

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

11th Meeting of the Due Diligence Committees Taskforce

MINUTES

Meeting held on 25 September 2009

10.00 am – 11.15 am

1. Present and Apologies

Present:

Ms Clair Cardno, Mr Jeff Cook, Mr Channa Wijesinghe (Chairperson), Mr Jeffrey Luckins, Dr Gary Pflugrath, Mr. Paul Meredith, Mr Jock O'Callaghan

In Attendance:

Ms Dimity McCredie, Mr Roshana Nanayakkara

Apologies:

Mr John McLaughlin, Ms Marina Stuart, Mr Reece Agland, Mr David McGlinchey

2. Review of minutes

The minutes of the 9th and 10th Due Diligence Committee taskforce held by teleconference on 17th August 2009 and 28th August 2009 were accepted with minor amendments.

3. Discussion on specific comments relating to the Exposure Draft

- Channa updated the taskforce on the outcome from the September Board meeting and the Board's proposed approach to finalise the standard. He also informed the taskforce that the Board had reviewed the general and specific comments tables and was supportive of the decisions taken by the taskforce. Channa noted that the Board requested a detailed *Basis of Conclusions* document to be prepared. This document will be useful to clarify to stakeholders the rationale for the amendments between ED and the final standard.
- In the ensuing discussion the taskforce discussed the following:
 - The outstanding issues from the specific comments table and taskforce members were allocated drafting responsibilities as noted below:
 - Issue 1 – it was agreed to review the standard on completion and include tax advisers where applicable.
 - Issue 2 - Dimity to follow up and provide an update.
 - Issue 3 & 4 - Clair to draft a paragraph when and how members can provide a sign-off on pathfinder documents.
 - Issue 5 & 6 – No changes proposed.
 - Issues 7 to 10 – Jock to review the DDC signoff and provide comments.

- Channa agreed to discuss with Bob on the need to provide explanatory material on the three roles (DDC member, DDC observer and Reporting Person) under paragraph 1.11 of scope and application of APES 350.
- Claire to consider providing guidance on observer
- Channa and Dimity to review the definition of 'Verification' and the use of the term 'Verification' within the standard and to develop a proposed approach.
- Channa agreed to review paragraphs 3.5, 3.6, 5.2 and 5.3 to ensure its consistency with APESB drafting conventions and the fundamental principles of the Code.
- The taskforce agreed to delete paragraph 3.7 as the management threat to a member's independence is discussed in detail in section 290 of the Code.
- Paul to circulate to the taskforce relevant extracts of section 290 and 291 of the new IFAC Code which discusses management threats.
- Jeff agreed to redraft paragraph 3.8 (a) to improve its clarity.
- Channa requested the taskforce members to provide their comments on the current drafting of paragraph 3.16.
- Clair to provide a suggestion to improve the clarity of paragraph 4.7.
- Channa and Paul to start drafting the *Basis for Conclusion* document.

4. Way forward and tasks to be completed prior to the next meeting

- Taskforce members to provide editorials/comments to APESB technical staff by 1 October 2009.
- The taskforce to have another meeting the week beginning the 5th of October and finalise the proposed APES 350 and *Basis for Conclusions*.
- Circulate the proposed standard and the *Basis for Conclusion* document to the Board by 12th October 2009.
- Convene a working party meeting of the Board and Taskforce in the 3rd week of October.
- Subsequent to the working party meeting, address the Board's comments and present the final version of the proposed APES 350 at the November 2009 Board meeting to be held on the 16th and 17th of November.

5. Close of meeting

The next meeting of the Taskforce will be convened by teleconference on a date to be determined.