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### **APESB issues revised APES 215 *Forensic Accounting Services***

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 215 *Forensic Accounting Services* (revised APES 215) to replace the existing APES 215 (Issued December 2013).

Please refer to Appendix 1 of this technical update for details of the revisions. The revised APES 215 will be effective from 1 April 2016 with early adoption permitted.

The revised standard is available from APESB's website: [www.apesb.org.au](http://www.apesb.org.au)

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## Appendix 1

### Revisions to existing APES 215 (December 2013)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 215 *Forensic Accounting Services* which was originally issued in December 2008 and revised in 2013.

Paragraph Reference	Revisions
1.1	<p>The objective of APES 215 <i>Forensic Accounting Services</i> is to specify a Member's professional and ethical obligations in respect of:</p> <ul style="list-style-type: none"> <li>• the provision of a Forensic Accounting Service to a Client or Employer;</li> <li>• the types of Engagement or Assignment that are a Forensic Accounting Service;</li> <li>• applicable Independence requirements;</li> <li>• relationships and the provision of other Professional Activities that create threats to compliance with the fundamental principles;</li> <li>• the obligations of a Member who provides an Expert Witness Service and the required disclosures in the Member's Report; and</li> <li>• applicable quality control and documentation obligations.</li> </ul>
1.4 <del>2</del>	<p>Accounting Professional &amp; Ethical Standards Board Limited (APESB) <del>issues</del> <u>has revised professional standard</u> APES 215 <i>Forensic Accounting Services</i> (<b>the Standard</b>), which is effective for Engagements or Assignments commencing on or after 1 April <del>2014</del> <u>2016</u> and <u>supersedes APES 215 issued in December 2013</u>. Earlier adoption of this Standard is permitted.</p>
1.2 <del>3</del>	<p>APES 215 sets the standards for Members in the provision of quality and ethical Forensic Accounting Services. The mandatory requirements of this Standard are in <b>bold-type (black lettering)</b>, preceded or followed by discussion or explanations in normal type (<del>grey lettering</del>). APES 215 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.</p>
1.12	<p>In this Standard, unless otherwise specified, words in the singular include the plural and vice versa, words of one gender include another gender, and words referring to persons include corporations or organisations, whether incorporated or not.</p>
2	<p><b>Assignment</b> means an instruction, whether written or otherwise, by an Employer to a Member in Business relating to the provision of <del>services</del> <u>Professional Activities</u> by a Member in Business. However, consultations with the Employer prior to such instruction are not part of an Assignment.</p> <p><b>Contingent Fee</b> means a fee calculated on a predetermined basis relating to the outcome <del>or result</del> of a transaction or the result of the <del>work</del> <u>services</u> performed by <u>the Firm</u>. A fee that is established by a Court or other public authority is not a <del>e</del><u>C</u>ontingent <del>f</del><u>F</u>ee.</p> <p><b>Engagement</b> means an agreement, whether written or otherwise, between a Member in Public Practice and a Client relating to the provision of <u>Professional</u> <del>s</del><u>S</u>ervices by a Member in Public Practice. However, consultations with a prospective Client prior to such agreement are not part of an Engagement.</p> <p><b>Firm</b> means:</p> <p>(a) A sole practitioner, partnership, corporation or other entity of professional accountants;</p>

	<p>(b) An entity that controls such parties, through ownership, management or other means;</p> <p>(c) An entity controlled by such parties, through ownership, management or other means; or</p> <p>(d) An Auditor-General's office or department.</p> <p><b>Independence means is:</b></p> <p>(a) Independence of mind - the state of mind that permits the <del>provision</del> <u>expression of an opinion a conclusion</u> without being affected by influences that compromise professional judgement, <u>thereby</u> allowing an individual to act with integrity, and exercise objectivity and professional scepticism; <del>and</del>.</p> <p>(b) Independence in appearance - the avoidance of facts and circumstances that are so significant <u>that</u> a reasonable and informed third party, <del>having knowledge of all relevant information, including any safeguards applied,</del> <u>would reasonably be likely to conclude, weighing all the specific facts and circumstances,</u> that a Firm's, or a Member's, integrity, objectivity or professional scepticism has been compromised.</p> <p><b>Member in Business</b> means a Member employed or engaged in an executive or non-executive capacity in such areas as commerce, industry, service, the public sector, education, the not for profit sector, regulatory bodies or <del>P</del><u>professional B</u>bodies, or a Member contracted by such entities.</p> <p><b>Member in Public Practice</b> means a Member, irrespective of functional classification (e.g. audit, tax or consulting) in a Firm that provides Professional Services. <del>The</del> <u>This</u> term is also used to refer to a Firm of Members in Public Practice and means a <u>practice entity and a participant in that</u> practice entity as defined by the applicable Professional Body.</p> <p><b>Professional Bodies</b> means <del>the Institute of Chartered Accountants Australia and New Zealand,</del> CPA Australia and the Institute of Public Accountants.</p> <p><b>Professional Standards</b> means all <del>S</del><u>standards</u> issued by Accounting Professional &amp; Ethical Standards Board Limited and all professional and ethical requirements of the applicable Professional Body.</p>
3.6	<p><b>When a Member in Public Practice is engaged to <del>perform</del> <u>provide</u> a Forensic Accounting Service which requires Independence or when the Member purports to be independent in <del>performing</del> <u>providing</u> a Forensic Accounting Service, the Member shall comply with Independence as defined in this Standard.</b></p>
3.7	<p><b>A Member in Public Practice shall determine whether the circumstances of the Forensic Accounting Service make the Engagement an <u>A</u>assurance Engagement under the <i>Framework for Assurance Engagements</i> issued by the Auditing and Assurance Standards Board (AUASB).</b></p>
3.8	<p><b>Where a Forensic Accounting Service is an <u>A</u>assurance Engagement, the Member in Public Practice shall comply with Section 290 <i>Independence – Audit and Review Engagements</i> or Section 291 <i>Independence – Other Assurance Engagements</i>, <u>as applicable</u> of the Code.</b></p>
3.17	<p><b>In accordance with Section 140 <i>Confidentiality</i> of the Code, a Member who acquires confidential information in the course of <del>professional work</del> <u>performing a Forensic Accounting Service</u> for a Client or Employer shall not use that information for any purpose other than the proper performance of <del>that</del> <u>the professional work</u> <u>for that Client or Employer</u>.</b></p>

4.1	A Member in Public Practice shall document and communicate the Terms of Engagement <u>to a Client</u> in accordance with APES 305 <i>Terms of Engagement</i> .
5.6	<p>Subject to any legal requirements or restrictions, a Member providing an Expert Witness Service shall clearly communicate in any Report:</p> <ul style="list-style-type: none"> <li>(a) the instructions received, whether oral or written;</li> <li>(b) any limitations on the scope of work performed;</li> <li><u>(c)</u> a statement of the Member's training, study or experience that are <u>relevant to the matters on which the Member is providing expert evidence</u>;</li> <li><del>(e)</del><u>(d)</u> whether any of the opinions, findings or conclusions of the Member are not based wholly or substantially on the Member's specialised knowledge derived from training, study <del>and</del> <u>or</u> experience;</li> <li><del>(d)</del><u>(e)</u> the relationships, if any, the Member or the Member's Firm or the Member's Employer has with any of the parties to the Proceedings (including any of the matters referred to in paragraphs 3.9, 5.1, or 5.2) that may create a threat or a perceived threat to the Member's obligation to comply with the fundamental principles of the Code or the Member's paramount duty to the Court, and any appropriate safeguards implemented;</li> <li><del>(e)</del><u>(f)</u> the extent, if any, of reliance by the Member on the work of others;</li> <li><del>(f)</del><u>(g)</u> the opinions formed, or Other Evidence given, by the Member;</li> <li><del>(g)</del><u>(h)</u> whether an opinion or Other Evidence is provisional rather than concluded, and, if so, the reasons why a concluded opinion or concluded Other Evidence has not been provided;</li> <li><del>(h)</del><u>(i)</u> the significant facts upon which the opinions or Other Evidence are based;</li> <li><del>(i)</del><u>(j)</u> the significant assumptions upon which the opinions or Other Evidence are based and the following matters in respect of each significant assumption: <ul style="list-style-type: none"> <li>(i) whether the Member was instructed to make the assumption or whether the Member chose to make the assumption; and</li> <li>(ii) if the Member chose to make the assumption, then the reason why the Member made that choice;</li> </ul> </li> <li><del>(j)</del><u>(k)</u> if the Member considers that an opinion or Other Evidence may be misleading because a significant assumption is likely to mislead, then a statement to that effect and an explanation of why the assumption is likely to mislead;</li> <li><del>(k)</del><u>(l)</u> where applicable, that the Member's opinion or Other Evidence is based upon another person's report;</li> <li><del>(l)</del><u>(m)</u> the reasoning by which the Member formed the opinions or arrived at the Other Evidence, including an explanation of any method employed and the reasons why that method was chosen;</li> <li><del>(m)</del><u>(n)</u> a list of all documents and sources of information relied upon in the preparation of the Report;</li> <li><del>(n)</del><u>(o)</u> any restrictions on the use of the Report; and</li> <li><del>(o)</del><u>(p)</u> a statement that the Expert Witness Service was conducted in accordance with this Standard.</li> </ul>

<b>8.1</b>	<b>A Member in Public Practice providing a Forensic Accounting Service shall be remunerated for such <u>Professional</u> <del>s</del>Service by way of professional fees computed in accordance with Section 240 <i>Fees and <del>o</del>Other Types of Remuneration</i> of the Code.</b>
<b>Appendix 3</b>	Examples of Forensic Accounting Services – Amended (minor editorials)
<b>Appendix 4</b>	Summary of revisions to the previous APES 215 (Issued December 2013) – Amended