

## AGENDA PAPER

**Item Number:** 6  
**Date of Meeting:** 8 February 2013  
**Subject:** Proposed Revised APES 305 *Terms of Engagement*



**Action Required**



**For Information Only**

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### Purpose

To provide the Board with an evaluation of the respondents' comments on the revision of APES 305 *Terms of Engagement* and to obtain the Board's approval to issue the Revised APES 305 *Terms of Engagement*.

### Background

An annual review of APES 305 *Terms of Engagement* (the Standard) was performed in November 2011. The review highlighted stakeholder concerns in respect of how APES 305 is applied in respect of "recurring Engagements". In response the Board directed Technical Staff to commence a project in consultation with the Professional Bodies to revise the Standard to address the issue of "recurring Engagements".

At the July 2012 Board Meeting, the Board noted the proposed revisions to APES 305 to address the issues in the annual review noted above. At this meeting the Board identified the need for guidance in relation to recurring and continuing Engagements and directed Technical Staff to make further amendments to clarify these types of Engagements.

Subsequently in October 2012 the Board determined to expose the proposed for public comment. Five submissions were received in response to the Exposure Draft for the Board's consideration.

Subject to approval of the revised Standard, it is proposed that the revised APES 305 will be effective for Engagements commencing on or after 1 July 2013 and will supersede APES 305 issued in December 2007 and revised in June 2009.

### Consideration of Issues

The key proposed amendments to the revised APES 305 are listed below:

- Amendment to Paragraph 4.4(d) to address scope and other limitations of an Engagement;
- Amendment to Paragraph 5.1 which provides guidance to a Member in respect of the contents of an Engagement Document in circumstances where there is a recurring Engagement; and
- Amendment to Paragraph 5.2(c) to clarify factors that affect the decision to reissue an Engagement Document.

In addition to the above changes, the following issues were raised by a respondent which requires consideration by the Board:

- The respondent has proposed that a new “objective” section to be introduced to the Standard (refer SC1). The current Exposure Draft has been drafted based on the existing Due Process and in a consistent manner with the other APESB pronouncements. Changes of this nature to the existing drafting process impact on all the APESB pronouncements and require the consideration of the Board.
- The same respondent has also suggested that in paragraph 1.8, the term “spirit” should be replaced with “objective” (refer SC2). The resolution of this matter is dependent on the Board’s views on introducing an “objective” section to APESB pronouncements as noted above.

### **Staff Recommendation**

Subject to the Board’s review comments and editorials, the Board approve the issue of the revised APES 305 *Terms of Engagement*.

### **Material Presented**

- APES 305 *Terms of Engagement* (Marked Up);
- APES 305 *Terms of Engagement* (Clean);
- General Comments Table; and
- Specific Comments Table.

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**Date:** 24 January 2013