

## Technical Alert

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14 July 2020

### APESB proposes revisions to terms of engagement standard

The Accounting Professional & Ethical Standards Board Limited (APESB) invites accounting professionals, accounting firms and accounting bodies and other stakeholders in Australia to comment on an exposure draft of proposed revisions to APES 305 *Terms of Engagement* (APES 305).

Following on from APESB's review of APES GN 30 *Outsourced Services* (APES GN 30) and taking into consideration risks associated with outsourcing, the Board is proposing a mandatory disclosure to the client when outsourcing is used to deliver a professional service.

Key revisions include a new requirement that where outsourced services are utilised that the member must document and communicate to the client the details of the outsource service provider, the geographic location of where the outsourced service will be performed and the nature and extent of outsourced services. Similar application material is proposed in relation to the use of cloud computing in circumstances where it is not an outsourced service.

Other revisions include new definitions for cloud computing, material business activity, outsourced service, outsourced service provider, outsourcing and outsourcing agreement. A new requirement paragraph is also proposed in respect of not disclosing confidential client information to third parties without proper and specific authority under the Code.

The Exposure Draft, which provides details of the proposed revisions, is available on the APESB website: [www.apesb.org.au](http://www.apesb.org.au).

Feedback on the proposed changes should be received by the APESB no later than **15 October 2020**.

Keep up to date with APESB standards via our website [www.apesb.org.au](http://www.apesb.org.au), by downloading our app from one of the app stores below or following us on [LinkedIn](#).

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