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Client money to be better protected under new standard

Accountants and auditors who undertake transactions on behalf of clients will be subject to stricter requirements after the Accounting Professional and Ethical Standards Board (APESB) today issued a new standard.

The new standard, APES 310 *Dealing with Client Monies*, broadens accountants' obligations involving client monies and extends annual audit requirements to client bank accounts to ensure strengthened safeguards for clients.

APESB Chairman Kate Spargo said because clients place so much trust in accountants who engage in transactions on their behalf, it is vital these transactions are conducted with reference to the highest professional and ethical standards.

"The new standard is very much in the public interest and will foster greater client trust in accountants who manage their transactions.

"The clarity of the standard has also been improved with the separation of professional obligations of accountants dealing with client monies from auditors' obligations," said Ms Spargo.

Replacing the existing standard APS 10 *Trust Accounts* and its guidance note GN 3 *Operation of Trust Accounts*, the new standard includes a revised audit opinion in line with the new auditing standards as well as:

- An extension of audit requirements to include client bank accounts as well as Trust Accounts;
- A broadened definition of client monies to include monies where the accountant and accountant's personnel have no present entitlement to such Monies;
- A new definition of 'personnel' which extends beyond personnel in a Member's practice to also capture 'contractors or agents' as some of these arrangements may be outsourced.

The new standard will be effective from 1st July 2011 and also includes specific clauses relating to anti-money laundering and illegal activities.

APES 310 *Dealing with Client Monies* and the Basis for Conclusions, are available to download at www.apesb.org.au.

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Notes to Editors: The APESB is an independent body that sets the code of ethics and professional standards by which members of Australia's three professional accounting bodies are required to abide.