

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED
MINUTES OF THE 6th MEETING OF THE MANAGEMENT REPRESENTATIONS PROJECT
TASKFORCE

15 October 2015
4.00 p.m. – 4.30 p.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, Mr. Michael Ford, Ms. Kristi Bromley (delegate of Mr. Michael Ford), Ms. Liz Stamford and Dr. Eva Tsahuridu.

In Attendance

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

Apologies

Mr. Justin Reid and Mr. David Castle.

2. Minutes of Previous Meeting

The minutes of the 5th APES GN 41 *Management Representations* taskforce meeting held by teleconference on 20th July 2015 was accepted with no amendments.

3. Discussion on the revised draft APES GN 41

The Chairman informed the taskforce that at the APESB Board had considered the proposed APES GN 41 Exposure Draft (ED) at its August 2015 Board meeting. Technical Staff had provided the Board with an update on the APES GN 41 project status and the Board noted the progress made by the taskforce to date. The Board was supportive of the approach adopted in the proposed Exposure Draft and the subject matter included in the proposed ED.

The Board requested that the Technical Staff and taskforce review the proposed ED with a view to making it more succinct and to remove duplication, where possible. Accordingly, Technical Staff has now revised the proposed ED by streamlining it and removing duplications.

Scope and application

The taskforce discussed section 1 *Scope and application* and agreed to:

- include the phrase 'and/or other senior finance personnel' in paragraph 1.3 to encapsulate all other senior finance personnel in addition to the chief financial officer and senior finance personnel; and
- replace the word 'should' with 'are required to' in paragraph 1.8 as this paragraph was referring to a Member's mandatory professional obligation to be familiar with relevant professional standards when performing a professional activity.

Definitions

A taskforce member enquired about the difference between the terms 'Professional Activity' and 'Professional Services'. The Chairman explained that historically IESBA defined the term 'Professional Services' to mean activities performed by all members whether they were providing professional services in public practice or providing services to their employers. However, IESBA acknowledged that the term "professional services" is not generally associated with members in business and that it is confusing to use that in that context.

Thus, a new defined term 'Professional Activity' was developed to specify the activities performed by all members and the term 'Professional Services' was redefined to state that it is a Professional Activity provided by members in public practice to clients.

In addition, the taskforce considered the following matters and agreed to:

- amend the term 'Professional Services' in the definition of 'Members in Public Practice' to the lower case since the term was not defined in the proposed ED; and
- retain the definitions of 'Fraud' and 'Group Management' as these terms were used several times in the proposed ED and the definitions added value to the guidance note.

Fundamental responsibilities of Members in Business

A taskforce member noted that the phrase 'including section 100 Introduction and Fundamental Principles' in paragraph 3.2 should be deleted as its requirements are incorporated within 'Part A-General Application of the Code'. The taskforce agreed to remove this duplication.

Professional obligations in respect of Management Representations

A taskforce member proposed that the word 'to' should precede the word 'neither' in paragraph 4.2 (a) to be consistent with the drafting style of paragraph 4.2 (b). The taskforce agreed with this suggestion.

Another taskforce member enquired whether the clarity of the phrase 'other relevant subject matter' in paragraph 4.4 could be enhanced. The taskforce considered the matter and agreed to replace the phrase with 'other relevant matters'.

Management Representations considerations (entity level, controlling entity level and board/audit committee level)

The taskforce discussed and agreed to:

- include the phrase 'eliminate the threat or' in the last sentence of paragraph 5.2, to strengthen the guidance;
- replace the phrase 'management or Those Charged with Governance' in paragraphs 5.2, 5.4 and 7.2 (b) with 'Group Management or Those Charged with Governance'; and
- replace the phrase 'application of' in paragraph 6.2 (b) with 'compliance with';

4. Way Forward

APESB Technical Staff will:

- update the proposed ED by incorporating the taskforce's review comments;
- present the proposed ED at the November 2015 Board Meeting for the Board's consideration; and
- subject to the Board's approval of the ED, engage with stakeholders from the CFO and Members in Business communities to seek feedback during the exposure period.

5. Closing of Meeting

The meeting was closed at 4.30 p.m.