

AGENDA PAPER

Item Number: 15 (e)
Date of Meeting: 14 June 2018
Subject: Annual review of APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350)

Action required For discussion For noting For information

Purpose

In accordance with APESB's constitution, an annual review of APES 350 has been performed to identify and resolve any issues identified by stakeholders.

Background

APES 350 was originally issued in December 2009 and subsequently amended in March 2011 and August 2015 (which was effective from 1 October 2015).

Consideration of Issues

The following procedures were performed as part of the annual review of APES 350:

- Consultation with the Professional Bodies and subject matter experts to identify whether Members or other stakeholders have raised any issues in respect of APES 350;
- Reviewed the APESB Issues Register for any reported matters in relation to APES 350;
- Performed an internal technical review of APES 350 including considering the technological neutrality of the Standard; and
- Considered the results of the Quality Reviews conducted by the Professional Bodies in respect of APES 350.

The issues identified through completion of the above procedures are noted below.

References to AuASB

[This issue is carried forward from the prior year.]

The Definitions in APES 350 include references to the former Auditing and Assurance Standards Board of the Australian Accounting Research Foundation (AuASB) and the auditing standards and guidance statements they issued, which have all been withdrawn or reissued by the AUASB.

Technical Staff therefore propose the following amendments to APES 350:

- remove definition of the term *AuASB*; and
- remove reference to the pronouncements issued by the AuASB in the definition of the terms *Auditing and Assurance Standards* and *Auditing and Assurance Guidance*.

Technical Staff are of the view that the above issue is not substantive and would not impact the manner in which the APES 350 is applied in practice. We believe that the proposed changes in definitions can be processed at the next revision of APES 350.

This matter is recorded on the current APESB Issues Register.

Definition of *Written / Writing*

Technical Staff note that APES 350 contains references to a number of items being in written form including:

- Engagement Document (Definitions);
- Due Diligence Sign-Off (Definitions);
- Materiality Letter (Definitions);
- Client's permission to disclose any information relating to the Engagement to third parties (paragraph 3.19);
- Working papers to include matters provided to the Member in writing (paragraph 6.1);
- Engagement status reports to DDC or Client (paragraph 7.6); and
- Client's consent to publish and/or disclose the Due Diligence Sign-Off and New Circumstances Statement (Appendix 1).

Technical Staff are of the view that APES 350 would be enhanced if it included the definition of the term 'Writing / Written'. Including the definition will clarify that written form may also include electronic formats. The definition of written will be consistent with the version used in other APESB pronouncements (such as APES 315 *Compilation of Financial Information*). We believe that the proposed change can be processed at the next revision of APES 350.

This matter should be recorded on the APESB Issues Register.

Staff Recommendation

Technical Staff recommend that:

- the matter relating to the definition of written be added to the APESB Issues Register; and
- changes to definitions to reflect changes to the former Auditing and Assurance Standards Board be processed in the next revision of APES 350.

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Date: 22 May 2018