

10 August 2023

Mr Channa Wijesinghe
Chief Executive Officer
Accounting Professional & Ethical Standards Board Limited
Level 11, 99 William Street
Melbourne VIC 3000

By email: sub@apesb.org.au

Dear Channa,

Re: Exposure Draft 04/23 APES 310 Client Monies

Thank you for the opportunity to comment on Exposure Draft 04/23.

IPA is supportive of the range of proposed amendments to APES 310 including:

- Revisions to incorporate quality management-conforming amendments to ensure the standard remains consistent with AUASB quality management standards including ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*.
- Removal of references to APES 320 which are no longer relevant.
- Revisions to align the requirements of the standard with provisions in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* and the revised ASAE 3100 *Compliance Engagements*.

IPA also supports the proposal that the amendments will be effective for engagements commencing on or after 1 April 2024, with earlier adoption permitted.

Request for Specific Comments

IPA public practitioners have continued to experience difficulty opening trust accounts. Our members have been directed to use the APESB Information Sheet *Professional Accountants and Trust Accounts* and associated template letter *Request to open a Trust Account* but often that does not overcome the issues raised at the branch level of the financial institution concerned. Particular issues encountered include:

- A lack of understanding that professional accountants that choose to directly handle client monies must do so via a trust account in accordance with APES 310. Financial institutions more commonly understand the need for solicitors and real estate agents to have trust accounts.
- Some financial institution branches have been found to guide accountants to open a separate transaction account, that is not a trust account, often insisting that trust accounts are not available for accountants.

- Some financial institution branches insist that the inclusion of the words “trust account” in the account name of the account is not required or cannot be facilitated.
- The above issues are sometimes exacerbated in areas where options to seek an alternative financial institution are limited and it is not possible to open a trust account online.

It is fair to say over recent years there has been a general decline in the use of trust accounts by many practitioners. Some of that decline may relate to administrative costs outweighing the benefits of maintaining a trust account and/or the above issues encountered.

If you have any queries with respect to our comments or require further information, please don't hesitate to contact Erik Hopp at erik.hopp@publicaccountants.org.au or on 03 8665 3144.

Yours sincerely



Vicki Stylianou
Group Executive, Advocacy & Policy
Institute of Public Accountants

About the IPA

The IPA is one of the three professional accounting bodies in Australia with over 50,000 members and students in Australia and in over 100 countries. Approximately three-quarters of our members either work in or are advisers to the small business and SME sectors. In 2023, the IPA celebrates its centenary year and looks forward to contributing to the future prosperity of our members and the profession.