

## **Project Proposal – Revision of APES 310 *Dealing with Client Monies* due to developments in e-commerce**

### **Introduction**

To review APES 310 *Dealing with Client Monies* (the Standard) to address the impact of developments in e-commerce.

### **Background**

APES 310 *Dealing with Client Monies* was originally issued in December 2010 to replace APS 10 *Trust Accounts* and GN 3 *Operation of Trust Accounts* issued in December 2003. A six month review of APES 310 was performed in February 2012 and as part of this review, stakeholders raised areas of concern that proposed amendments to the Standard. APES 310 was subsequently revised and re-issued in July 2013.

APES 310 sets out mandatory requirements and guidance for Members in Public Practice who deal with Client Monies or who act as an Auditor of Client Monies. The scope and application, definitions and fundamental responsibilities of APES 310 are common to all Members in Public Practice who deal with Client Monies or who act as Auditors of Client Monies. Thereafter Part A of the Standard specifies the professional obligations of a Member in Public Practice who deals with Client Monies whilst Part B specifies the professional obligations of an Auditor of Client Monies.

APES 310 makes reference to a number of documentation and communication requirements. At the May 2013 meeting, the Board discussed the impact of developments in e-commerce and considered whether the Standard appropriately addresses these developments. Given the increased use of electronic communication, electronic record keeping and electronic data processing in the business environment, the Board identified a need to review and potentially amend APES 310 to include the impact of developments in e-commerce.

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<b>Project Objective:</b>	To revise the existing APES 310 <i>Dealing with Client Monies</i> issued in July 2013 to accommodate the impact of developments in e-commerce.
<b>Project Steps:</b>	<ul style="list-style-type: none"><li>• APESB Technical Staff to review the current APES 310 <i>Dealing with Client Monies</i>.</li><li>• APESB Technical Staff to liaise and discuss issues with the professional standards teams of the professional accounting bodies.</li><li>• APESB Technical Staff to prepare a revised version of the pronouncement that provides sufficient clarity on the impact of e-commerce on the pronouncement.</li><li>• Present the revised proposed pronouncement to the Board at the February 2014 meeting.</li><li>• Release the proposed pronouncement for public comment in March 2014.</li><li>• Consider respondents' comments and their impact on the exposure draft in May/June 2014.</li><li>• Present the final pronouncement for the Board's approval at the August 2014 Board meeting.</li><li>• Release the revised pronouncement publicly and upload the revised pronouncement onto the APESB website.</li></ul>
<b>Project Structure:</b>	<ul style="list-style-type: none"><li>• Board – provide feedback and oversee development of the pronouncement.</li><li>• APESB Technical Director – provide technical support and assume the role of the principal drafting editor.</li><li>• APESB Secretariat – draft the revised pronouncement and provide administrative support.</li></ul>

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**Project Risk Assessment**

- Risk area 1: Risk of costs rising significantly during the project
  - Probability: Low
  - Impact: Low
  - Effect on Project: Minimal
  - Risk reduction actions: Monitoring of costs on a regular basis
  
- Risk area 2: Risk of overcomplicating the standard with additional drafting to address e-commerce considerations
  - Probability: Medium
  - Impact: Medium
  - Effect on Project: Users may find the standard difficult to understand and use
  - Risk reduction actions:
    - Carefully assess the changes and the practical implications; and
    - Discuss the identified changes with the professional standards teams of the professional accounting bodies.

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**Resource Requirements:**

- Teleconference facilities, Travel of APESB staff (as required), printing and stationary.
- It is estimated that the staff time on this project will be approximately 2-3 weeks.
- Budgeted costs:

Conference calls \$300 per unit (4)	\$1,200
Travel & accommodation \$1,000 per unit (2)	\$2,000
Sundry expenses \$200 per unit (2)	\$400
Total Budgeted Costs	<u>\$3,600</u>

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**Timeline:**

August 2013	Approve project proposal.
Oct – Dec 2013	Prepare revised pronouncement.
February 2014	Initial presentation of revised pronouncement for Board review.
March 2014	Release exposure draft for a 45-day comment period.
May 2014	Collate feedback received.
June 2014	Revise pronouncement taking into consideration feedback received.
August 2014	Present final pronouncement to Board for approval.
September 2014	Issue pronouncement.

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**Impact on other APESB pronouncements**

None noted.

**Impact on accounting, auditing or other relevant standards**

None noted.

**Related legislative developments**

None noted.

**Related international developments**

None noted.

**Benefits of developing the pronouncement**

The proposed revision of APES 310 will enhance the overall clarity and completeness of the existing APES 310 taking into account developments in e-commerce.