

AGENDA PAPER

Item Number: 11
Date of Meeting: 16 November 2012
Subject: Proposed APES GN 30 *Outsourced Services*



**Action
Required**



For Information Only

Purpose

To obtain Board approval to issue the proposed Guidance Note, APES GN30 *Outsourced Services*.

Background

At the August 2007 meeting, the Board agreed to establish a taskforce to oversee the development of a pronouncement 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. At the November 2010 Board meeting, the Board agreed with the taskforce's recommendation that the proposed pronouncement is more appropriately structured as a guidance note as opposed to a standard and directed staff to present a draft pronouncement at a subsequent meeting of the Board.

At the May 2011 Board meeting the taskforce presented a draft pronouncement for the Board's consideration. To enhance the Board members' understanding of the structure and content, the Board directed Technical Staff to prepare a framework diagram that provides an overview of the scope and application of the proposed Guidance Note. The Board further determined that the focus of the proposed Guidance Note should be on Members in Public Practice. Technical Staff developed the framework document for the Board's consideration. Thereafter Technical Staff revised the proposed APES GN 30 for the Board's consideration.

In January 2012 the Board approved the issue of Exposure Draft 01/12 APES GN 30 *Outsourced Accounting Services* for public comment for an exposure period of 60 days. At the end of the comment period for ED 01/12, APESB received 7 submissions from stakeholders. Technical Staff prepared a Technical Analysis Paper that analysed the following key issues raised by respondents:

- Consistency with international developments in Outsourcing;
- Structure and drafting style of the proposed guidance note;
- Interaction of APES GN30 with ASA600 and application to group audits;

- Interaction with other standards and regulations;
- Treatment of existing contracts;
- Scope of guidance in relation to the provision of Outsourced Services;
- Definitions; and
- Disclosure requirement for written consent

The paper was reviewed by the taskforce and presented to the Board at the July 2012 meeting. Following the Board direction, Technical Staff made further editorial amendments which was presented and discussed at the taskforce meeting held on the 2nd of October 2012.

Consideration of Issues

Refer to the attached Technical Analysis Paper and proposed Guidance Note.

Staff Recommendation

Subject to the Board's review comments and editorials, the Board approve the issue of APES GN30 *Outsourced Services*.

Material Presented

- Technical Analysis Paper – ED 01/12 APES GN 30 Outsourced Services – Summary and Analysis of Key Issues Raised by Respondents (*updated*);
- General Comments Table – Proposed APES GN30;
- Specific Comments Table – Proposed APES GN30;
- Proposed Guidance Note ED 01/12 *Outsourced Services* (Marked up);
- Proposed Guidance Note ED 01/12 *Outsourced Services* (Clean); and
- Minutes of the APES GN30 taskforce meetings.

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Date: 7 November 2012