) in respect of any transaction, at any time upon request by the Client; and**
 - c) when any Client Bank Account is closed or if the Member or Firm's authority to operate a Client Bank Account is revoked.**

- 10.11 A Member in Public Practice shall maintain records of each Trust Account that enables:**
- (a) the Trust Account(s) to be audited;**
 - (b) discloses at all times the true position of Client Monies; and**
 - (c) clearly identifies the Member's dealings with the Trust Account in general and the Client Monies of each individual Client.**
- 10.12 A Member in Public Practice shall retain all Trust Account Records for seven years or longer period as prescribed by legislation.**
- 10.13 A Member in Public Practice shall keep Trust Account Records in such a manner as to disclose clearly:**
- a) the details of all transactions undertaken with regard to Client Monies, including:**
 - i) details of all transactions undertaken in respect of Client Bank Accounts;**
 - ii) details of all transactions undertaken in respect of the Member or Firm's Trust Accounts;**
 - iii) details of all Client Monies paid direct to the Client, or to a third party on the Client's instructions, identifying that person;**
 - iv) details of all Cheques received and endorsed by the Member or Firm for payment to the Client, or to a third party on the Client's instructions identifying that party;**
 - v) details of all electronic transfers of Money received or made, and of Money transferred direct to the Client, or to a third party on the Client's instructions, identifying that party;**
 - vi) details of any errors in transactions undertaken with regard to Client Monies;**
 - b) the details of all interest earned on Client Monies and how the interest has been applied by the Member or Firm in accordance with paragraph 10.4; and**
 - c) the position of the Member or Firm's Trust Accounts and the Client Monies therein at all times and to enable, when required, the same to be conveniently and properly audited.**
- 10.14 A Member in Public Practice operating a Client Bank Account shall establish and maintain adequate records of the transactions it undertakes. The records shall include:**
- a) a register of signing authorities for all Client Bank Accounts the member or firm has received Client authority to operate; and**
 - b) details of transactions as set out in paragraph 10.13(a) as applicable to the operation of Client Bank Accounts.**
- 10.15 In circumstances where the Client is transacting business through the bank account and receives statements directly from the Financial Institution, the Member in Public Practice shall provide details of transactions undertaken by the Member to the Client on a timely basis.**
- 10.16 A Member in Public Practice shall reconcile on a monthly basis the Trust Account Records to the Trust Accounts. If any difference arises the Member shall correct it immediately unless it arises solely as a result of a timing difference.**

10.17 A Member in Public Practice who operates a Client Bank Account shall ensure, except when the Client also transacts business through the Client Bank Account and receives statements directly from the Financial Institution, that the records for the Client Bank Account are reconciled on a monthly basis. If any difference arises the Member shall correct it immediately unless it arises solely as a result of a timing difference.

11 Audit of the Member's Trust Account(s)

11.1 Subject to paragraphs 11.2 and 11.3, a Member in Public Practice shall ensure that the Trust Accounts are audited annually for each reporting period within ninety days of the applicable year end or other date as determined by legislation.

11.2 A Member in Public Practice shall ensure that the Trust Accounts are audited within ninety days of ceasing to operate a Trust Account.

11.3 A Member in Public Practice that ceases public practice shall provide the relevant Professional Body, within ninety days, an audit report on the Trust Account(s) prepared in accordance with this Standard and record any Client Monies still held on behalf of Clients.

11.4 A Member in Public Practice operating a Trust Account shall bear the cost of the audit of the Member's Trust Account and pay the costs from the Member's general bank account and not from the Trust Account nor from the interest earned on Client Monies.

11.5 A Member in Public Practice shall:

- a) allow the Professional Bodies or an Auditor access to the Trust Account and Trust Account Records (including those of the Member's practice and files);**
- b) give any information or explanations as and when required; and**
- c) assist the Professional Bodies or an Auditor in the performance of their duties or powers pursuant to this Standard or as required by law.**

11.6 A Member in Public Practice intending to remove the Auditor of the Trust Account, shall seek the approval of the respective Professional Body to replace the Auditor and provide an explanation of the reasons for the proposed change, together with the Auditor's consent to resign, or the Auditor's reasons opposing the removal.

11.7 A Member in Public Practice shall appoint a new Auditor within fourteen days of the resignation or removal of the previous Auditor.

Part B: Professional obligations of a Member in Public Practice who conducts audits of a Member's Trust Accounts

12 Professional obligations of the Auditor

- 12.1** A Member in Public Practice who is conducting the audit of a Member's Trust Account shall perform the audit in accordance with Auditing and Assurance Standards and this Standard. The Member shall prepare the Auditor's report in accordance with Appendix 1 to this Standard.
- 12.2** A Member in Public Practice who is conducting the audit of a Member's Trust Account shall:
- a) comply with Section 290 *Independence – Assurance Engagements* of the Code; and
 - b) not accept or continue with an audit where the other Member audits the Auditor's Trust Accounts.
- 12.3** A Member in Public Practice who is conducting the audit of a Member's Trust Account shall report to the respective Professional Body of the Member who is subject to the audit upon becoming aware of:
- a) any deficiency, other than those of a trivial nature, of Client Monies or in the Trust Account; or
 - b) a failure by a Member who is subject to the audit to pay or deposit any Client Monies within two days of receipt, or in the case of disbursements within two days of the funds becoming available; or
 - c) any matter arising in the course of the audit or otherwise that may be considered of significance to the Professional Bodies regarding the Trust Account.
- 12.4** A Member in Public Practice who is conducting the audit of a Trust Account shall forward a copy of the Auditor's report immediately to the Professional Body of the Member who is subject to the audit in circumstances where the Trust Account is not maintained in accordance with this Standard.
- 12.5** A Member in Public Practice who is acting as a Auditor of a Member's Trust Account shall retain the relevant working papers for a period of seven years or longer as prescribed by legislation.

Conformity with International Pronouncements

The International Ethics Standard Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 310.

13 Appendix 1 - Auditor's report

[To be completed]

DRAFT