

AGENDA PAPER

Item Number: 10.7
Date of Meeting: 13th May 2008
Subject: Proposed Standard: APES 210 *Forensic Accounting Services*

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Purpose

To obtain Board approval to issue the proposed ED APES 210 *Forensic Accounting Services* for public comment.

Background

APS 11 *Statement of Forensic Accounting Standards* and Guidance Note GN2 *Forensic Accounting* were jointly issued by CPA Australia and the Institute of Chartered Accountants in Australia in December 2002. In August 2007 the APES Board approved the creation of a task force to oversee the revision of APS 11 *Statement of Forensic Accounting Standards* and Guidance Note GN2 *Forensic Accounting*. The APES 210 Taskforce has formally met 6 times over the last 6 months to develop this exposure draft.

Consideration of Issues

The following key issues were considered when developing the proposed APES 210:

Form and basis of new APES 210

APES 210 is intended to replace the current APS 11 and GN 2. Replacement of the existing standard and guidance note by a single standard with explanatory guidance was the preferred approach of the APES 210 Taskforce. This was based on review of APS 11 and GN 2 and consideration that items contained both within the standard and guidance note would be more effectively incorporated into one proposed standard with explanatory guidance.

When developing the proposed APES 210, the Taskforce reviewed AICPA standards and the Standard Practices for Investigative and Forensic Accounting Engagements issued by the Canadian Institute of Chartered Accountants. The Canadian standard was considered an appropriate source of information due to the principles-based approach adopted and its consistency with APESB's approach to develop principles based standards.

Members in Business

The current definition of Member in APS 11 effectively means that only Members in Public Practice are captured by the current professional standard. Following consideration of the importance of application to Members in Business, the proposed APES 210 was drafted to address both Members in Public Practice and Members in Business.

Definition of Forensic Accounting Services

To ensure appropriate application of the proposed standard by the profession, the definition of Forensic Accounting Services was intentionally drafted in a broad manner with further details provided in Appendix A of the Standard.

Facts, Assumed Facts and Opinions

The definitions of facts, assumed facts and opinions and what falls under each category are significant issues for the forensic professions as evidenced by recent court cases that have addressed these issues. Consequently, the ED expands on this area compared to APS 11 and GN 2 and further detail is provided in Appendix B.

Items not carried forward from GN 2 to APES 210

The following sections of GN2 had not been carried forward in the proposed ED:

- Communications and meetings
- Draft reports
- Visual aids
- Declarations and ongoing obligations
- Appendices

Other issues for Board discussion

- Forensic Accounting Services and the definition of Assurance Engagements
- The reference to laws of natural justice

Staff Recommendation

The Board approve the issue of the proposed exposure draft APES 210 *Forensic Accounting Services* for public comment.

Material Presented

- Proposed Exposure Draft: APES 210 *Forensic Accounting Services*
- Comparison of APES 210 to APS11 and GN2
- Existing pronouncements APS 11 and GN 2
- Minutes of Taskforce meetings
- Canadian Standard - Practices for Investigative and Forensic Accounting Engagements

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