

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED
MINUTES OF THE 5th MEETING OF THE MANAGEMENT REPRESENTATIONS PROJECT
TASKFORCE

20 July 2015
11.00 a.m. – 11.40 a.m.

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

1. Present and Apologies

Present

Mr. Channa Wijesinghe (Chairman), Mr. Geoff Harris, Mr. David Castle, Mr. Alan Lee, Ms. Kristi Bromley (delegate of Mr. Michael Ford) and Dr. Eva Tsahuridu.

In Attendance

Mr. Peter Day (APESB Board member) and Ms. Saras Shanmugam.

Apologies

Ms. Liz Stamford and Mr. Justin Reid.

2. Minutes of Previous Meeting

The minutes of the 4th APES GN 41 *Management Representations* taskforce meeting held by teleconference on 30th June 2015 was accepted with no amendments.

3. Discussion on updated draft APES GN 41

In response to a taskforce member's query, the Chairman informed the taskforce that based on APESB's drafting conventions, the word 'shall' denotes a mandatory professional obligation whereas the word 'should' denotes guidance.

Scope and application

The taskforce discussed paragraph 1.1 and agreed to:

- remove the word 'statutorily' in the third objective and replace it with the phrase 'regulatory practice or other conventions';
- clarify in the objectives paragraph that APES GN 41 does not purport to set out the processes for meeting regulatory or other requirements; and
- check the terms 'professional and ethical obligations' and 'professional and ethical requirements' with APESB's other pronouncements and use the appropriate term consistently throughout APES GN 41.

Professional obligations

A taskforce member noted that paragraph 4.2 (c) should precede the existing paragraphs 4.2 (a) and 4.2 (b). The taskforce agreed with this suggestion.

Management Representations considerations (entity level)

A taskforce member enquired whether the term 'International Financial Reporting Standards' should be replaced with 'Australian equivalent International Financial Reporting Standards' in paragraph 5.1(d) (i). The taskforce considered the matter and agreed to replace the term with 'applicable accounting and auditing standards' since APES GN 41 may be used by Member in Business working in various jurisdictions.

Management Representations considerations (controlling entity level)

A taskforce member noted that since the term 'personnel' in paragraph 6.1 (b) (ii) comprises both Members in Business and non-Members in Business, the phrase 'comply with fundamental principles of the Code' was inappropriate as it was not applicable to non-Members. The Board Member informed that a Member who is facilitating the Management Representations process should form a judgement as to whether the personnel has the ability to conform with the professional and ethical requirements. The taskforce discussed and agreed to replace the word 'comply' with 'apply' to clarify the guidance.

Management Representations considerations (board/audit committee level)

The taskforce discussed and agreed to:

- improve the clarify of paragraph 7.5 with the following amendment:
'...should perform an assessment to determine the quality, reliability and effectiveness of whether management has obtained Management Representations after conducting sufficient reviews';
- replace the word 'sense check' in paragraph 7.6 with either 'evaluate' or 'assess whether'; and
- replace the phrase 'overall view' in paragraph 7.6 with 'actual circumstances'.

Documentation

A taskforce member suggested that paragraph 8.2 should be split into two sentences to improve its clarity. Another taskforce member proposed that the word 'meeting' need not be reiterated in the phrase 'board meeting or audit committee meeting'. The taskforce agreed to both of these suggestions.

4. Way Forward

APESB Technical Staff will:

- update the minor editorials for the taskforce members' review;
- present the proposed APES GN 41 at the August 2015 Board Meeting for a preliminary review by the Board; and
- organise a taskforce meeting at the end August or early September 2015 and provide feedback to the taskforce on the outcome of the Board Meeting.

5. Closing of Meeting

The meeting was closed at 11.40 a.m.