

Meeting Highlights

29 JANUARY 2014

1. The Board considered the preliminary draft of the proposed Exposure Draft APES 315 *Compilation of Financial Information* (APES 315 ED) and discussed:

- the definition of 'Applicable Financial Reporting Framework' and the need for further clarity in respect of financial reporting frameworks;
- the relevance of a disclaimer report and whether it is within the scope of the proposed APES 315 ED; and
- the extent to which a member needs to understand a client's business when conducting a compilation engagement.

The Board directed Technical Staff to make editorial amendments to the proposed APES 315 ED to reflect the Board's discussions and referred the outstanding matters to the taskforce for further consideration. The Board will reconsider the proposed APES 315 ED at its April 2014 meeting.

2. The Board noted the annual review of APES 330 *Insolvency Services* (APES 330) and the preliminary draft of the proposed Exposure Draft APES 330 (APES 330 ED) due to the amendments made to the Code of Conduct of the Australian Restructuring Insolvency & Turnaround Association (ARITA), formerly known as the Insolvency Professional Association of Australia (IPAA). The Board discussed:

- the definitions of 'Debtor', 'Professional Services' and 'Professional Activities' in the context of Insolvency Services;
- the reference to a Member's obligations to comply with the relevant law in respect of Independence in paragraph 4.1;
- clarification of the timeframes associated with prior relationships;
- the Expert Witness obligations contained in Section 7 of APES 330 ED and the possibility of creating a cross reference to APES 215 *Forensic Accounting Services*; and
- the need to revise the structure of Section 3 of the proposed APES 330 ED for consistency with the Code.

The Board directed Technical Staff to amend the proposed APES 330 ED to reflect the Board's discussions and to re-present for the Board's consideration at the April 2014 meeting.

3. The Board noted the *2014 APESB Issues Register* and the progress made in respect of the various issues.
4. The Board noted the *Project Proposal – APES GN 41 Management Representation Letters* and discussed:
 - the importance of clearly defining the scope of the project and to restrict the scope to financial statement representations associated with statutory financial reporting responsibilities; and
 - the importance of drafting the Guidance Note by taking a principles based approach rather than a prescriptive checklist approach.

The Board approved the development of a 'straw man' document and the creation of a taskforce for this project.

5. The Board noted the annual review of APES 110 *Code of Ethics for Professional Accountants* (APES 110) and agreed with Technical Staff recommendations to close the Network Firm issue as well as to communicate with the ACAG Chair in relation to the definition of a Public Interest Entity (PIE) in the public sector.
6. The Board noted the annual review of APES 210 *Conformity with Auditing and Assurance Standards* (APES 210) and discussed the current definition of 'Professional Activity' and whether it provides adequate coverage of the range of activities undertaken by a professional accountant in the Australian context. The Board directed Technical Staff to investigate potential alternatives to the existing definition of 'Professional Activity' and to present an options paper for the Board's consideration. The Board approved the proposed editorial changes noted in the APES 210 annual review.
7. The Board noted the annual review of APES 220 *Taxation Services* (APES 220) and discussed the Tax Practitioner Board (TPB) Information Sheet 17 on reasonable care. The Board agreed that the TPB's expectations of the professional obligations of a tax practitioner appear to be consistent with APES 110 and APES 220 and closed this issue on the APESB Issues Register. The Board approved the proposed editorial changes noted in the APES 220 annual review.
8. The Board noted the annual review of APES 305 *Terms of Engagement* and approved the proposed editorial changes.
9. The Board noted the annual review of APES 345 *Reporting on Prospective Financial Information Prepared in Connection with a Disclosure Document* and approved the proposed editorial changes.
10. The Board noted the annual review of APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350).

The Board considered the following issues raised in the annual review:

- a) the circumstances in which a Firm can provide an APES 350 signoff in a low doc offer;
- b) the position taken by Members in Public Practice/Firms to act as a DDC Observer when the Client is subject to US SEC auditor independence requirements or in low doc offers;
- c) the Members' obligations with regards to expressing opinions whether the disclosures made by the Client complies with the *Corporations Act*;
- d) the use of the term 'Independent Audit Report' versus 'Investigating Accountant's Report';
- e) the use of the term 'Limited Assurance Engagement' versus 'Review Engagement';
- f) editorial matters arising from updates to AASB Standards with reference to AASB 1031 *Materiality*; and
- g) editorial matters arising from updates to AUASB Standards with reference to AGS 1062 *Reporting in Connection with Proposed Fundraisings*.

The Board also noted the joint APESB/AUASB stakeholder consultations held in Melbourne and Sydney in respect of APES 350 and the associated AUASB standards in November 2013.

The Board noted that the issues raised in (a) – (c) have been previously considered by the Board, either when APES 350 was originally developed in 2009 or in subsequent annual reviews, and that stakeholders have not provided new information to change the Board's views in respect of these matters. Accordingly, the Board determined not to take any further action.

The Board considered the issues raised in (d) – (e) and determined that these terms are generally understood to be similar in the accounting profession. Accordingly, the Board determined not to make any editorial amendments to APES 350 in respect of these issues.

The Board considered editorial matters arising from the updates to AASB/AUASB Standards in (f) – (g) and determined to make consequential amendments to APES 350 at the next revision of the standard.

11. The Board noted the annual review of APES GN 40 *Ethical Conflicts in the Workplace – Considerations for Members in Business* and approved the proposed editorial changes.
12. The Board noted the *International Update* and discussed:
 - the progress of the Integrated Reporting (IR) Framework project; and
 - APESB's intention to prepare a submission on the IESBA's *Proposed Strategy and Work Plan 2014 – 2018*.