

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED
MINUTES OF THE 2nd MEETING OF THE COMPILATION OF FINANCIAL INFORMATION
TASKFORCE

16 April 2013 10.30 AM – 11.35 AM

Teleconference

1. Present and Apologies

Present

Mr Channa Wijesinghe (Chairman), Mr Reece Agland, Ms Dianne Azoor-Hughes, Mr Michael Cain, Mr Paul Meredith and Dr Eva Tsahuridu (alternate to Mr Amir Ghandar)

In Attendance

Mr Stuart Black (APESB Board member), Mr Robert Nickel and Ms Margareth Lioe

Apology

Mr Dennis Robertson

2. Minutes of Previous Meeting

The minutes of the 1st Compilation of Financial Information Taskforce meeting held by teleconference on 14 August 2012 were accepted without amendments.

3. Drafting approach of the revised APES 315

The Chairman provided a brief overview of the proposed Revised APES 315 *Compilation of Financial Information* (the proposed Standard) to the taskforce. The Chairman informed the taskforce that the proposed Standard was drafted in accordance with APESB's drafting convention and using the substance of the international ISRS 4410 (revised). The deviation in wording in the paragraphs from ISRS 4410 was kept to a minimum (i.e. capitalising of defined terms, changing practitioner to Member etc.). It was further advised that additional sections established in the extant APES 315 were brought across to the proposed Standard as AUST paragraphs as they are intended to address the Australian context and in certain instances conform with APESB's drafting conventions.

4. Discussion on the revised APES 315

The taskforce discussed the following matters in respect of the first draft of the revised APES 315:

Drafting structure of the revised APES 315

The taskforce discussed the style of numbering adopted in the proposed Standard. Some taskforce members were of the view that the adoption of a dissimilar numbering and format between the current draft of the proposed Standard and ISRS 4410 may create inconsistency and confusion in the implementation of the proposed Standard. The taskforce member noted that practical implementation problems may arise if different numbering and format from the international standard are adopted.

Another taskforce member was of the view that the proposed Standard is inconsistent with the numbering format in the other APESB pronouncements. Another taskforce member supported the structure of the

guidance immediately following the requirements and noted that this issue has been debated by the Board in the past and that Technical Staff have acted in accordance with the Board's previous instructions.

The Chairman informed the taskforce that the format of the revised APES 315 is in accordance with the approach adopted by the Board when APES 320 was revised in 2009. APES 320 is an adaptation of IAASB's ISQC 1 and at that time the Board determined to maintain its format and structure in drafting APES 320. Accordingly the material in ISQC 1 was rearranged to follow APESB's format and no changes were done to the substance of the International Standard.

APESB Technical Staff agreed to put forward a Position Paper detailing options for the drafting structure for the Board's consideration at the May 2013 Board Meeting.

AUST Paragraphs and specific matters considered for inclusion in the proposed APES 315

Scope and application

The taskforce discussed paragraph 1.4 and suggested that it may need to be modified to align it to the scope of the extant APES 315.

The Chairman briefly discussed the purpose of the Members in Business paragraph 1.11 and its importance in the Australian context.

AUST Section 3: Fundamental responsibilities of Members in Public Practice

The taskforce questioned the need for AUST paragraph 3 in the proposed Standard. The taskforce was informed that AUST paragraph 3 is included in the proposed Standard in accordance with APESB due process and drafting conventions.

Taskforce discussed that some of the provisions in AUST paragraph 3 which refers to the Code and noted that they could potentially be removed.

The inclusion of a modified paragraph 3 will also be discussed at the upcoming Board meeting.

The Compilation Engagement

The taskforce discussed paragraph 15 of the proposed Standard and determined to consider AASB's Reduced Disclosure Requirements (RDR) in the drafting content of paragraph 15. It was generally agreed that the current paragraph of the proposed Standard is less relevant in the Australian context.

One of the taskforce members raised concerns on Members' responsibility to obtain the Client's acknowledgement for the financial information as suggested in paragraphs AUST 16.2 – AUST 16.3. The Chairman informed the taskforce that the intention of the paragraphs is to provide protection for the Member, by providing flexibility for Members to obtain either a management representation letter or an acknowledgement letter. The taskforce further noted paragraphs 34 and AUST 45.1 address similar subject matter and noted that these paragraphs need to be reviewed and streamlined.

Objectives

The taskforce noted the scope exclusions of APES 315 in paragraph AUST 18 and agreed that whilst this is not provided in the international standard, paragraph AUST 18 provides useful guidance which has existed since APS 9.

Terms of Engagement

The taskforce noted the inclusion of paragraph AUST 45.1 relating to additional content in an Engagement Document. Considering the requirement to obtain acknowledgement from the Client of their responsibility of financial information in paragraph AUST 16.1 – AUST 16.3, the taskforce agreed to consider whether paragraph AUST 45.1(f)-(h) were necessary or if they should be removed.

The Member's Report

The taskforce noted the inclusion of paragraphs AUST 78 – AUST 82 in the proposed Standard. The proposed APES 315 provides a broader scope than ISRS 4410.

Paragraphs highlighted for discussion

Paragraphs 20 – 21

The taskforce noted that paragraph 20 – 21 was incorporated consistent with the international drafting approach and agreed that the paragraphs do not impact on the substance of the proposed Standard.

Paragraph 25

The taskforce agreed to review paragraph 25 depending on the decision of the Board on the appropriate manner for disclosure of independence in the proposed Standard. Paragraph 25 may potentially be tailored to suit the Australian context.

Engagement Letter examples

The taskforce agreed to the inclusion of the Engagement Letter examples as an appendix to the proposed Standard.

5. Way Forward

APESB Technical Staff will provide a project update and put forward the issues identified in respect of the structure and format of the proposed APES 315 for the Board's consideration at the May 2013 Board meeting.

6. Closing of Meeting

The meeting was closed at 11.35 AM.