

Review of Submissions – Specific Comments
Exposure Draft 03/17 Proposed Standard: APES 325 Risk Management for Firms

Note: General comments relating to ED 03/17 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments	APESB Staff Comments	Change made to Standard?
1	4.2	CPAA	<p>Cyber security has become a major issue for all firms, we suggest specifically including reference to that by making the following change:</p> <p style="margin-left: 40px;">4.2 The Firm’s Risk Management Framework shall include policies and procedures that identify, assess and manage key organisational Risks, which may include:</p> <p style="margin-left: 80px;">(a) Governance Risks;</p> <p style="margin-left: 80px;">(b) Business continuity Risks (including succession planning);</p> <p style="margin-left: 80px;">(c) Business Risks;</p> <p style="margin-left: 80px;">(d) Financial Risks;</p> <p style="margin-left: 80px;">(e) Regulatory Risks;</p> <p style="margin-left: 80px;">(f) Technology <u>and Cyber Security</u> Risks</p>	<p>Agree. Refer to issue no. 3 in Agenda Item 4 for proposed revision.</p>	<p>Yes Para 4.2</p>
2	4.7	CPAA	<p>We also support the additional reference to Paragraph 4.7 to <i>Module 7: Risk Management of the Guide</i>, but suggest removing the italics from “<i>to Practice Management for Small and Medium-sized Practices</i>” and replacing “to” with “in” to make the reference clearer. We suggest an additional reference to <i>Module 8 Succession Planning</i>, to support the new paragraphs above, so that the paragraph would read:</p> <p style="margin-left: 40px;">4.7 Firms may refer to the following documents for guidance:</p> <ul style="list-style-type: none"> • <i>AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines</i> which provides useful guidance to develop a framework for Risk Management; and 	<p>The reference to the <i>Guide to Practice Management for Small and Medium-sized Practices</i> publication is in italics in accordance with the general drafting conventions of APESB when referring to external publications. The italics used for module 7 and 8 is not required and will be removed.</p> <p>Technical Staff agree with the respondent’s comments to include a reference to module 8 of the IFAC SMP guide.</p>	<p>Yes</p>

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments	APESB Staff Comments	Change made to Standard?
			<ul style="list-style-type: none"> For sole practitioners and small Firms, <i>Module 7: Risk Management and Module 8: Succession Planning</i> in the <i>Guide to Practice Management for Small and Medium-sized Practices</i> issued by the Small and Medium Practices Committee of the International Federation of Accountants. 		
3	6.6 and 6.7	CPAA	In particular, we are supportive of the addition of paragraphs 6.6 and 6.7 to include succession planning as part of a firm's Risk Management Framework.	Supportive comments	No
4	6.7	EY	We believe succession planning is important both from a firm's risk management perspective and from a client's service quality perspective. We believe the nature and extent of documentation of succession planning will vary depending on the size of the firm and the level of key-person dependency risk inherent to the firm. In the case of a large size firm, the key-person dependency risk is lessened by virtue of the size and resources of the practice. Accordingly, we do not believe there is benefit in requiring succession plans to be documented at an individual partner level when considering the other processes already in place at many firms.	Agree. Refer to issue no. 1 in Agenda Item 4 for related discussion and proposed amendment to paragraph 6.7.	Yes Para 6.7

RESPONDENTS

1	CPAA	CPA Australia
2	EY	Ernst & Young
3	PwC	PricewaterhouseCoopers