

## AGENDA PAPER

**Item Number:** 10.14  
**Date of Meeting:** 16 – 17 November 2010  
**Subject:** Update on Proposed Guidance Note APES GN 20 *Outsourced Accounting Services*

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### Purpose

To provide an update to the Board on the progress of the Outsourced Accounting Services project and to provide the taskforce's views on the following matters:

- status of the proposed pronouncement (i.e. Standard or guidance note); and
- the proposed principles of Outsourced Accounting Services.

### Background

At the August 2007 meeting, the Board agreed to establish a taskforce to oversee the development of a guidance note on outsourcing of accounting services. In April 2008, APESB engaged Mr Bruce Coombes of MYOB Resourcing to develop a discussion paper. The discussion paper was presented at the August 2008 Board Meeting. The discussion paper was then used by the taskforce to develop the proposed principles for outsourced accounting services. At the February 2010 Board meeting the proposed principles of Outsourced Accounting Services was presented to the Board. The Board considered the principles and requested that the taskforce consider whether the proposed pronouncement should be a professional standard or a guidance note.

### Project Status

APESB Technical Staff prepared an analysis which compares the proposed principles against the existing APESB pronouncements to determine the 'gaps' where the proposed principles potentially create new professional obligations.

This analysis was then considered by the APESB Outsourced Accounting Services taskforce on the 18<sup>th</sup> of October 2010. Due to the following factors the taskforce's view was that it is still appropriate to develop a guidance note for Outsourced Accounting Services rather than a standard:

- The majority of the professional obligations identified in the proposed principles paper are in APES 110 *Code of Ethics for Professional Accountants*, APES 320 *Quality Control for Firms* and APES 305 *Terms of Engagement*.
- It may be prudent to initially provide guidance in an area which covers a wide range of arrangements and is still developing and evolving.

- The “areas” identified as potential gaps can be managed by providing guidance and it should be noted that most of them relate to Members in Business. Further, Members in Business would also have to adhere to their own internal organisational policies and procedures which are designed to monitor the activities in respect of Outsourced Accounting Services.

### **Staff Recommendation**

Based on the analysis prepared, Technical Staff recommend that the proposed pronouncement should be a guidance note and that the Board approve the proposed principles for Outsourced Accounting Services.

### **Material Presented**

- Analysis of the proposed principles of APES GN 20 *Outsourced Accounting Services* against the requirements of existing APESB pronouncements.
- Proposed Principles Paper of APES GN 20 *Outsourced Accounting Services* presented at the February 2010 Board meeting;
- Minutes of Taskforce meetings held on 19 January 2010;

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**Date:** 31 October 2010