

6 April 2010

How accountants handle client money to face tougher standard

Accountants will be subject to stricter requirements when engaging in transactions involving client monies under a proposed standard issued today by the Accounting Professional & Ethical Standards Board (APESB).

The proposed standard *ED 0/10 Proposed Standard APES 310 Dealing with Client Monies*, which will replace APS 10 Trust Accounts, will broaden accountants obligations in this area from a focus on trust accounts to also include dealings involving client bank accounts.

Specific clauses relating to anti-money laundering and illegal activities are included in the proposed standard, while the annual audit requirement for accountants who have dealings with client monies will continue to apply.

APESB Chairperson Kate Spargo said, "The proposed standard is very much in the public interest, as it will strengthen the safeguards for clients who engage accountants on their behalf in these dealings through the introduction of stricter requirements.

"Clients place a great deal of trust in accountants when they allow them to undertake transactions on their behalf that are held in trust or bank accounts. It's therefore very important that these transactions are undertaken with reference to the highest professional and ethical standards.

"The proposed standard will also lead to improvements in the quality and consistency of audits, as the standard provides greater clarity about what auditors should be looking for.

"Auditors will also have access to a new example audit report for these engagements which has been completely revised and updated to reflect changes in auditing standards over the last ten years.

"The anti-money laundering and illegal activities clauses continue to make it clear that accountants must be particularly vigilant when involved in these dealings or face professional and/or legal action," Ms Spargo said.

APES 310 will only apply to accountants practicing in accountancy firms or sole practice.

The proposed standard is currently in the exposure draft stage, with comments invited by 31 May 2010.

Details of how to provide a submission are available on the APESB website 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.