

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**  
**MINUTES OF THE 6<sup>th</sup> MEETING OF THE APES GN 20 OUTSOURCING TASKFORCE**

**18 April 2011 12.00 – 1:05 PM**

**Teleconference**

**1. Present and Apologies**

Present

Mr. Channa Wijesinghe (Chairman), Mr Bruce Coombes, Mr Peter Docherty, Mr Harry Rosenberg and Ms Catherine Kennedy

In Attendance

Mr. Stuart Black (Board Member), Mr David Carter, Ms Si-Jia Li, Mr Nicholas Ng and Ms Rozelle Azad

Apologies

Mr Paul Meredith, Mr Tom Ravlic

**2. Introductions**

Mr David Carter, of Odyssey Resources, was introduced as an observer to the taskforce. David's company provides outsourced accounting services and as CEO of the company, David has a strong interest in the development of the Outsourcing Guidance Note.

**3. Minutes of previous meeting**

The minutes of the 5<sup>th</sup> Outsourcing taskforce meeting held by teleconference on 23 February 2011 were accepted without amendment.

**4. Discussion of current draft of APES GN 20**

General discussion of changes made

The Chairman provided the taskforce with an update of the current status of the proposed guidance note and editorial changes made since the 5<sup>th</sup> meeting of the taskforce held on 23<sup>rd</sup> February 2011.

The Chairman further discussed changes made to some of the defined terms to ensure consistency with the examples included in Appendix 2. The taskforce agreed with the changes that had been made with the exception of a minor editorial change to the definition of "Material Business Activity" as follows:

..."service delivered by the Member or the Member's Employer ~~of~~ to the Client..."

Cloud computing and its implications on outsourcing

The taskforce discussed the relatively new Cloud computing concept and the need to consider it and its implications as part of the proposed Guidance Note. The following points were considered by the taskforce:

- Security issues that may arise if the site or the provider has problems resulting in the system going down; and
- An accountant recommending the use of Cloud computing technology for the general ledger system, is different to that accountant utilising cloud computing. This needs to be clearly stated in the draft guidance note.

The taskforce agreed that as currently drafted the proposed APES GN 20 does not adequately address issues in relation to cloud computing. It was agreed that:

- an additional example to address this particular issue to be included; and
- the definition of *Outsourcing* would be revised to include the wording, 'may include remote hosting of critical business system' to the definition of *Outsourcing*

#### Definition of Professional Services

The taskforce considered the need to redefine Professional Services to broaden its scope. It was determined that the definition as currently drafted is appropriate. However, an additional example that illustrates this issue will be considered for inclusion in the proposed APES GN 20. It was agreed that APESB technical staff would review the examples and consider the adequacy of those in relation to the definition of Professional Services. In the event that the definition has not been appropriately addressed, a new example will be drafted for inclusion.

#### Examples of outsourcing accounting services that are within the scope of APES GN 20

The taskforce members agreed that the examples drafted in Appendix 2 will be of use to the reader of proposed APES GN 20.

The taskforce discussed the need to consider the materiality of clients' fees to the Member and the potential risk this introduces to outsourced activities. It was agreed that an additional example be developed to clarify this matter.

#### Paragraphs 3.8 and 3.10

Taskforce members agreed that as currently drafted paragraph 3.8 is confusing. It was agreed that this paragraph should be deleted from the proposed APES GN 20. Paragraph 3.10 then requires minor editing to refer the reader back to APES 110 (the Code) where outsourced activities are not considered material business activities.

A taskforce Member raised a question in relation to what was considered appropriate written consent (as referred to in paragraph 3.10) and the taskforce agreed that signing of an engagement letter would suffice.

### **5. Way Forward**

It was agreed that APESB technical staff will incorporate the changes discussed and develop additional examples following which they will provide the document to Mr Bruce Coombes for review. The proposed guidance note will then be made available for review by taskforce members. The revised guidance note will then be presented at the May 2011 APESB Board meeting.

### **6. Close of meeting**

The next meeting of the taskforce will be convened at a date to be determined.  
The meeting was closed at 1:05pm.