

6 March 2023

APESB issues revised APES 325 *Risk Management for Firms*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 325 *Risk Management for Firms* (APES 325) to replace the existing APES 325 (Issued September 2019).

The key changes in the revised APES 325 consist of revisions to reflect the terminology, concepts and principles used in the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services* issued in February 2022 (effective 1 January 2023) and new quality management standards issued by the Auditing and Assurance Standards Board in March 2021 (effective 15 December 2022).

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES 325 will be effective for Firms from 1 April 2023, with early adoption permitted.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES 325 (Issued September 2019)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 325 *Risk Management for Firms* which was originally issued in December 2011 and revised in October 2015, December 2017 and September 2019.

Paragraph Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional standard APES 325 <i>Risk Management for Firms</i> (the Standard). A Risk Management Framework in compliance with this Standard was required to be established by Firms by 1 January 2013. This Standard supersedes APES 325 issued in September 2019 December 2017 , and Firms are required to incorporate appropriate amendments to their Risk Management Frameworks by 1 April 2023 January 2020 . Earlier adoption of this Standard is permitted.
2	<u>Assurance Practice</u> means the assurance division or section of a Firm, encompassing every assurance Engagement and agreed-upon procedures Engagement ¹ conducted by the Firm, whether or not required to be conducted by a Registered Company Auditor and whether or not conducted by an individual auditor, an audit Firm or an audit company.
<u>Footnote 1</u>	As described in ASRS 4400 <i>Agreed-Upon Procedures Engagements</i> .
2	Network means a larger structure: (a) That is aimed at cooperation; and (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality management control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.
3.3	A Firm's that provides non-assurance services is required to develop quality management control policies and procedures, in accordance with APES 320 <i>Quality Management for Firms that provide Non-Assurance Services</i> (APES 320). Assurance Practices within Firms are required by ASQM 1⁴ to design and implement responses, which are policies or procedures to address one or more quality risk(s).⁵ Quality management policies and procedures or responses developed in accordance with APES 320 <i>Quality Control for Firms</i> or ASQM 1 respectively, should be embedded within the Risk Management Framework. This will facilitate a Firm complying with this Standard and where applicable, APES 320 or ASQM 1, or APES 320 and ASQM 1, and ensure consistency within the Firm's policies and procedures.
<u>Footnote 2</u> ⁴ and <u>3</u> ²	[Footnotes 1 and 2 of extant APES 325 remain unchanged, but have been renumbered as Footnotes 2 and 3.]
<u>Footnote 4</u>	<u>Auditing Standard ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements</i> issued by the Auditing and Assurance Standards Board.</u>
<u>Footnote 5</u>	<u>Refer paragraph 1.10 and Appendix 1 of APES 320 which explain the scope of APES 320 and ASQM 1.</u>

Paragraph Reference	Revisions
4.4	The Firm's chief executive officer <u>(or equivalent) or the Firm's managing Partner</u> (or equivalent) or, if appropriate, the Firm's managing board of Partners (or equivalent), shall take ultimate responsibility for the Firm's Risk Management Framework.