

Constituents' Submissions – General Comments
Exposure Draft 05/15: APES GN 41 Management Representations

Note: Specific comments relating to APES GN 41 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments
1	n/a	KPMG	<p>We are pleased to have the opportunity to respond to Exposure Draft, Guidance Note 41 Management Representations (the exposure draft) issued by the Accounting Professional & Ethical Standards Board Limited (APESB). This letter represents the views of KPMG Australia.</p> <p>Overarching comments</p> <p>Overall, KPMG Australia supports the initiatives to provide guidance to Members in Business in understanding their professional and ethical obligations associated with preparing and/or signing Management Representations to Those Charged with Governance or an external party. However, we would like to bring to your attention our views on the following matters which are made primarily in relation to Management Representations made to Members in Public Practice.</p>
2	n/a	PwC	<p>PwC welcomes the opportunity to comment on the Proposed Guidance Note: APES GN 41 Management Representations released by the Accounting Professional & Ethical Standards Board (APESB).</p> <p>As one of Australia's leading professional services firms, PwC's mix of clients is diverse and reflects Australia's broad and varied capital market. We serve entities of all sizes, both public and private, which range from new entrants to established entities and work alongside management teams of all shapes and sizes. With this combination of knowledge and experience, we are well placed to comment on the proposed guidance note. Our auditors are often the requesters and users of management representations and as such can offer insight from a different perspective than that of preparers.</p> <p>Please find enclosed on page 2 our high level written response in respect of the proposed guidance note.</p> <p>Our firm takes its role in the community seriously. We are committed to positively contributing to strengthening the accounting profession in Australia, which includes contributing to the development of high quality standards and guidance material to support professional accountants and management to fulfil their roles.</p>

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3	n/a	PwC	<p>High level comments for consideration by APESB:</p> <ul style="list-style-type: none"> The structure of the proposed guidance note does not seem to provide a clear start to finish process for the Member in Business to consider when required to provide Management Representations. Whilst all the different sections of the proposed guidance note do contain some relevant guidance, the structure makes it unclear what the overall considerations of the Member should be before providing specific Management Representations. We believe it would be of more value to users if the guidance were to be restructured to follow a process from beginning to end, i.e. from considering the purpose and use of the Management Representation through to the final Management Representation being provided.
4	n/a	Deloitte	<p>Deloitte Touche Tohmatsu is pleased to provide a submission to the Accounting Professional & Ethical Standards Board Limited (APESB) in response to its Exposure Draft, Guidance Note: APES GN 41 Management Representations (the ED).</p>
5	n/a	Deloitte	<p>We have the following comments with respect to the ED:</p> <ul style="list-style-type: none"> As we have stated in our responses to previous exposure drafts on proposed guidance notes, we are concerned about the extensive use of the words “should” in Guidance Notes. It appears to conflict with the statement in the scope and application section which states, “This Guidance Note does not prescribe or create any mandatory requirements”. Deloitte is of the view that the use of “should” throughout the ED creates an obligation for members in business to follow the processes set out therein.
6	n/a	AICD	<p>The Australian Institute of Company Directors (AICD) is pleased to provide a submission to the Accounting Professional & Ethical Standards Board Limited (APESB) in response to its Exposure Draft, <i>Guidance Note: APES GN 41 Management Representations</i> (Exposure Draft).</p> <p>The AICD is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director education, director development and advocacy. Our membership of more than 37,500 includes directors and senior leaders from business, government and the not-for-profit sectors. We have responded to this Exposure Draft as we have members of the AICD would may be required to consider the ethical frameworks developed by the APESB as members in business and as “those charged with governance”, as defined in the Exposure Draft.</p>
7	n/a	AICD	<p>The AICD is questions the rationale for the development of the Exposure Draft. We query what significant regulatory or ethical failure, by members in business, relating to the preparation and signing off of management representations has compelled the APESB to develop such detailed and potentially onerous guidance.</p> <p>We are concerned that although the guide suggests that members may elect to follow the process and procedures detailed, in practice this guide may unnecessarily raise the responsibility of members in business when preparing and / or considering management representations.</p>

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8	n/a	AICD	This guide deviates from the international pronouncements developed by the International Ethical Standards Board for Accountants as there is no international equivalent. We concerned that this may significantly increase Australian accountants' obligations in dealing with management representations.
9	n/a	AICD	We are also concerned about the tone within the guidance note, in particular the extensive use of the words "should". This language appears to conflict with the statement in the scope and application section of the guide which notes that, "This Guidance Note does not prescribe or create any mandatory requirements". The AICD is of the view that the use of "should" throughout the guide may erroneously create the impression that members in business are required to follow the all processes set out therein.
10	n/a	CA ANZ	Thank you for the opportunity to comment on the proposed GN and for the extension for submission. We support the fact that there may be value in providing guidance on what members of the profession could consider in order to meet their professional and ethical obligations when they are making management representations.
11	n/a	CA ANZ	<p>However, we do not support the current version of the proposed GN.</p> <p>Our general concerns in relation to the proposed GN are as follows:</p> <ul style="list-style-type: none"> The language being used in the proposed GN is very strong and more indicative of mandatory procedures that must be performed rather than guidance on how a member may discharge their professional and ethical obligations when providing management representations.
12	n/a	CA ANZ	<ul style="list-style-type: none"> The suggested process to be undertaken is quite onerous. While a member providing management representations is undertaking a professional activity as defined in APES 110 and should comply with the requirement of APES 110 in doing so, they are generally doing this in the capacity of being an employee or director of the company and not as an external professional advisor or as a separate service. Therefore the guidance needs to be focused on a process that is practical and achievable and does not need to be as complex or as extensively documented as you may expect for an independent professional advisor.
13	n/a	CA ANZ	<ul style="list-style-type: none"> The proposal is Australian specific material. Although billed as guidance only, the points above seem to be holding Australian members to a more rigid process than other countries.

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14	n/a	CPA A	<p>CPA Australia welcomes the opportunity to respond to the above Exposure Draft. CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.</p> <p>CPA Australia supports the issuance of APES GN 41 <i>Management Representations</i> and provides specific comments below.</p>
15	n/a	IPA	<p>Thank you for the opportunity to comment on Exposure Draft 05/15 Proposed Guidance Note: APES GN 41 Management Representations.</p> <p>The IPA welcomes the decision by the APES Board to issue proposed guidance on the provision of management representation. While supporting the proposed guidance note the IPA would like to make the following observations and comments:</p>
16	n/a	IPA	<p>1. It is unclear as to why the proposed guidance is to be reflected in a guidance note and not as a standard. Furthermore, it is unclear as to how the Board makes such a distinction. Based on the subject matter, the IPA considers that a standard rather than a guidance note is far preferable.</p>
17	n/a	KPMG	<p>Please contact me on (02) 9335 8749 if you wish to discuss any of the comments raised in this letter.</p> <p>Yours faithfully, Julian Bishop, Partner</p>
18	n/a	PwC	<p>We would welcome the opportunity to discuss our views further. Please contact me on (03) 8603 3285 or via valerie.clifford@au.pwc.com</p>
19	n/a	Deloitte	<p>If you would like to discuss the comments that we have raised in this response please do not hesitate to contact me on 02 9322 7288.</p> <p>Yours sincerely, Caithlin Mc Cabe Audit Quality and Regulatory Partner Deloitte Touche Tohmatsu</p>
20	n/a	AICD	<p>We hope our comments will be of assistance to you. If you would like to discuss any aspect of our views, please contact us on (02) 8248 6600.</p> <p>Yours sincerely JOHN BROGDEN Managing Director & Chief Executive Officer</p>

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21	n/a	CA ANZ	Information about Chartered Accountants Australia and New Zealand can be found in the Appendix to this letter. If you have any questions regarding this submission, please contact Liz Stamford, Audit & Insolvency Leader via email: liz.stamford@charteredaccountantsanz.com .
22	n/a	CPA A	If you require further information on our views expressed in this submission, please contact Dr Eva Tsahuridu, CPA Australia by email at eva.tsahuridu@cpaaustralia.com.au .
23	n/a	CPA A Member	Thank you for the opportunity to comment. Regards, Nigel Fitzpatrick
24	n/a	IPA	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.
25	n/a	CA ANZ	<p>Appendix: About Chartered Accountants Australia and New Zealand</p> <p>Chartered Accountants Australia and New Zealand is a professional body comprised of over 100,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.</p> <p>Members of Chartered Accountants Australia and New Zealand are known for professional integrity, principled judgment, financial discipline and a forward-looking approach to business. We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international capital markets.</p> <p>We are represented on the Board of the International Federation of Accountants. Our global network also includes the 800,000-strong Global Accounting Alliance, and Chartered Accountants Worldwide, which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.</p>
26	n/a	IPA	<p>About the IPA</p> <p>The IPA is a professional organisation for accountants recognised for their practical, hands-on skills and a broad understanding of the total business environment. Representing more than 35,000 members in Australia and in over 65 countries, the IPA represents members and students working in industry, commerce, government, academia and private practice. Through representation on special interest groups, the IPA ensures the views of its members are voiced with government and key industry sectors and makes representations to Government including the Australian Tax Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA)</p>

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			on issues affecting our members, the profession and the public interest. The IPA recently merged with the Institute of Financial Accountants of the UK, making the new IPA Group the largest accounting body in the SMP/SME sector in the world.

Staff Instructions:

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents' comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order.
- Use acronyms only for respondents. Update the attached table with details of additional respondents.

RESPONDENTS

1	KPMG	KPMG
2	PwC	PricewaterhouseCoopers
3	Deloitte	Deloitte
4	AICD	Australian Institute of Company Directors
5	CA ANZ	Chartered Accountants Australia & New Zealand
6	CPA A	CPA Australia
7	CPA A Member	Nigel Fitzpatrick, Chair of Ballarat Branch, CPA Australia
8	IPA	The Institute of Public Accountants