

AGENDA PAPER

Item Number: 9
Date of Meeting: 31 May 2023
Subject: Proposed revisions to APES 310 *Client Monies*

Action required For discussion For noting For information

Purpose

To seek the Board's approval, subject to the Board's review comments and editorials, to issue an Exposure Draft of proposed revisions to APES 310.

Background

APESB originally issued APES 310 *Dealing with Client Monies* in December 2010. The standard was revised in 2013 and 2018 (when the standard was renamed to *Client Monies*). The current version of APES 310 *Client Monies* (APES 310) was released in November 2019 and incorporated revisions to align with the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code).

In March 2022, the Board approved a [project plan](#) to revise certain APESB pronouncements, including APES 310 for quality management-related conforming amendments resulting from the reissue of APES 320 *Quality Control for Firms* as APES 320 *Quality Management for Firms that provide Non-Assurance Services* and new quality management standards issued by the Auditing and Assurance Standards Board (AUASB) including ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* (ASQM 1).

After the revision of APES 320 in 2109, a professional body provided feedback that some Members in Public Practice are still experiencing difficulties in establishing bank accounts that meet the requirements of APES 310. The issues noted by the professional body include that as the trust accounts are not considered statutory trust accounts, the bank account terms do not exclude the right of set-off, and the bank account name will not include the word 'trust'.

These matters were included in the Issues Register in 2021. APESB Technical Staff had determined to conduct a post-implementation review during the current strategic period to obtain practitioners' feedback on the challenges they face in complying with the requirements of APES 310.

Matters for Consideration

In developing the proposed exposure draft in relation to APES 310, Technical Staff considered the following matters:

- *Quality Management-related conforming amendments.*

APESB has been undertaking a project to update APESB pronouncements to reflect quality management-related conforming amendments required due to the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* and the new Auditing and Assurance Standards Board's (AUASB) quality management standards. Accordingly, amendments are required to the Assurance Report Templates in Appendices 2 and 3 of APES 310 to remove the reference to the superseded APES 320 and to refer to the new quality management standards issued by the AUASB.

- *Consistency with standards issued by the AUASB*

In December 2022, the AUASB released a revised version of ASAE 3100 *Compliance Engagements* (ASAE 3100), which is effective for assurance engagements commencing on or after 15 December 2022.

The template assurance reports in Appendices 2 and 3 of APES 310 are based on ASAE 3100 and require changes to remain consistent with that standard.

- *Challenges opening Trust Accounts that comply with APES 310 requirements*

Technical Staff were planning to conduct a post-implementation review of APES 310 to assess the challenges faced by practitioners in complying with the requirements of APES 310. However, as APES 310 requires revising for other matters, Technical Staff are of the view the proposed exposure draft could be used to gather information from practitioners and other stakeholders about implementation issues. This process will also include identifying processes or measures that facilitate or hinder members in meeting the requirements of this standard.

Technical Staff propose including a request for specific comments in the Exposure Draft on whether Members have experienced issues applying the standard's requirements. Technical Staff will then engage with stakeholders on these submissions, as appropriate.

APESB Technical Staff have also included consequential or editorial amendments in the proposed APES 310 relating to the definition of Assurance Engagement and the consistency of language used in paragraphs 6.9 and 5.23.

Proposed Amendments to APES 310

To address the above issues, Technical Staff are proposing the following key amendments that should be included in the APES 310 Exposure Draft:

- Amendments to the definition of *Assurance Engagement* to align with the definition in the Compiled APES 110;
- Amendments to paragraph 6.9 to make the wording consistent with paragraph 5.23; and

- Amendments to the template assurance reports (in Appendix 2 and Appendix 3) to incorporate quality management-related conforming amendments, and references to APES 110 to align with the revised ASAE 3100.

The exposure draft will also include a request for specific comments to obtain feedback on challenges practitioners face in implementing the requirements of APES 310.

A proposed Exposure Draft for APES 310 is attached at Agenda Items 9(a) (marked-up) and 9(b) (clean). Technical Staff seek the Board's feedback and review comments on the proposed Exposure Draft.

Small and Medium Practices (SMPs)

Technical Staff believe the revisions in the proposed APES 310 Exposure Draft will have minimal impact on SMPs, and will assist them in ensuring they remain compliant with current professional requirements.

Recommendations

Subject to the Board's review comments and editorials, the Board approve the issue of an Exposure Draft on proposed revisions to APES 310.

Materials presented

Agenda Item 9(a)	Proposed Exposure Draft for APES 310 (marked-up)
Agenda Item 9(b)	Proposed Exposure Draft for APES 310 (clean)

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Date	19 May 2023
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