

14 September 2023

APESB issues revised APES GN 30 *Outsourced Services*

Accounting Professional & Ethical Standards Board (APESB) today announced the issue of the revised APES GN 30 *Outsourced Services* (APES GN 30) to replace the existing APES GN 30 (issued June 2021).

The key changes in the revised APES GN 30 consist of:

- addition of footnotes to paragraphs 3.9 and 3.11 explaining that 'geographical location' in the context of APES 305 and APES GN 30, might include the details of the country where the Outsourced Service or Cloud Computing will be performed or provided, and similar amendments to Example 6 in Appendix 1;
- quality management-related conforming amendments to the definition of 'Network' in paragraph 2, paragraph 4.3(e) and paragraph 7.2;
- inclusion of a new Example 5 in Appendix 1 addressing the situation where an overseas entity holds an individual's employment contract and the individual provides services to Australian Clients under the supervision of an Australian Firm; and
- editorial amendments to the Example 6 (extant Example 5) in Appendix 1.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES GN 30 will be effective from the date of issue.

The interactive PDF of the amending standard is available from APESB's [website](#).

– ENDS –

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Appendix 1

Revision to APES GN 30 (Issued June 2021)

APESB has approved the following revisions to APES GN 30 *Outsourced Services* which was originally issued in March 2013 and revised in October 2015, February 2020 and June 2021 (extant APES GN 30).

Paragraph/Section Reference	Revisions
1.2	Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional guidance note APES GN 30 <i>Outsourced Services</i> (the Guidance Note). This Guidance Note is effective from the date of issue and supersedes APES GN 30 issued in <u>June 2021</u> February 2020 .
1.8	For the purposes of this Guidance Note, an Engagement which is subject to ASA 600 <i>Special Considerations – Audits of a Group Financial Report</i> ² is not considered to be an Outsourced Service.
<u>Footnote 2</u>	<u>Refer to ASA 600 <i>Special Considerations – Audits of a Group Financial Report</i> for financial periods commencing before 14 December 2023 or ASA 600 <i>Special Considerations – Audits of a Group Financial Report (Including the Work of Component Auditors)</i> for financial periods commencing on or after 15 December 2023.</u>
2	Network means a larger structure: (a) That is aimed at cooperation; and (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality <u>management</u> control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.
3.9	Where a Member in Public Practice will utilise Outsourced Services (<u>which may include Cloud Computing</u>) in the provision of Professional Services to a Client, the Member is required to comply with the disclosure obligations in APES 305 <i>Terms of Engagement</i> (APES 305), including to document and communicate the details of the Outsourced Service Provider, the geographical location ³ of where the Outsourced Services will be performed and the nature and extent of the Outsourced Services to be utilised. These factors impact the amount of risk associated with the Outsourced Service being delivered and the management of the Client's confidential information.
<u>Footnote 3</u>	<u>Geographical location might include the country where the Outsourced Service or Cloud Computing will be performed or provided.</u>
3.11	Where the Member in Public Practice will utilise Cloud Computing in the provision of Professional Services to a Client which is not an Outsourced Service, the Member should follow the guidance in APES 305 on disclosures about the details of the Cloud Computing provider, the geographical location ⁴ of where the Cloud Computing will be provided and how the Client's confidential information will be stored.
<u>Footnote 4</u>	<u>Geographical location might include the country where the Outsourced Service or Cloud Computing will be performed or provided.</u>

Paragraph/Section Reference	Revisions
3.13	A Member in Public Practice who becomes aware of instances of non-compliance or suspected non-compliance with laws and regulations when utilising Outsourced Services is required to comply with Section 360 <i>Responding to Non-Compliance with Laws and Regulations</i> of the Code. ⁵²
Footnote <u>52</u>	Members in Business should refer to Section 260 <i>Responding to Non-Compliance with Laws and Regulations</i> of the Code.
4.3	<p>When a Member in Public Practice is considering using an Outsourced Service Provider, the Member should conduct appropriate due diligence prior to entering into any Outsourcing Agreement. Matters to be assessed in this context typically include:</p> <ul style="list-style-type: none"> (a) the operating policies and procedures of the Outsourced Service Provider; (b) whether the Outsourced Service Provider has sufficient staff with the necessary professional competencies and skills; (c) the adequacy of contingency and business continuity plans of the Outsourced Service Provider; (d) whether the information security measures adhere to applicable legal and regulatory obligations; (e) whether the Outsourced Service Provider has appropriate quality <u>management control</u> requirements in place in respect of the Outsourced Service that will enable the Member to comply with the Member's professional obligations in respect of APES 320 <i>Quality Management Control for Firms that provide Non-Assurance Services</i> or, where applicable, ASQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements (ASQM 1)</i> issued by the Auditing and Assurance Standards Board (AUASB), and other applicable Professional Standards; (f) whether the Member has sufficient comfort that file review and error correction processes are employed by the Outsourced Service Provider; (g) the communication skills of the Outsourced Service Provider and its personnel; (h) whether the Outsourced Service Provider will perform the duties and responsibilities of the Outsourcing Agreement in a timely manner; (i) how the Member is going to address the changes to the risk profile of the Material Business Activity that is the subject of the Outsourced Service; and (j) the ability of the proposed Outsourced Service Provider to conduct the Outsourced Services on an ongoing basis.
7.2	A Member in Public Practice who provides Outsourced Services is required to have appropriate quality <u>management control</u> requirements in place in accordance with APES 320 <i>Quality Management Control for Firms that provide Non-Assurance Services</i> or, where applicable, ASQM 1 issued by the AUASB.
Appendix 1	Examples of Outsourced Services – Amended [Example 5 added and minor amendments made to Examples 6 and 14.]