

AGENDA PAPER

Item Number: 15 (c)
Date of Meeting: 29 August 2016
Subject: Annual review of APES 325 *Risk Management for Firms*

Action required For discussion For noting For information

Purpose

In accordance with Accounting Professional & Ethical Standards Board's (APESB) constitution, an annual review of APES 325 *Risk Management for Firms* (APES 325) has been performed to identify and resolve any issues identified by stakeholders.

Background

APESB originally issued APES 325 in December 2011, with a revision occurring in October 2015. The 2015 revised version requirements amendments to be incorporated into Risk Management Frameworks by 1 January 2016, with earlier adoption permitted.

Consideration of Issues

APESB Technical Staff have completed the following procedures to identify any issues associated with APES 325:

- Consulted with the Professional Bodies to identify whether Members or other stakeholders have raised any issues with the Professional Bodies in respect of APES 325;
- Reviewed the APESB Issues Register to identify whether stakeholders have reported any matters in relation to APES 325; and
- Performed an internal technical review of APES 325.

The issues identified as a result of completion of the above procedures are set out below.

Succession planning

A Professional Body has raised with the APESB that APES 325 could include a requirement for Members in Public Practice to formally document a succession plan. Paragraph 4.2 of APES 325 identifies business continuity risks (including succession planning) as a matter to be considered and documented in the Firm's Risk Management Framework and related policies and procedures. Whilst some Members in Public Practice may prepare a formal plan to satisfy the existing obligation in APES 325 some may not prepare a formal plan.

Accordingly, as it is not specifically mandated Technical Staff support the suggestion that it is best if APES 325 clearly mandates that there must be a formally documented succession plan.

The addition of this requirement and/or guidance to the existing requirements will be considered in the next review of APES 325.

Recommendation

Technical Staff recommend that the proposed amendments identified as part of the annual review be addressed in the next planned revision of APES 325.

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Date: 5 August 2016