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### Proposed standard for accounting firms to manage risks

A new standard outlining key risk management considerations for accountancy firms to consider and manage business risks has been proposed by the Accounting Professional and Ethical Standards Board (APESB).

The exposure draft for *APES 325 Risk Management for Firms* released for public consultation today includes mandatory requirements and guidance for firms to establish, maintain, monitor and document a Risk Management Framework.

APESB Chair Kate Spargo said: “A Risk Management Framework is a set of elements that provide the foundations and arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the firm.”

“This proposed new standard outlines the broad industry principles by which accountancy firms can develop their own more detailed risk management plans,” Ms Spargo said.

“We believe the standard will be of particular value to small-to-medium private practices in helping them to consider and manage the strategic and operational risks that come with running a professional practice.”

A firm’s risk management framework should include consideration of the following risks:

- Governance
- Business continuity (including succession planning)
- Business
- Finance
- Non-compliance with legal and regulatory requirements
- Human resources
- Technology.

The proposed standard will replace RMS 1 *Risk Management Statement* issued by CPA Australia in 2003. Currently CPA Australia uses RMS 1 for its members in public practice. The proposed standard will apply to all accounting firms and will be operative from 1 April 2012.

Comments are invited on the proposed standard by 22 August 2011. Details of how to provide a submission are available on the APESB website [www.apesb.org.au](http://www.apesb.org.au)

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**Notes to Editors:** The APESB is an independent body that sets the code of ethics and professional standards by which members of Australia’s three professional accounting bodies are required to abide.