

25 June 2021

APESB issues revised APES GN 30 *Outsourced Services*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES GN 30 *Outsourced Services* (APES GN 30) to replace the existing APES GN 30 (Issued February 2020).

The key changes in the revised APES GN 30 consist of:

- updated definitions for cloud computing and material business activity resulting from recent amendments, and to align, to APES 305;
- revisions to paragraph 3.9 and new paragraph 3.11 to refer Members in Public Practice to the requirements and application material in APES 305; and
- revisions to existing examples, including references to APES 305 and the development of new examples 7 to 10 of Appendix 1 relating to Outsourced Services and Cloud Computing.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES GN 30 will be effective from the date of issue.

The interactive PDF of the revised guidance note is available from APESB's [website](#).

– ENDS –

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Appendix 1

Revision to APES GN 30 (Issued February 2020)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES GN 30 *Outsourced Services* which was originally issued in March 2013 and revised in October 2015 and February 2020 (extant APES GN 30).

Paragraph/Section Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional guidance note APES GN 30 <i>Outsourced Services</i> (the Guidance Note). This Guidance Note is effective from the date of issue and supersedes APES GN 30 issued in February <u>October 2020</u> .
1.8	For the purposes of this Guidance Note, an Engagement which is subject to ASA 600 <i>Special Considerations – Audits of a Group Financial Report (Including the Work of Component Auditors)</i> is not considered to be an Outsourced Service.
2	Cloud Computing means the use of computing resources that are usually provided by <u>delivered as a third party service</u> over the internet to a Member in Public Practice, <u>including on-demand access to networks, servers, data storage, databases, software and applications.</u> Cloud Computing entrusts <u>the remote third party services with a user's data, software and information of the Member's Clients</u> computation.
2	Material Business Activity means an activity of an entity or a Firm that has the potential, if disrupted, to significantly impact upon the quality, timeliness or scale of Professional Services offered by a Member in Public Practice or received by a Client. Whether a business activity is a Material Business Activity should be based on an assessment of the risks associated with the nature and size of the activity and the business activity's relevance to the Professional Service delivered to the Client. Material Business Activities exclude the internal <u>operational</u> activities of <u>the a Firm such as record storage or software application hosting where these internal activities that merely support the Professional Services delivered to the Client, such as record storage, software application hosting or informational reference sources.</u>
2	Outsourced Service Provider means an entity, including a person, that is providing services in accordance with an Outsourcing Agreement. The Outsourced Service Provider may not be located in the same country as the Member in Public Practice or the Client and may not even be a Member.
3.1	The Code is the conceptual framework and foundation on which all APESB pronouncements are based. Compliance with, and application of, the Code is fundamental to the professional behaviour of all Members. Non-compliance with the Code can lead to disciplinary proceedings being initiated by the Professional Body to which the Member belongs.
3.9	Where a Member in Public Practice <u>will</u> utilises Outsourced Services <u>in the provision of Professional Services to a Client,</u> the Member should disclose to the Client the geographical location of <u>is required to comply with the disclosure obligations in APES 305 Terms of Engagement (APES 305), including to document and communicate the details of the Outsourced Service Provider, the geographical location of where the Outsourced Services will be performed and the nature and extent of the to which Outsourced Services to be utilised are used in the delivery of the Professional Service to the Client.</u> These factors impact the amount of risk associated with the Outsourced Service being delivered and the

Paragraph/Section Reference	Revisions
	management of the <u>Client's</u> confidential information of the Client. Where a Firm uses Outsourcing on a regular basis with many Clients, a standard form of disclosure may be used by the Firm.
3.11	<u>Where the Member in Public Practice will utilise Cloud Computing in the provision of Professional Services to a Client which is not an Outsourced Service, the Member should follow the guidance in APES 305 on disclosures about the details of the Cloud Computing provider, the geographical location of where the Cloud Computing will be provided and how the Client's confidential information will be stored.</u>
3.12 4	<i>[Paragraph 3.11 of extant APES GN 30 remains unchanged, but has been renumbered as paragraph 3.12.]</i>
3.13 2	<i>[Paragraph 3.12 of extant APES GN 30 remains unchanged, but has been renumbered as paragraph 3.13.]</i>
5.2	Pursuant to APES 305 Terms of Engagement , a Member in Public Practice is required to document and communicate the Terms of Engagement.
6.6	<p>A Member in Public Practice providing or utilising Outsourced Services should review the work of the Member's personnel or the Outsourced Service Provider, as applicable, to:</p> <ul style="list-style-type: none"> (a) assess whether the work has been completed in accordance with the Outsourcing Agreement; (b) establish that the objectives of the Engagement have been achieved; (c) assess whether the work has been performed in accordance with applicable Pprofessional Sstandards, legal and regulatory requirements; and (d) assess whether the work performed has been appropriately documented and supports the conclusions reached. <p>The Member should review the work performed prior to submitting the work product to the Member's Client.</p>
Appendix 1	Examples of Outsourced Services – amended and/or renumbered as summarised below.
Example 1	<i>[Minor editorial change to paragraph 1 and addition of a reference to APES 305 Terms of Engagement (APES 305) in paragraph 3.]</i>
Example 2	<i>[Minor editorial change and addition of a reference to APES 305 to paragraph 3.]</i>
Example 3	<i>[Addition of a reference to APES 305 to paragraph 3.]</i>
Example 4	<i>[Addition of a reference to APES 305 to paragraph 2.]</i>
Example 5	<i>[Substantive changes to include a more detailed analysis of Cloud Computing and aspects of online accounting software that impact whether it is a Material Business Activity and therefore an Outsourced Service.]</i>
Example 6	<i>[Editorial changes to paragraph 1 and to remove reference to recently gaining an understanding of Cloud Computing in paragraph 1.]</i>

Paragraph/Section Reference	Revisions
Example 7	<i>[New example in relation to software developed by a Firm to assist with the implementation and ongoing application of a new accounting standard that is hosted by a remote third party and accessed and used by Network Firms.]</i>
Example 8	<i>[New example in relation to a Firm utilising a remote third party that provides a platform for employees to access tools, templates and internal and external resources and the third party is not provided Client data and information.]</i>
Example 9	<i>[New example in relation to a Firm utilising a document data storage facility provided by a remote third party and Client data is provided to the remote third party.]</i>
Example 10	<i>[New example in relation to a Firm utilising a suite of 'off-the-shelf' applications, hosted on the cloud by a remote third party for tasks including word processing, spreadsheets and emails and includes Client data.]</i>
Example 11	<i>[Editorial amendment to paragraph 1 and addition of a reference to APES 305 in paragraph 3 of Example 7 of extant APES GN 30, and the example has been renumbered as Example 11.]</i>
Example 12	<i>[Example 8 of extant APES GN 30 amended to focus on information technology services relating to the Firm's IT infrastructure and the example has been renumbered as Example 12.]</i>
Example 13	<i>[Editorial amendment to paragraph 1 of Example 9 of extant APES GN 30 and the example has been renumbered as Example 13.]</i>
Appendix 3	Summary of revisions to the previous APES GN 30 (Issued in October 2015) – amended