



INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

**APESB: GN 31
ED 02-17**

July 2017

31 July 2017

The Honourable Nicola Roxon
Chair
Accounting Professional & Ethical Standards Board Limited
Level 11, 99 William Street
Melbourne VIC 3000

Dear Ms Roxon

Exposure Draft ED02/17 APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Signoffs

On behalf of the Institute of Public Accountants (IPA), I submit our review of Exposure Draft ED 2/17 *APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Signoffs*.

The IPA supports the issue of GN 31 to clarify the application of paragraph 1.10 of APES 350 *Participation by members in Public Practice in Due Diligence Committees with a Public Document*. However, the IPA does have concerns as the application of GN 31 to engagements conducted in accordance with ASRS 4450 *Comfort Letter Engagements*.

Comfort letter engagements often provide sign-off to underwriters and brokers for offerings of equities or debt securities to “qualified”, “sophisticated” or “professional” investors. As such they are not a public offer issued in relation to a public offer document. The IPA believes such offerings would fall into the definition of “Low Doc Offering Document” in the proposed GN 31. However, comfort letter engagements often require both assurance opinions and agreed-upon procedures to be reported upon. GN 31 paragraph 5.8 would appear to preclude the application of the proposed guidance note to such comfort letter engagements.

We recommend that the taskforce clarify whether the comfort letter engagements that report as both assurance and agreed-upon procedures engagements are intended to be covered by the proposed GN 31 and if not, the IPA seeks clarification as to what APES standards or guidance notes should apply to such engagements.

If you would like to discuss our comments, please contact me or our technical advisers Mr Stephen La Greca (stephenlagreca@aol.com) or Mr Colin Parker (colin@gaap.com.au) (a former member of the AASB), GAAP Consulting.

Yours sincerely



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