

## AGENDA PAPER

**Item Number:** 9.8  
**Date of Meeting:** 9<sup>th</sup> February 2009  
**Subject:** Proposed APES 310 *Client Monies*

**Action Required**

**For Information Only**

### Purpose

To obtain preliminary feedback from the Board on whether the approach taken by technical staff in drafting APES 310 *Client Monies* is appropriate.

### Background

APS 10 *Trust Accounts* was issued in December 2003 by the National Councils of the Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants (CPA Australia) to establish the responsibility of members who hold or receive Trust Money. Further in December 2003, to assist members with APS 10 compliance, the Institute of Chartered Accountants in Australia and CPA Australia jointly issued GN3 – Operation of Trust Accounts.

In May 2007, the Board approved a project proposal for the re-development and rebranding of Miscellaneous Professional Statement APS 10 as APES 310 *Client Monies*. Following this, an exposure draft was prepared and presented in August 2007. The Board's view was that the pronouncement contained mainly procedural matters and did not contain principles similar to other APESB pronouncements. As a result, the matter was then referred to the professional bodies for further consideration.

The professional bodies reviewed this request and stated that there are matters in APS 10 that can be drafted in a principles based manner and accordingly should be stated in a professional standard. The Board then instructed the technical staff to redraft APS 10 in a principles based manner for the consideration of the Board.

## Consideration of Issues

Technical staff has redrafted the predecessor APS 10 in a principles based manner for the consideration of the Board. Technical staff reviewed NZICA's PS -2 *Client Monies* issued in 2008 during the course of preparing this proposed ED. The key changes from APS 10 are:

- Updated in accordance with APESB's drafting conventions.
- The approach adopted in APES 310 ED is to have two parts to the standard whereby Part A deals with the member in public practice who deals in Client Monies whilst Part B deals with the auditor who is engaged in the audit of a member's trust accounts;
- It has been revised to focus on circumstances where a member in public practice either operates trust accounts or is a signatory on client bank accounts; and
- Increase in scope to cover a member in public practice who is acting as a trustee for a client or carrying out duties under a power of attorney for a client;

## Outstanding matters:

- Consultation with stakeholders and users.

## Staff Recommendation

Technical staff to engage with stakeholders in February/March 2009 on the proposed ED. The Board to provide preliminary feedback on whether the above approach taken by technical staff is appropriate.

## Material Presented

- Proposed APES 310 *Client Monies*
- Comparison table of APS 10 and APES 310 (to be forwarded via e-mail by 5<sup>th</sup> Feb)
- NZICA's PS -2 *Client Monies* issued in 2008

**Author:** Channa Wijesinghe

**Date:** 31 October 2008