

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

10th Meeting of the Due Diligence Committees Taskforce

MINUTES

Meeting held on 28 August 2009

9.00 am – 11.00 am

1. Present and Apologies

Present:

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

In Attendance:

Ms Dimity McCredie, Mr John McLaughlin, Mr Roshana Nanayakkara

Apologies:

Mr David McGlinchey

2. Review of minutes

Channa apologised to the taskforce members for the non-availability of the minutes of the Due Diligence Committee taskforce held by teleconference on 17th August 2009. He informed the taskforce that the minutes will be presented at the next meeting.

3. Discussion on specific comments relating to the Exposure Draft

- Channa updated the taskforce on the outcomes of the meetings with AFMA. The main difference of opinion with AFMA is that AFMA is of the view that a Member needs to provide a confirmation that the content of the public document meets the relevant disclosure standards imposed by the *Corporations Act 2001*.
- In the ensuing discussion the taskforce debated the following issues:
 - It was agreed to delete the role of the DDC invitee as the fourth category as this may cause confusion. The taskforce agreed to incorporate the concept of DDC invitee to the DDC observer role.
 - Definition of DDC member, DDC observer and Due Diligence Sign-Off.
 - A Member needs to determine the threats prior to accepting a role on a DDC and if the threats create an unacceptable level of risk then the Member must decline the engagement.
 - It was agreed that the primary responsibility for the verification is not with the Member and providing assistance to a client in relation to its verification of its financial information does not amount to the provision of assurance.
 - Clair agreed to draft a paragraph giving guidance to Members when providing a sign-off on pathfinder documents.
 - The following outstanding issues are to be further discussed at the next taskforce meeting:

- Can a DDC observer give a due diligence sign-off similar to the one provided in Appendix 1?
- Drafting of paragraph 3.16 – A Member need not obtain separate advice on matters for which another adviser is responsible
- Paragraph 5.1 (b) – role of a Member as a DDC observer
- Paragraphs 5.2 and 5.3 – content that shall/shall not be reported in a due diligence sign-off

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

- Taskforce members to provide editorials/comments on the sections that they agreed to edit to APESB technical staff.
- Representatives of the taskforce will present the project status update at the September 2009 Board meeting along with the respondents' comments tables and the approach taken by the taskforce to address the issues raised in the submissions.
- Based on feedback and editorials from the Board, the taskforce will continue to work on the proposed standard with a view to presenting it at the November 2009 Board Meeting for final approval.

6. Close of meeting

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