

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

MINUTES OF THE 4th MEETING OF THE APES 325 RISK MANAGEMENT TASKFORCE

27 July 2010 from 2.00 PM – 3.00 PM

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairperson), Mr Reece Agland, Mr. Paul Carter, Mr. Gerard Meade and Dr. Gary Pflugrath.

In Attendance:

Mr. Stuart Black and Mr. Bob Sendt (Board Members), and Mr. Erik Hopp.

Apologies:

Mr. Jean-Marc Imbert, Ms. Catherine Kennedy, Ms. Maguy Nakhl and Mr. Mark Wilson.

2. Minutes of previous meeting

The minutes of the Risk Management Taskforce meeting held by teleconference on 22 April 2010 were accepted without amendment.

3. Update from Board Meeting (May 2010)

Mr Channa Wijesinghe provided the Taskforce with an update on the outcomes from the APES Board Meeting held on 10 May 2010. Channa informed the Taskforce that the APES Board has noted the work completed to date and has agreed with the general direction of the project along the lines outlined in the Principles Paper. In the development process of the Exposure Draft, the APES Board has requested that the Taskforce consider IFAC Small and Medium Practices Committee's (IFAC SMP) *Guide to Practice Management for Small and Medium-sized Practices*.

4. IFAC SMP Guide

Mr Stuart Black, APES Board Member and Member of the IFAC SMP Committee provided the Taskforce with a briefing on the background, aim and structure of the recently issued *Guide to Practice Management for Small and Medium-sized Practices*.

5. Discussion on Exposure Draft ED 0X-10 APES 325 Risk Management (Draft Version 1B, 21 July 2010)

The Taskforce considered Exposure Draft ED 0X-10 APES 325 *Risk Management* (Draft Version 1B, 21 July 2010). The following issues were raised:

- Paragraphs 1.3 and 1.4 – the practical implications for Members who are not in leadership positions in Firms (in relation to paragraph 1.3) and Members who work in Firms overseas (in relation to paragraph 1.4) to comply with these requirements. It was noted that these paragraphs are an APESB drafting convention and where there are practical difficulties with certain Members being able to comply with certain principles, these are often dealt by scoping the application of particular requirements. For example, paragraph 4.1 (now 3.1) has been written to only apply to a Member in Public Practice responsible for establishing and maintaining the Firm's Risk Management Framework. No change is proposed to be made to paragraphs 1.3 and 1.4.
- Definition of Risk Management – the Taskforce agreed that option 3 should be adopted for the Exposure Draft and that a reference to the Firm's culture should be built into the definition.
- Paragraph 3.1 to be removed as it appears to repeat the principle stated in paragraph 1.5.
- Paragraph 5.1 to be removed.
- Paragraph 5.3 (now 4.2) to be redrafted to provide an indication of the types of requirements that are not likely to be relevant – for example, the types of requirements that would not be applicable to small Firms or sole practitioners.

- Paragraph 6.1(b) – replace the word “ensure” with “facilitate.”
- Technical Staff to review and redraft a revised version of the ED for the consideration of the Taskforce.

6. Way forward

APESB technical staff will revise and circulate a revised ED addressing the comments raised by Taskforce members prior to the next taskforce meeting.

7. Close of meeting

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