

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED
MINUTES OF THE 1ST MEETING OF THE MANAGEMENT REPRESENTATION LETTERS
PROJECT TASKFORCE

6 Aug 2014 3.00 PM – 3.50 PM

APESB Office, Level 7, 600 Bourke Street, Melbourne, Victoria 3000
&
Teleconference

1. Present and Apologies

Present

Mr Channa Wijesinghe (Chairman), Mr David Castle, Mr Geoff Harris, Mr Alan Lee, Mr Justin Reid, Ms Liz Stamford, Ms Eva Tsahuridu and Mr Michael Venter

In Attendance

Mr Peter Day (APESB Board member), Ms Saras Shanmugam and Ms Margareth Lioe

2. Introduction and background of the project

The Chairman welcomed the taskforce and invited each taskforce member to provide a brief introduction. The Chairman then provided an overview of the APESB *Due Process and Working Procedures*, in particular drawing attention to Section 4 *Due process and working procedures* and Appendix 3 *Taskforce terms of reference* of the Due Process document.

The Chairman briefed the taskforce on the background to the project and the objectives of the APES GN 41 *Management Representation Letters* (APES GN 41) project. He informed the taskforce that APESB's engagement with Members in Business during the development of APES GN 40 *Ethical Conflicts in the Workplace – Consideration for Members in Business*, indicated that there were low levels of awareness of APESB standards within the business community. The Chairman also noted that during the development process of APES GN 40 the Board identified a need for guidance on management representation letters. The primary purpose of APES GN 41 is to provide guidance to Members in Business who sign off on management representations to either Those Charged with Governance or the external auditor.

3. Discussion on the APES GN 41 Technical Briefing Paper

The taskforce discussed Item 2 (legislative, regulatory compliance and professional and ethical obligations) and Item 10 (the process to collate the management representation letters from subsidiaries) of the technical briefing paper. The taskforce was of the view that the scope of the management representation processes should be broadened to encapsulate the various management responsibilities and representation on both financial and operational matters such as operating and financial review, ethics and sustainability.

The Chairman explained that APES GN 41 will be based on Part C of the Code which applies to Members in Business.

The taskforce agreed to develop the proposed APES GN 41 taking into consideration the following matters:

- adopt a principles based approach rather than a prescriptive checklist approach;
- to develop values and attributes the CFO or equivalent officer (or organisation) should possess when going through the management representation process;
- to incorporate contemporary practices and processes which will benefit a CFO or equivalent officer; and
- to reference matters dealt with in other APESB standards to those standards as per normal practice.

4. Way Forward

APESB Technical Staff will:

- circulate an example of a management representation letter to the taskforce for their information;
- develop high level principles, values and attributes of a CFO or equivalent officer who is preparing a management representation letter. In developing these principles, values and attributes consider the 10 subject areas identified in the Technical Briefing Paper; and
- schedule the next taskforce meeting either in late September or early October to discuss the principles, values and attributes of a CFO or equivalent officer who is responsible for the management representation letter process.

5. Closing of Meeting

The meeting was closed at 3.50 PM.