

AGENDA PAPER

Item Number: 10.4
Date of Meeting: 13 May 2008
Subject: APES 350 *Risk Management*

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Purpose

To obtain Board's guidance in relation to the potential development of APES 350 *Risk Management*.

Background

Following presentation of the Risk Management Standard Project Proposal by CPA Australia and the Institute of Chartered Accountants in Australia in February 2008, the APES Board requested that further research in relation to international developments in this area be conducted.

Research was performed in relation to risk management professional standards in Canada (CICA), England & Wales (ICAEW), New Zealand (NZICA), America (AICPA) and South Africa (SAICA). Findings showed that there are no current professional standards in this area and no current projects underway. Note that whilst there are no professional standards in the area, a team in the UK drawn from the UK - Institute of Risk Management (IRM), The Association of Insurance and Risk Managers (AIRMIC) and ALARM The National Forum for Risk Management in the Public Sector has issued "A Risk Management Standard". This standard addresses objectives to ensure consistency in terminology, process by which risk management is carried out, organisation structure and objectives for risk management.

Locally Risk Management Statement RMS 1 issued by CPA Australia in 2003 is currently used by its Members in Public Practice in conjunction with APES 320 *Quality Control*. The Quality Review Panel of CPA Australia presently reviews compliance of Members in Public Practice against these standards.

Consideration of Issues

Whilst there are no apparent international developments in this area, the issue of risk management in the current environment is becoming an increasingly a significant issue. Presently only members of CPA Australia are bound by RMS1 however the importance of risk management and current guidance in this area for the entire profession needs to be considered.

Staff Views

APESB staff identified the following potential avenues to further progress this agenda item:

1. Investigate the benefits provided to current practice by CPA Australia's Risk Management Standard RMS 1.
2. Conduct a high level research of the perspectives of small and mid-tier practitioners in relation to the benefits of developing a potential risk management standard

APESB Technical staff request direction from the Board.

Material Presented

Risk Management Standard RMS 1

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