



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

20 September 2016

The Chairman
Accounting Professional & Ethical Standards Board Limited
Level 7, 600 Bourke Street
MELBOURNE VIC 3000

Online Submission via: www.apesb.org.au

Dear Ms Roxon

Submission on Exposure Draft 01/16 - Proposed Standard: APES 310 Client Monies (“the ED”)

Thank you for providing us with the opportunity to comment on the Accounting Professional & Ethical Standards Board’s (APESB) proposed changes to APES 310 Client Monies.

Chartered Accountants ANZ is supportive of the proposed Standard as a whole. Our response incorporates feedback from our members and other interested parties. We believe that the inclusion of a new Trust Account Sample Authority Letter at Appendix 2 will greatly assist members in complying with Paragraphs 4.2 and 4.3 of the Standard.

We have the following specific recommendations to make with regards to the ED:

1. Include additional wording in paragraph 1.6 to make it clearer that members dealing with client monies in the capacity of a director or other officeholder of a company are not in a client relationship and accordingly are not obligated to follow APES 310. We suggest the following wording:

This Standard does not apply where a Member in Public Practice is acting as a trustee, under a power of attorney *or as a director or officeholder of a company*, as in these circumstances the Member is not acting in a Client relationship. When acting in the capacity of an attorney, *an officeholder* or a trustee, the Member is required to comply with the obligations specified in the relevant trust deed, the power of attorney *or their officeholder obligations*.

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Chartered Accountants Australia and New Zealand ABN 50 084 642 571 (CA ANZ).
Formed in Australia. Members of CA ANZ are not liable for the debts and liabilities of CA ANZ.



2. As part of 6.11 duplicate as guidance the intent of paragraph 6.6:

Where it is unreasonable to allocate interest to the credit of each client, the Member in Public Practice should donate the interest to a charity as defined in the Charities Act 2013.

3. It is important that members allocate money received on behalf of clients, either via a cheque or a direct deposit to that client's ledger or account in a timely manner. We understand that for direct deposits this can take some time but feel that it is in the public interest to place a reasonable time limit on this activity as expressed in paragraph 6.3. We recommend the following amendments to paragraphs 6.1, 6.2 and 6.12 as follows:

- 6.1 Subject to paragraph 6.9, a member in Public Practice shall
- a) deposit Client Monies into a Financial Institution within 3 Business Days of receipt or
 - b) *for direct deposits identify the individual Client to whom the funds belong within 5 Business Days of the funds being deposited.*
- 6.2 *A Member in Public Practice who, despite using all reasonable endeavours, is not able to comply with paragraph 6.1 should document the steps taken to identify the individual Client to whom the funds belong.*
- 6.12 *After a Member in Public Practice has completed the recording of information required in paragraph 6.7, the Member in Public Practice shall disburse Client Monies within 3 Business Days of receipt of instructions in respect of the disbursement or in accordance with the Terms of Engagement.*

4. Remove paragraph 8.9 which currently states:

A member in Public Practice who proposes to change the existing Auditor of Client Monies, shall first obtain the approval of the applicable Professional Body.

It is our view that the current requirement to obtain permission from the relevant Professional Body to change the auditor of client monies places an unreasonable compliance burden on practitioners without really addressing any risk. Further it is largely inconsistent with the requirements for removal and appointment of auditors under section 329(9) of the Corporations Act 2001.

5. Amend paragraph one in the Sample Authority Letter by adding "*for the receipt of client monies*" as follows:

I/We [name of Client] of [address of Client] hereby authorise [Member's name or Firm's name] of [address] to pay immediately any Client Monies received by [them/him/her] on my account in respect to the Engagement referred to below into a Trust Account operated by [them/him/her] *for the receipt of client monies* with [name and address of the Financial Institution where the Trust Bank Account is held].

Information about Chartered Accountants Australia and New Zealand can be found in the Appendix to this letter. If you have any questions regarding this submission, please contact me Kristen Wydell (General Manager, Professional Standards, Quality and Liability Capping) via email; kristen.wydell@charteredaccountantsanz.com

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Ward', with a stylized flourish at the end.

Rob Ward FCA AM
Head of Leadership and Advocacy

About us

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.