

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**

**3<sup>rd</sup> Taskforce Meeting for APES 350 Due Diligence Committees – 2014/2015 Annual Review**

**MINUTES**

**19 January 2015 2.30 pm – 3.35 pm**

**Teleconference**

**1. Present and Apologies**

Present:

Mr Channa Wijesinghe (Chairman), Mr Jeff Cook, Ms Claire Cardno, Mr Stephen Lomas, Mr Jeffrey Luckins, Mr Amir Ghandar and Mr Colin Parker.

In Attendance:

Mr Harley McHutchison (Board Member), Mr Richard Savage (PwC – Director, Risk & Quality), Ms Surita Sharma (EY – Executive Director, Professional Practice Group), Ms Sally Morony (PwC – Senior Legal Counsel) and Ms Saras Shanmugam.

Apologies:

Mr Mark Haberlin, Ms Marina Stuart and Ms Kristen Wydell.

**2. Minutes of Previous Meeting**

The minutes of the 2<sup>nd</sup> APES 350 *Due Diligence Committees* – 2014/2015 Annual Review taskforce meeting held by teleconference on 24<sup>th</sup> November 2014 were accepted with no amendments.

**3. Objectives of APES 350**

The Chairman informed the taskforce that Technical Staff have drafted an objectives paragraph for APES 350 and requested that taskforce members provide their views and editorial comments. The Chairman explained that respondents to APESB's Exposure Drafts had requested the development of an objectives paragraph as it then provides the background and purpose of a standard at the start of each standard. A few taskforce members commented that it is best if the objectives paragraph is a principles-based statement and agreed to provide review comments to Technical Staff.

**4. Application of paragraphs 5.7 and 5.9 to the DDC Observer role**

Some taskforce members noted that there is some confusion in respect of the application of paragraphs 5.7 and 5.9 to the DDC Observer's role and requested that the standard be updated to provide stakeholders with greater clarity.

A taskforce member stated that the current drafting of the paragraphs adequately specifies the standard's restrictions and that:

- paragraph 5.9 explicitly requires that a Member in Public Practice only notifies a Client if the Member comes across any significant concerns; and
- it is possible that this may lead to a contravention with the requirements of paragraph 5.7 if the Member inadvertently provides a confirmation to the Client or the Due Diligence Committee.

However, since the majority of taskforce members sought clarity on the matter, the taskforce agreed to consider drafting a separate guidance paragraph to follow the existing paragraph 5.9.

## **5. Enhancements to APES 350 in respect of new circumstances**

Some taskforce members noted that there have been circumstances in which stakeholders have sought to broaden a Member in Public Practice's original scope of work as specified in the Due Diligence Planning Memorandum. The taskforce held a discussion and considered the following matters:

- A Member in Public Practice's professional obligations referred to in paragraph 7.9; and
- Developing additional guidance to clarify a Member's professional obligations if material new circumstances comes to the Member's attention subsequent to providing a Due Diligence Sign-Off; and
- Development of a pro-forma new circumstances sign-off template.

## **6. Way forward**

Taskforce members will provide editorial suggestions and comments on the following matters:

- objectives paragraph;
- a proposed guidance paragraph to follow the existing paragraph 5.9 to draw attention to the requirements of paragraph 5.7;
- development of additional guidance in respect of a new circumstances sign-off; and
- development of a pro-forma new circumstances sign-off.

APESB Technical Staff will:

- provide the Board with an update on matters raised by taskforce members at the 28 January Board Meeting; and
- update the proposed APES 350 exposure draft by incorporating the taskforce's comments and circulate a revised version of APES 350 for the taskforce's consideration.

## **7. Close of Meeting**

The meeting was closed at 3.35 pm.