

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

MINUTES OF THE 3rd MEETING OF THE APES 325 RISK MANAGEMENT TASKFORCE

22 April 2010 from 2.00 PM – 3.00 PM

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairperson), Mr. Paul Carter, Mr. Peter Goujon, Ms. Catherine Kennedy, Mr. Gerard Meade, Ms. Maguy Nakhl, Dr. Gary Pflugrath, and Mr. Mark Wilson.

In Attendance:

Mr. Erik Hopp.

Apologies:

Ms. Liz Giust, Mr. Jean-Marc Imbert, Mr. Bob Sendt (Board Member).

2. Minutes of previous meeting

The minutes of the Risk Management taskforce meeting held by teleconference on 6 October 2009 were accepted without amendment.

3. Update from Board Meeting (November 2009) and discussion on Proposed Principles

Mr Channa Wijesinghe provided the taskforce with an update on the outcomes from the APES Board Meeting held on 17 November 2009. Subsequent to the Board meeting, technical staff drafted a Proposed Principles paper which incorporated the earlier work of the taskforce. The Taskforce supported the Proposed Principles paper as drafted.

4. Potential to integrate into APES 320 *Quality Control for Firms*

The Taskforce considered the issue of whether Firm level risk management should be addressed in a stand-alone standard or through inclusion of relevant paragraphs in another existing standard such as APES 320 *Quality Control for Firms*. On balance the Taskforce were of the view that a separate pronouncement addressing the matters set out in the Proposed Principles document should be recommended to the APES Board.

The Taskforce noted that a separate pronouncement would provide an overarching standard that mandates the obligations of a Member in Public Practice to consider overall enterprise level risks of a Firm. The Taskforce noted that as engagement level and client risks are covered in APES 110 *Code of Ethics for Professional Accountants* and APES 320 *Quality Control for Firms*, a separate pronouncement is not expected to impose onerous new obligations on Members. The Taskforce were of the view that a standard is preferable to a guidance note as it would create a mandatory obligation and thus assist the professional bodies from a disciplinary perspective.

Some Taskforce members noted that once a standard on Firm level risk management has been established within the APES series of professional standards, at some point in the future there is merit in giving further consideration to amalgamating the requirements of the risk management standard into APES 320.

5. Way forward

APESB technical staff will provide a project update to the Board and seek the APES Board's approval of the Proposed Principles which will be used as the basis to prepare a propose standard APES 325 *Risk Management for a Firm*.

6. Close of meeting

The next meeting of the taskforce will be convened at a future date to be determined.