

Agenda Item 7(e) – References to and relevance of APES 320

The following tables summarise the use of and reference to APES 320. Table 1 includes a list of entities that refer to the requirements in APES 320 or where such requirements are relevant to those entities. Table 2 lists APESB pronouncements that include references to APES 320 requirements and the reasons for the reference.

Table 1: Entities that refer to APES 320 or where APES 320 is relevant to the entity

ENTITY NAME	ABOUT THE ENTITY	APES 320 REFERENCE DETAILS
Australian Financial Security Authority (AFSA)	AFSA manages the application of the bankruptcy and personal property securities laws, including registered trustee regulation and enforcement.	Inspector-General Practice Direction 5 provides guidelines to trustees on handling funds and keeping records. It refers to trustees' obligations to comply with APES 320's Engagement Documentation requirements, which include completion of engagement files and confidentiality, safe custody, integrity, accessibility and retrievability, retention and ownership of Engagement Documentation.
Attorney- General's Department- (Anti-Money Laundering and counter-terrorism financing)	Anti-Money Laundering Assistance team partners Asia- Pacific countries to strengthen laws and processes on anti-money laundering, counter financing of terrorism and proceeds of crime.	APESB's submission to the Attorney-General's Department on 7 February 2017 notes that APES 320 and other APESB pronouncements are consistent with FATF customer due diligence obligations. It highlights that APES 320's requirements on the <i>Acceptance and Continuance of Client Relationships</i> (paragraphs 38 and 40) mandate accounting firms to establish policies and procedures in respect of only accepting or continuing client relationships where they have appropriately considered their clients' integrity, including any involvement in money laundering and other criminal activities.
Australian Restructuring Insolvency & Turnaround Association (ARITA)	ARITA provides its members and subscribers, including accountants, with innovative training and education, upholding world-class ethical and professional standards relating to insolvency.	ARITA's Fourth edition of its Code of Ethics and various Code of Professional Conduct (COPP) documents includes COPP-Insolvency Services standard in November 2019 , which includes references to comparable paragraphs in APES 330 <i>Insolvency services</i> (APES 330). Subsection 6.1 of ARITA's COPP-Insolvency Services is comparable to APES 330 paragraph 3.13, which requires Members to make reasonable enquiries about the identity of directors before accepting an engagement in accordance with APES 320's <i>Acceptance and continuance of Client relationships and specific Engagements</i> . Subsection 6.12(c) of ARITA's COPP-Insolvency Services is comparable to APES 330 paragraph 9.2, which requires Members to demonstrate the services were carried out in accordance with applicable standards, including APES 320. ARITA also includes APES 320 and APES 330 in full in its annual members' handbook.

ENTITY NAME	ABOUT THE ENTITY	APES 320 REFERENCE DETAILS
Chartered Accountants Australia and New Zealand (CA ANZ)	CA ANZ promotes, monitors and educates chartered accountants. Actively engages with governments, regulators, and standard setters on behalf of members.	CA ANZ's tools/guide include guidance and Pro-forma policies and procedures to assist its Members in developing effective quality control systems based on the six elements of APES 320. The Institute of Chartered Accountants Australia (ICAA) previously issued Annual Quality Review Reports on the results of the ICAA's quality reviews of firms including compliance with APES 320 and APES 325.
CPA Australia	CPA Australia has over 168,000 members and provides member services, including education, training, technical support, and advocacy.	CPA Australia's Quality Control Manual Tool is a smart online tool that assists its Members with documenting policies and procedures for the six elements of APES 320 by customising the quality control manual tailored to individual firm circumstances.
Institute of Public Accountants (IPA)	IPA is a professional accounting body that sets professional and ethical requirements for its members.	The IPA Rules and Standards require its Members to comply with APESB Standards, including APES 320 and provide resources , including Practice Management Tools.
Professional Standards Councils (PSC) and Professional Standards Authority (PSA)	PSC has responsibility for professional standards legislation and supervising the application of the Professional Standards Schemes. PSA is a national regulatory office to protect consumers by improving professional standards.	CPA Australia's Professional Standards Scheme page refers to firms having a risk management framework informed by APES 325 and firms complying with all applicable APESB Standards, including APES 320. Institute of Chartered Accountants Australia's submission to APRA on 5 April 2013 on its Discussion Paper on Confidentiality of general data and changes to general insurance statistical publications. It refers to participation in the PSC's limitation of liability schemes and firms managing broad business risks via APES 325 and systems of quality control under APES 320 addressing practice and engagement risks.
Tax Practitioners Board (TPB)	TPB registers and regulates tax agents, BAS agents and tax (financial) advisers and is responsible for ensuring compliance with the <i>Tax Services Act 2009</i> (TASA) and the TPB's Code of Professional Conduct (TPB Code).	TBP information Sheet 21/2014 -Code of Professional Conduct – Confidentiality of client information assists registered tax, and BAS agents understand their obligations about not disclosing client information to third parties without client consent. It refers to APES GN 30's guidance on what steps to take when utilising outsourced services. Paragraphs 4.3 and 7.2 of APES GN 30 refer to whether the outsourced service provider has appropriate quality control requirements, which will enable the Firm to comply with APES 320. Explanatory Paper TPB(EP) 01/2010 Code of Professional Conduct assists registered tax practitioners to understand the basis of applying TASA. The TPB Code outlines the core principles for tax practitioners and references APES 110, APES 220 and APES 310 for members of professional accounting bodies. This will include Tax practitioners considering

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		policies and procedures established under APES 320 on Acceptance and Continuance of Client Relationships and Specific Engagements (referred to in paragraph 7.6 of APES 220).
Accounting Practices	Accounting Practices that provide accounting, taxation, and business services.	Accounting Firms commonly refer to APES 320 for confidentiality, safe custody, integrity, accessibility and retrievability of Engagement Documentation (paragraph 96) or elements of quality control system (paragraph 10). This is usually incorporated in the standard terms of engagement and/or their policies and procedures to confirm the Firm conducts Engagements in accordance with APES 320, and information acquired for the engagement is subject to strict confidentiality. A few firms publish their policies and procedures on their websites to demonstrate their compliance with APES 320 and, therefore, the provision of quality services.

Table 2: References to APES 320 in other APESB Pronouncements

PRONOUNCEMENT	PARAGRAPH	DETAILS
APES 110 Code of Ethics for Professional Accountants (including Independence Standards)	Paragraph 400.4 in Section 400 <i>Applying the Conceptual framework to independence for audit and review engagements</i>	Refers to APES 320 <i>Quality Control for Firms</i> (APES 320) which requires a Firm to establish policies and procedures designed to provide it with reasonable assurance that the Firm, its personnel and, others where applicable, maintain Independence where required by relevant ethics requirements.
	Paragraph 900.3 in Section 900 <i>Applying the conceptual framework to independence for assurance engagements other than audit and review engagements</i>	Refers to APES 320, which requires a Firm to establish policies and procedures designed to provide it with reasonable assurance that the Firm, its personnel and, others where applicable, maintain Independence where required by relevant ethics requirements.
APES 215 Forensic Accounting Services	Paragraph 7.1 in Section 7 – <i>Quality Control</i>	Refers Members to comply with the requirements of APES 320.
APES 220 Taxation Services	Paragraph 7.6 – <i>False or misleading information</i>	Requires members to consider the Firm’s policies and procedures established in accordance with <i>Acceptance and Continuance of Client Relationships and Specific Engagements</i> of APES 320 in determining whether to continue acting for the Client in a professional capacity when they know the Client has filed a return that materially understates tax liability and the Client is unwilling to correct it.

PRONOUNCEMENT	PARAGRAPH	DETAILS
APES 225 Valuation Services	Paragraph 5.3 in Section 5 – <i>Reporting</i>	Requires Members to document oral communication about a valuation report in accordance with APES 225 and the Firm’s policies and procedures established under <i>Documentation of the system of quality control</i> of APES 320.
APES 310 Client Monies	Appendix 2 – Example of a Reasonable Assurance Engagement Report and Appendix 3 – Example of Limited Assurance Engagement Report	The example engagement reports refer to the Member complying with the Independence requirements under APES 110 and APES 320 in undertaking the assurance engagement.
APES 315 Compilation of Financial Information	Paragraph 5.3 in Section 5 – <i>Applicable Financial Reporting Framework</i>	Requires the Member to consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 to determine whether to continue acting for the Client if the applicable financial reporting framework is not appropriate and the Client is not willing to adopt the appropriate framework.
	Paragraph 7.4 in Section 7 – <i>Procedures</i>	Requires the Member to consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 to determine whether to continue acting for the Client if the Client refuses to provide additional information or process appropriate amendments requested by the Member.
	Paragraph 8.1 in Section 8 – <i>Documentation and quality control</i>	Requires a Member to prepare working papers that appropriately document the work performed, including demonstrating the engagement was carried out according to policies and procedures required by APES 320.
	Paragraph 8.4 in Section 8 – <i>Documentation and quality control</i>	Requires a Member to perform sufficient reviews of the Compilation Engagement in accordance with the Firm’s policies and procedures established under <i>Engagement Performance</i> of APES 320.
	Paragraph 11.6 in Section 11 – <i>Communication of significant matters</i>	Requires the Member to consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 to determine whether to continue acting for the Client if the Member obtains information that fraud, misstatement or illegal acts have occurred.
	Paragraph 12.6 in Section 12 – <i>Subsequent Discovery of Fact</i>	Requires the Member to consider the Firm’s policies and procedures established in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 to determine whether to continue acting for the Client if appropriate action is not taken by those charged with governance of the Client.

PRONOUNCEMENT	PARAGRAPH	DETAILS
APES 325 Risk Management for Firms	Paragraph 3.3 in Section 3 – <i>Objective of a Risk Management Framework</i>	Notes that a Firm’s quality control policies and procedures, developed in accordance with APES 320, should be embedded within the Risk Management Framework required by APES 325.
APES 330 Insolvency Services	Paragraph 3.13 in Section 3 – <i>Professional competence and due care</i>	Requires Members to make reasonable enquiries about the identity of directors of an insolvent entity or insolvent debtor prior to accepting an appointment in accordance with the requirements of APES 320 <i>Acceptance and Continuance of Client relationships and specific Engagements</i> .
	Paragraph 9.1 in Section 9 – <i>Documentation and quality control</i>	Requires a Member to comply with the requirements of APES 320.
	Paragraph 9.2 in Section 9 – <i>Documentation and quality control</i>	Requires Members to prepare working papers that appropriately document the work performed, including demonstrating that services were carried out according to policies and procedures required by APES 320.
APES 345 Reporting on Prospective Financial Information prepared in connection with a Public Document	Paragraph 7.1 in Section 7 – <i>Documentation</i>	Requires a Member to prepare working papers that appropriately document the work performed, including demonstrating that services were carried out according to policies and procedures required by APES 320.
	Paragraph 8.5 in Section 8 – <i>Reporting</i>	If the Member becomes aware the Client has not taken appropriate action in relation to false or misleading information, the Member shall consider the Firm’s policies and procedures in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 in relation to whether they should continue acting for the Client.
	Paragraph 11.1 in Section 11 – <i>Threatened actual litigation</i>	The Member shall consider the Firm’s policies and procedures in accordance with <i>Acceptance and continuance of Client relationships and specific engagement</i> of APES 320 if litigation between the client/related entities and the Firm is already in progress or the litigation is probable.
APES 350 Participation by Members in Public Practice in Due diligence Committees in connection with a Public Document	Paragraph 6.1 in Section 6 – <i>Documentation</i>	Requires a Member to prepare working papers that appropriately document the work performed, including demonstrating that services were carried out according to policies and procedures required by APES 320.

PRONOUNCEMENT	PARAGRAPH	DETAILS
APES GN 30 <i>Outsourced Services</i>	Paragraph 4.3(e) in Section 4– <i>Management of risk associated with Outsourced Services (Member utilising Outsourced Services)</i>	Provides guidance that a member should conduct appropriate due diligence prior to entering into any outsourcing agreement, including ensuring the Outsourced Service Provider has appropriate quality control requirements in place that will enable the member to comply with APES 320.
	Paragraph 7.2 in Section 7 – <i>Documentation (Members providing Outsourced Services)</i>	Refers to a Member who provides Outsourced Services and the requirements to have appropriate quality control requirements in place in accordance with APES 320.
APES GN 31 <i>Professional and Ethical Considerations relating to Low Doc Offering Sign-offs</i>	Paragraph 7.1 in Section 7 – <i>Documentation</i>	Refers to a Member's obligation to comply with the requirements of APES 320 and should prepare working papers that appropriately document the work performed and conclusions reached.