

## AGENDA PAPER

**Item Number:** 10.11  
**Date of Meeting:** 16 -17 November 2010  
**Subject:** Proposed Standard APES 325 *Risk Management for a Firm*

**Action Required**

**For Information Only**

### Purpose

To obtain the Board's approval to issue Exposure Draft 04/10 Proposed Standard APES 325 *Risk Management for a Firm*.

### Background

CPA Australia (CPAA) and the Institute of Chartered Accountants in Australia (ICAA) presented a project proposal to the APES Board meeting in February 2008 to develop a proposed standard on risk management. Following the APES Board meeting in May 2008, CPAA and ICAA provided a further memo addressing issues arising out of legislative developments impacting on members and the importance for Members in Public Practice to have a risk management framework. At the August 2008 meeting, the Board agreed that a Taskforce be convened to oversee the development of a proposed pronouncement on risk management for a Firm.

The APES 325 Risk Management Taskforce has met five times since inception. Initially the taskforce identified broad principles that could be addressed in a risk management standard. These principles were further discussed and categorised into three broad categories – framework for a standard, potential content for a standard focusing on certain risk management policies and particular risks that could be identified or used to provide guidance.

Thereafter the taskforce developed the proposed principles for risk management. The APES Board approved the proposed principles at its May 2010 Board meeting. Since that time the taskforce has been working on the exposure draft which is modelled on APES 320 *Quality Control for Firms*. The exposure draft is now presented for the Board's consideration.

### Staff Recommendation

Subject to the Board's review comments, Technical Staff recommend that the Board approve the issue of Exposure Draft ED 04/10 APES 325 *Risk Management for a Firm* for public comment for a period of 75 days.

## **Material Presented**

- ED 04/10 Proposed Standard APES 325 *Risk Management for a Firm*;
- Proposed Principles of *Risk Management for a Firm* approved at May 2010 Board meeting;
- Minutes of Taskforce meeting held on 27 July 2010.
- Draft Minutes of Taskforce meeting held on 11 October 2010.

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**Date:** 31 October 2010