

15 October 2020

Ms Nancy Milne
Chairman
Accounting Professional & Ethical Standards Board Limited
Level 11, 99 William Street
MELBOURNE VIC 3000

Online Submission via: www.apesb.org.au

Dear Nancy

Submission – ED 02/20 Proposed Revisions to APES 305 Terms of Engagement

Thank you for providing us with the opportunity to comment on the Accounting Professional & Ethical Standards Board's (APESB or the Board) proposed changes to APESB pronouncement APES 305 Terms of Engagement included in ED 02/20 (the ED). Chartered Accountants ANZ (CA ANZ) would like to provide the following four points for the Board to consider.

- 1 At paragraphs 3.5-3.7 you have created additional requirements for a Member in Public Practice to notify their Client of the use of Outsourced Services. These requirements are like those in the *Privacy Act 1988* (the Act) but with two additional requirements;
 - (i) The Act only applies to personal information, proposed paragraph 3.6 will apply whenever an outsourced service provider is used, and
 - (ii) The Act does not require disclosure of the details of the Outsourced Service Provider.

In your Board paper you refer to the Tax Practitioners Board Practice Note 1/2017 which provides registered tax agents with guidance on the TPB Code and the use of cloud computing and recommended communication of items to the Client.

Your proposed changes will add an additional layer of regulatory burden to Members in Public Practice and I encourage the Board to consider if the cost of compliance outweighs the benefits. I would encourage the Board to consider a way to anchor the Member in Public Practice's requirements to existing comparable legal requirements rather than introduce new and additional professional requirements.

- 2 At paragraph 4.6 a Member in Public Practice is directed to make clear agreed responsibilities for aspects of the Engagement. This list does not refer to the Outsourced Service Provider and their responsibilities. We believe this is important so that clients can understand the respective responsibilities of all parties to the Engagement and request the Board consider this inclusion.

- 3 At paragraph 4.9 a Member in Public Practice is directed to make clear “*who owns any documents produced as a result of the Engagement*”. Disputes between clients and Members in Public Practice are due to a lack of clarity regarding ownership of data as often as documents. We encourage the Board to consider ways to extend these application materials to data as an Engagement output.
- 4 At paragraph 5.2 there is a list of matters for a Member in Public Practice to consider when determining the need to re-issue or amend an Engagement Document. This list does not refer to a change in the use of Outsourced Service Providers. We encourage the Board to consider including this as a factor to consider.

Information about Chartered Accountants Australia and New Zealand can be found in Appendix A to this letter. If you have any questions regarding this submission, please contact Kristen Wydell on (02) 9290 5535 or kristen.wydell@charteredaccountantsanz.com

Yours sincerely

Simon Grant FCA
Group Executive
Advocacy & Professional Standing

Appendix A

About Chartered Accountants Australia New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 128,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.