

## AGENDA PAPER

**Item Number:** 15 (c)  
**Date of Meeting:** 29 August 2016  
**Subject:** Annual review of APES 325 *Risk Management for Firms*

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Action required     For discussion     For noting     For information

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### Purpose

In accordance with Accounting Professional & Ethical Standards Board's (APESB) constitution, an annual review of APES 325 *Risk Management for Firms* (APES 325) has been performed to identify and resolve any issues identified by stakeholders.

### Background

APESB originally issued APES 325 in December 2011, with a revision occurring in October 2015. The 2015 revised version requirements amendments to be incorporated into Risk Management Frameworks by 1 January 2016, with earlier adoption permitted.

### Consideration of Issues

APESB Technical Staff have completed the following procedures to identify any issues associated with APES 325:

- Consulted with the Professional Bodies to identify whether Members or other stakeholders have raised any issues with the Professional Bodies in respect of APES 325;
- Reviewed the APESB Issues Register to identify whether stakeholders have reported any matters in relation to APES 325; and
- Performed an internal technical review of APES 325.

The issues identified as a result of completion of the above procedures are set out below.

### Succession planning

A Professional Body has raised with the APESB that APES 325 could include a requirement for Members in Public Practice to formally document a succession plan. Paragraph 4.2 of APES 325 identifies business continuity risks (including succession planning) as a matter to be considered and documented in the Firm's Risk Management Framework and related policies and procedures. Whilst some Members in Public Practice may prepare a formal plan to satisfy the existing obligation in APES 325 some may not prepare a formal plan.

Accordingly, as it is not specifically mandated Technical Staff support the suggestion that it is best if APES 325 clearly mandates that there must be a formally documented succession plan.

The addition of this requirement and/or guidance to the existing requirements will be considered in the next review of APES 325.

### **Recommendation**

Technical Staff recommend that the proposed amendments identified as part of the annual review be addressed in the next planned revision of APES 325.

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**Date:** 5 August 2016