

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED
MINUTES OF THE 4th MEETING OF THE MANAGEMENT REPRESENTATIONS PROJECT
TASKFORCE

30 June 2015 10.30 a.m. – 11.45 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. Alan Lee, Ms. Kristi Bromley (delegate of Mr. Michael Ford), Dr. Eva Tsahuridu, and Ms. Liz Stamford.

In Attendance

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

Apologies

Mr. David Castle and Mr. Justin Reid.

2. Minutes of Previous Meeting

The minutes of the 3rd APES GN 41 *Management Representations* taskforce meeting held by teleconference on 11th May 2015 was accepted with minor editorial amendments.

3. Discussion on updated draft APES GN 41

The Chairman informed the taskforce that paragraph 1.10 in the proposed APES GN 41 was included based on recommendations by the Board in respect of the revision of other APESB pronouncements at the 25th May 2015 Board Meeting.

Scope and application

A taskforce member noted that the project should focus on the professional & ethical responsibilities of Members in Business rather than how to conduct the Management Representations process. The taskforce discussed and agreed to:

- provide guidance to a Member in Business who prepares and/or signs Management Representations rather than when preparing and signing Management Representations;
- ensure that the second objective in paragraph 1.1 focusses on the fundamental professional & ethical principles the Member in Business needs to consider when preparing or providing Management Representations; and
- remove the phrase 'evaluating aspects of a Management Representations process' in paragraph 1.3.

Definitions

A few taskforce members enquired whether the term 'Financial Statements' should be aligned with the current definition in the Australian Accounting Standards. The Chairman explained that the definition is aligned with the Code and the AUASB standards and is used similarly in other professional & ethical pronouncements.

The taskforce considered to remove the terms 'Group Financial Report' and 'Group Management'. Technical Staff explained that the terms were used in section 6 *Management Representations process at the group or head office level*. The taskforce agreed on the following:

- The proposed definition of Financial Reporting Certification;
- To replace the term 'Relevant Ethical Requirements' with either 'fundamental principles' or 'ethical requirements'; and
- To refer to Management Representations in the plural form throughout the guidance note.

Professional obligations

A taskforce member suggested that paragraph 4.1 should focus on the requirement to comply with the Code's fundamental ethical principles and to remove the phrase '.... the organisation has complied with applicable laws, regulations, policies and procedures'.

A taskforce member enquired as to whether a Member in Business will be able to provide Management Representations without understanding the attributes of a Management Representations process. Other taskforce members were of the view that the proposed APES GN 41 should not be providing guidance on the Management Representations process.

Management Representations process (entity/business unit level)

The taskforce agreed to remove the term 'business unit' since the term 'entity' is sufficiently broad.

Management Representations process (group/head office level)

The taskforce considered the use of the term 'head office' since a corporate centre may not be the same as the head office. The taskforce agreed on the following:

- to replace the term 'head office' with the term 'controlling entity' as it denotes the level where all entities' Management Representations are aggregated;
- to replace the term 'process' in the headers of sections 4,5 and 6 with 'considerations';
- paragraph 6.1 (c) (i) should provide guidance on the appropriate supervision and review considerations as per the Code; and
- paragraphs 6.3, 6.5 (d) and 6.5 (e) should provide guidance on the considerations of a Member's professional & ethical behaviour in the Financial Reporting Certification process.

Management Representations process (board/audit committee level)

A taskforce member noted that that paragraph 7.2 should be stated in the plural form.

4. Other matters

A taskforce member queried on how the documentation processes would work in the case of a Member in Business who is an audit committee member. The Board Member suggested that section 8 *Documentation* could provide guidance on how directors, board members or audit committee members oversee the Management Representations process (e.g. matters considered by the board members or audit committee members will be reflected in the agenda papers considered at the relevant board or audit committee meeting and the decisions will be reflected in the minutes of the applicable meeting).

5. Way Forward

APESB Technical Staff will:

- address taskforce members' comments;
- organise a taskforce meeting on either the third or fourth week of July 2015, and
- present the proposed APES GN 41 at the August 2015 Board Meeting for a preliminary review by the Board.

6. Closing of Meeting

The meeting was closed at 11.45 a.m.