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Dear Nicola

### **Exposure Draft 01/16 - APES 310 *Client Monies***

CPA Australia welcomes the opportunity to respond to the above Exposure Draft. CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports the revision of APES 310 *Client Monies* subject to our specific comments below.

We do not support the proposed addition in paragraph 1.9 of the sentence: 'In particular, Members in Public Practice should consider whether there are federal and/or state legislation that may be applicable in respect of Trust Accounts and Client Bank Accounts'. Knowledge of and compliance with applicable laws and regulations is a fundamental responsibility of professional accountants in order to comply with the principles of professional competence and due care and professional behaviour. We are of the opinion that the current approach is adequate and desirable. Further, Members have an obligation to consider relevant laws and regulations, so the expression 'should' consider in paragraph 1.9 is inaccurate.

### **Specific Comments**

In Paragraph 3.1 there is reference to 'relevant law'. We note that the fundamental principles include compliance with relevant laws and regulations so compliance with relevant law is not in addition to compliance with section 100 *Introduction and Fundamental Principles* of the Code but part of it. If this reference is to be retained in paragraph 3.1 we note that in other standards there is reference to 'relevant legislation' and in the APES 110 *Code of Ethics for Professional Accountants* there are references to 'relevant laws and regulations' and 'legislation or regulation'. For consistency, we suggest that 'relevant laws and regulations' should be used throughout the standard.

The expression 'client's login' in paragraph 4.5 may not necessarily be clear, particularly in all jurisdictions our Members operate, and an alternative term such as 'electronic banking password' may be more universally understood.

We are of the view that the change in the title of section 8 is not as clear and accurate as the extant title of this section, particularly since some of the content in this section is not about obtaining assurance. For example, paragraph 8.8 deals with what a Member ought to do when a deficiency of

client monies is identified and paragraphs 8.9 and 8.10 deal with auditor changes. The title could be changed to: Assurance Engagement of a Member's in Public Practice compliance with this standard.

We support changes to terminology in this section for consistency with the standards on assurance engagements, which are applicable in these circumstances. However, those changes need to be consistent throughout the section. Further, the changes made in section 8 require some clarification.

Paragraph 8.1 requires an assurance engagement to be undertaken but does not specify whether that ought to be an audit / reasonable assurance engagement or a review / limited assurance engagement. However, paragraph 8.3 allows for a 'review Engagement', but the definition of Engagement in section 2 relates to a client engagement not an assurance engagement and a review engagement is not defined separately nor addressed under the definition of assurance engagement.

We are of the view that the type of assurance engagement required (audit / reasonable assurance engagement or a review / limited assurance engagement) when different criteria are met should be specified in section 8 and consideration should be given as to whether the different types of assurance engagements should be defined in section 2. We note that section 8 refers to "applicable assurance engagement" a number of times, paragraph 8.3 refers to "review Engagement" and paragraph 8.12 refers to 'audit or review' without any clear explanation of when an audit or review is the applicable assurance engagement. There is also some inconsistency in the reference to "Assurance Engagement undertaken under legislation" in paragraph 8.2 and "legislative audit" in paragraph 8.4.

Section 8 and 9 refer to "auditor of client monies" throughout, whereas the relevant standards on assurance engagements use the term "assurance practitioner". A more consistent term could be "assurance practitioner of client monies", although 'assurance practitioner' would also suffice, if it is clear that the subject matter of the engagement is client monies.

In paragraph 1.1 the word either should be deleted in the first sentence as in some circumstances both may apply. Also the semicolon should be replaced with a colon after points (a) and (b).

If you require further information on our views expressed in this submission please contact me on (03) 9606 5159 or at [eva.tsahuridu@cpaaustralia.com.au](mailto:eva.tsahuridu@cpaaustralia.com.au).

Yours sincerely



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