

AGENDA PAPER

Item Number: 4
Date of Meeting: 24 August 2023
Subject: Proposed revised APES GN 30 *Outsourced Services*

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 a revised APES GN 30 *Outsourced Services* (APES GN 30).

Background

APES GN 30 provides guidance to Members in Public Practice who are involved in providing or utilising outsourced services. On 25 June 2021, the Board issued a revised APES GN 30 to align the guidance with changes made to [APES 305 Terms of Engagement](#) (APES 305) for outsourcing services and cloud computing utilised by Members in public practice. Key revisions to [APES GN 30 \(June 2021\)](#) included:

- updated definitions of cloud computing and material business activity;
- revisions to paragraph 3.9 and a new paragraph 3.11 to refer members to the requirements and application material in APES 305; and
- revisions to existing examples, including incorporating references to APES 305 and the development of new examples 7 to 10 in Appendix 1 relating to outsourced services and cloud computing.

The Board also [requested](#) Technical Staff undertake a Post-Implementation Review (PIR) of APES 305 and APES GN 30 post 1 July 2022.

At the December 2022 Board meeting ([Agenda Item 8](#)), the Board discussed the outcome of the PIR for APES 305 and APES GN 30 and noted that no substantive revisions were required. However, the Board noted the following matters raised by stakeholders could be addressed in a revision of APES GN 30:

- that some members have experienced a reluctance from cloud-based providers to specify the exact location where services are performed; and
- whether an outsourcing arrangement where an overseas entity holds the individual's employment contract and the individual provides services to Australian Clients under the supervision of an Australian Firm is an 'outsourced service'.

At the May 2023 Board Meeting ([Agenda Item 6](#)), the Board approved an exposure draft ([ED 03/23](#)) for APES GN 30, which included the following proposed revisions:

- addition of a footnote to paragraphs 3.9 and 3.11 explaining that ‘geographical location’ in the context of APES 305 and APES GN 30 might include the details of the country where the Outsourced Service or Cloud Computing will be performed or provided and similar amendments to Example 6 in Appendix 1;
- quality management-related conforming amendments to the definition of ‘Network’ in paragraph 2, paragraph 4.3(e) and paragraph 7.2;
- inclusion of a new Example 5 in Appendix 1 addressing the specific example raised during the PIR; and
- editorial amendments to Example 6 (extant Example 5) in Appendix 1.

The exposure draft was issued on 6 June 2023 and was open for comment until 21 July 2023.

Matters for Consideration

APESB received two submissions on ED 03/23 from two professional bodies (Chartered Accountants Australia and New Zealand (CA ANZ) and the Institute of Public Accountants (IPA)). The General Comments Table at Agenda Item 4(a) tabulates the respondents’ comments.

Both submissions received supported the proposed revisions to APES GN 30 with no further suggested amendments proposed by the respondents. One respondent supported the proposed effective date for this Guidance Note being from the date of issue.

Technical Staff do not propose any further amendments to APES GN 30 due to the exposure draft due process.

As no other changes are proposed to the guidance note as presented in the initial exposure draft, the revised guidance note has not been reproduced in this board paper. The [exposure draft](#) was considered at Agenda Item 6 of the May 2023 Board Meeting.

Technical Staff seek the Board’s approval to issue the proposed revised APES GN 30.

Staff Recommendation

That the Board approve, subject to the Board’s review comments and editorials, the issue of a revised APES GN 30 *Outsourced Services*.

Materials presented

Agenda Item 4(a) General Comments Table ED 03/23

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