

Exposure Draft 01/21: *Proposed revisions to APES GN 30 Outsourced Services*

Review of Submissions – General Comments	
Exposure Draft 01/21: <i>Proposed revisions to APES GN 30 Outsourced Services</i>	

Note: Specific comments relating to Exposure Draft 01/21 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
1	n/a	CPAA	<p>CPA Australia represents the diverse interests of more than 166,000 members working in over 100 jurisdictions and regions around the world. We make this submission on behalf of our members and in the broader public interest.</p> <p>We value the opportunity to provide comment on the proposed revision to Guidance Note APES GN 30 <i>Outsourced Services</i>.</p>	No
2	n/a	Nexia	<p>We welcome the opportunity to provide the Accounting Professional & Ethical Standards Board with our comments on Exposure Draft 01/21 (ED 01/21).</p> <p>Nexia Australia represents the Nexia network firms in Australia comprising seven independent Chartered Accountancy firms located in Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney.</p> <p>Nexia Australia firms service clients from small to medium enterprises, large private company groups, not-for-profit entities, publicly listed entities and other public interest entities and includes market leaders in many sectors of business.</p> <p>Nexia Australia is a member of Nexia International, a global accounting and consulting network ranking 8th in size with annual turnover of USD 4.5 billion and employing over 34,500 people in over 120 countries.</p>	No
3	n/a	CPAA	<p>CPA Australia supports the proposed revision of Guidance Note APES GN 30 <i>Outsourced Services</i>, as a whole.</p> <p>The proposed revision is aligned with the revised APES 305 <i>Terms of Engagement</i> that requires members in public practice to comply with the disclosure of outsourced services when utilising these services. The revision to the existing examples and the inclusion of new examples of outsourced services and cloud computing in Appendix 1 of APES GN 30 <i>Outsourced Services</i> will provide greater clarity for members in public practice in implementing the requirement of APES 305 <i>Terms of Engagement</i>.</p>	No
4	n/a	Nexia	Comments on the proposals	No

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			For the reasons identified below, we are concerned that the proposals contained in ED 01/21, and by extension contained in APES 305 <i>Terms of Engagement (revised December 2020)</i> (APES 305), are unclear, difficult to apply in practice, and will add additional costs to firms.	
5	n/a	Nexia	<p>Heightened risk, cost and effort</p> <p>As a result of the above matters, we are concerned that the proposals:</p> <ul style="list-style-type: none"> i) will add complexity and undue costs and effort to tailor individual engagement letters on a client-by-client basis; ii) do not address where engagement circumstances may change subsequent to issuing an engagement letter, which may require reassessments during the course of an engagement and possible remedial actions by engagement teams; and iii) will unnecessarily increase a firm's IT security risks <p>We recommend that the Board reconsider the requirements in APES 305 relating to the use of third party services and cloud computing.</p>	No
6	n/a	CPAA	Should you have any questions regarding this submission, please do not hesitate to contact Clare Bannon, Senior Manager Professional Standards on +613 9606 9865 or Clare.Bannon@cpaaustralia.com.au .	No
7	n/a	Nexia	Should you wish to discuss any aspects of our submission, please contact me at molde@nexiaaustralia.com.au .	No

RESPONDENTS

1	CPAA	CPA Australia
2	Nexia	Nexia Australia Pty Ltd