

The Chairperson
Accounting Professional & Ethical Standards Board Limited
Level 7, 600 Bourke Street
Melbourne, Victoria, 3000

Also via email: sub@apesb.org.au

8 September 2016

Dear Nicola,

Re: Exposure Draft 01/16 Proposed Revision to APES 310

Deloitte is pleased to respond to the Accounting Professional & Ethical Standards Board Limited's (APESB) Exposure Draft 01/16 Proposed Revision to APES 310 *Client Monies* (the ED).

Overall, we are supportive of the proposed revisions to APES 310 however we have some comments for the consideration of the APESB in respect of the proposals in the ED which are set out below.

The objective

We have the following comments on the objective, as drafted:

- we recommend that the final bullet point for a member who deals with client monies should be amended to read as follows "*to have an assurance practitioner assess the member's compliance with the requirements of APES 310 on an annual basis*". We believe that this clarifies that the obligation on the member who deals with client monies is to engage an assurance practitioner to perform the assurance engagement on compliance.
- as the ethical obligations are set out in APES 110, we are of the view that this APES should only specify the professional obligations with respect to dealing with client monies.
- similarly we do not believe that this standard should seek to specify a members professional obligations when performing an assurance engagement on another members compliance with the standard, that is other than specifying the members "other reporting" obligations. The assurance practitioner will be required to comply with the requirements of ASAE 3100 Compliance Engagements.

The definition of an assurance engagement

The definition of an assurance engagement as set out in the ED has been amended to replace the term "assurance practitioner" with the term "member in public practice". We do not believe that this is an appropriate amendment. The individual who performs the assurance engagement must have assurance competence and skills rather than merely being a member in public practice. Should the APESB wish to retain the phrase member in public practice we recommend that you revise the wording as follows "*Assurance ...in which an assurance practitioner who is a member in public practice aims to... criteria*).

Confidentiality

As we have noted in prior submissions on other APESB standards the confidentiality provisions, which in this case are in paragraph 3.5, are not consistent with APES 110, section 140.

Use of the phrases audit and assurance

The extant requires a member who deals with client monies to have an assurance engagement performed to assess compliance with the requirements of the APES on an annual basis. The ED uses both the term audit and assurance when referring to the requirement for an assurance engagement to be performed, we believe that is may cause confusion. As these engagements will be performed in accordance with ASAE 3100 Compliance Engagements we believe that the phrase "assurance" should be used in this document and that all references to audit be removed.

Paragraph 6.6

We are concerned with the current drafting of this paragraph which is intended to be a guidance paragraph. We suggest that it is reworded as follows "*Where the...the Member in Public Practice considers whether it may be appropriate to donate these funds to a2013*"

Section 8

We recommend that the heading of this section be revised as follows "Assurance engagements on a member in Public Practice's compliance with this standard".

Part B

As noted earlier, we do not believe that this standard should set independence requirements for the performance of assurance engagements to assess a member's compliance with the requirements of this APES, as these are contained in APES 110, section 291.

Furthermore, as assurance engagements on compliance are performed in accordance with ASAE 3100, and there are proposed revisions to that standard currently on exposure by the AUASB, we do not believe that the APESB should include a proposed format for the assurance report that the assurance practitioners would issue. In our view, it is the role of the AUASB to prescribe the format of reports in accordance with its relevant pronouncements. If the APESB were to do so we would respectfully suggest that they are extending beyond their mandate.

If you have any questions about this submission, please do not hesitate to contact me on (02) 9322 7288.

Yours sincerely



Caithlin Mc Cabe

Partner

Deloitte Touche Tohmatsu