



FA10- APES 215

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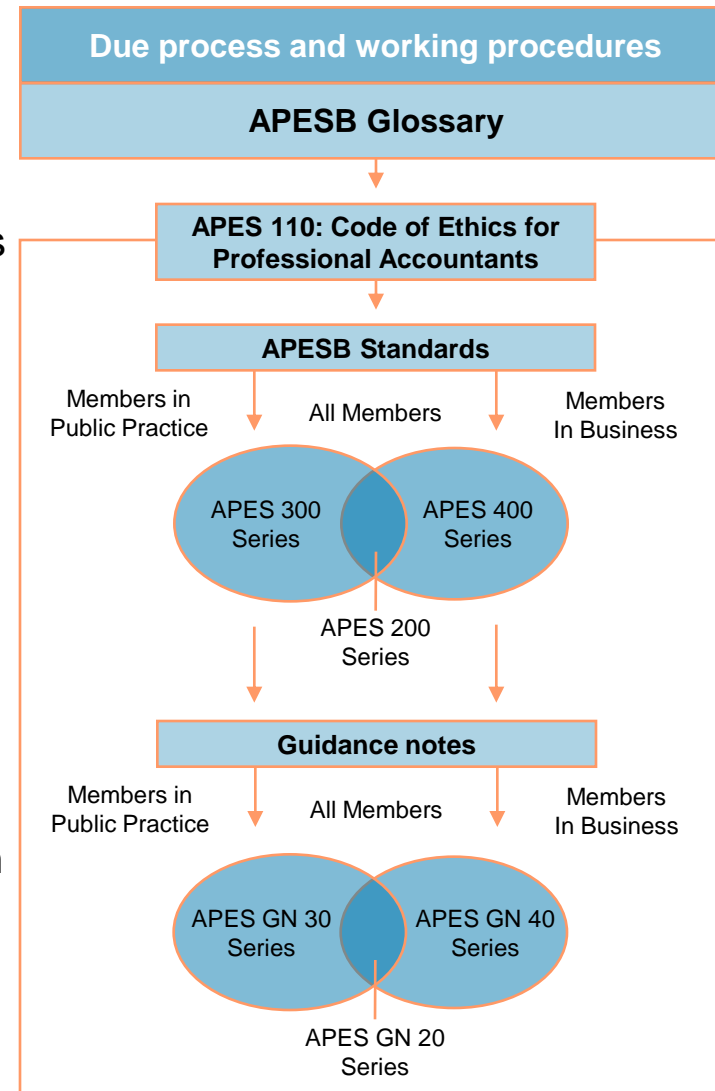
**The Institute of
Chartered Accountants
in Australia**

Background

- > APESB was established in February 2006 as an initiative of the ICAA and CPA Australia to develop professional and ethical standards for the accounting profession in Australia.
- > NIA became a Member in late 2006.
- > Members of the three accounting bodies are required to comply with APES Standards and subject to disciplinary procedures of the relevant body.
- > The former Forensic Accounting Standards were APS 11 & GN 2
- > APES 215 includes mandatory requirements and guidance
- > Extension of scope for Members in Business
- > APESB Taskforce – Aug 07 to Dec 08

Structure of APESB Pronouncements

- **Conceptual Framework**
 - Principles based
 - Mandatory for professional accountants
- **Standards**
 - Introduces principles
 - Mandatory requirements in black letter
 - Guidance and/or explanation in grey letter
- **Guidance notes**
 - Do not introduce new principles
 - Guidance on a specific matter on which the Principles are already stated in a Standard
 - Guidance is only in grey letter



APES 215

Forensic Accounting Services

Structure

- > Scope and application
- > Key definitions
- > Fundamental responsibilities of Members
- > Professional Engagement and other matters
- > Expert Witness Services (EWS)
- > False or misleading information and changes in opinion
- > Quality control
- > Professional fees
- > Use of the terms “facts”, “assumptions” and “opinions”

Scope and Application

- > Operative on or after 1 July 2009
- > Engagement → Members in Public Practice
- > Assignment → Members in Business
- > Where a Professional Service later becomes a FAS then APES 215 applies (Para 1.5)
- > Where a FAS other than EWS, later becomes a EWS then section 5 of APES 215 applies (Para 1.6)

Key Definitions

- > **Forensic Accounting Services:**
 - Expert Witness Services;
 - Lay Witness Services;
 - Consulting Expert Services; and
 - Investigation Services
- > **Court**
- > **Expert Witness**
- > **Lay Witness**
- > **Consulting Expert**
- > **Professional Services**
- > **Proceedings**
- > **Contingent Fees**
- > **Report**

Fundamental Responsibilities of Members

> Public Interest

- Comply with S. 100 *Introduction and Fundamental Principles*, S. 110 *Integrity* and S. 120 *Objectivity* of the Code
- Members in Public Practice shall comply with S. 220 *Conflicts of Interest* and S.280 *Objectivity* of the Code

> If it is an Assurance Engagement comply with S. 290 *Independence* of the Code

> Disclose matters to the Court to assess the degree of independence

> Comply with S.130 *Professional Competence and Due Care* and S. 330 *Acting with Sufficient Expertise* of the Code

> Comply with S. 140 *Confidentiality* of the Code

> Laws of natural justice

Professional Engagements and other matters

- > A Member in Public Practice shall comply with:**
 - APES 305 - document and communicate the Terms of Engagement
 - S. 210 *Professional Appointment* of the Code

Expert Witness Services

- > **Evaluation of prior and/or existing relationships**
 - Member in Public Practice (para 3.8 and 5.1)
 - Member in Business (para 5.2)
 - Member in Business who is employed by a government agency (para 5.3)
- > **A Member's obligations as an Expert Witness (para 5.4)**
- > **The Report of an Expert Witness (para 5.6)**
 - Relationships with any parties to the Proceedings
 - Reliance on work of others
 - Significant assumptions
 - Explanation why a significant assumption is likely to be misleading (if any)
- > **A Member to consider whether APES 225 Valuation Services is applicable to the Expert Witness Service (para 5.7)**

False or misleading information and changes in opinion

- > Shall not knowingly or recklessly make false or misleading statements**
- > A Member subsequently becoming aware that information is false or misleading**
 - Promptly inform the legal representative of the Client, Employer or the Court as appropriate
 - Consider issuing a supplementary report

Quality Control

- > Member in Public Practice – shall comply with APES 320 *Quality Control for Firms*
- > Member in Business – utilise a system of quality control
- > Proper documentation of working papers
- > Maintain chain of custody

Professional Fees

> A Member in Public Practice

- Fees will be computed in accordance with S. 240 *Fees and other Types of Remuneration* of the Code
- Not enter into a Contingent Fee arrangement for an Expert Witness Service or Engagements that require Independence

> Member in Business

- Not receive contingent remuneration for an Expert Witness Service

Use of the terms “facts”, “assumptions” and “opinions”

- > Examples are provided to assist Members determine whether a matter is a fact, an assumption or an opinion.
- > Judged based on the particular facts and circumstances
- > **Fact** – Expert Witness has applied specialised knowledge but has not applied any significant degree of judgment
- > **Assumption** – ordinary meaning
- > **Opinion** – Expert Witness applies a significant degree of expert judgment and draws an inference

**For information on the Code of
Ethics and professional standards
visit**

www.apesb.org.au