

Meeting Highlights

8 – 9 MAY 2013

1. The Board noted the revision and annual review of APES 315 *Compilation of Financial Information* (APES 315) and discussed the format and structure of the proposed revised APES 315. Consideration was given to the differing style and language of ISRS 4410 *Compilation Engagements* (ISRS 4410) and APES 315 and the Board directed Technical Staff to use the existing APES 315 as the base standard. Additional requirements and guidance from the revised ISRS 4410 will then be incorporated into the proposed revised APES 315. The revised draft will be considered at the August 2013 meeting of the Board.
2. The Board noted the annual review of APES 330 *Insolvency Services*.
3. The Board approved the project proposal to update APES 110 *Code of Ethics for Professional Accountants* (APES 110) due to amendments to the IESBA Code. The Board directed Technical Staff to incorporate the revisions of the IESBA Code in respect of Breaches of the Code, Conflicts of Interest and the Definition of Those Charged with Governance. The Board agreed that the revision to APES 110 for the definition of Engagement Team should be addressed separately.

The Board directed Technical Staff to prepare a draft revision of APES 110 incorporating the IESBA revisions for the Board's consideration. The Board determined to consider this out of session subsequent to the IESBA June 2013 Board meeting where it is expected that the definition of Those Charged with Governance will be finalised.

4. The Board noted IESBA's amendment to the definition of "Engagement Team" and considered a number of issues as follows:
 - use of direct assistance of internal audit by external audit on the audit engagement;
 - AUASB's progress on the ASA 610 *Using the Work of Internal Auditors* (ASA 610) project and the AUASB's current position in relation to the definition of 'Engagement Team'; and
 - the impact on auditor independence from the use of direct assistance of internal audit as envisaged in ISA 610 *Using the Work of Internal Auditors* (ISA 610).

The Board directed Technical Staff to review ISA 610 and prepare a position paper that identifies the extent of threats to the fundamental principles in the Code arising from the adoption of the direct assistance provisions of ISA 610. The Board determined to consider this paper and then have further dialogue with the AUASB.

5. The Board noted the *Project Update on the G100 Code Refresh* and were advised that the proposed G100 Code was approved at the G100 National Executive meeting in April 2013.
6. The Board approved the proposed amendments to the *Auditor Independence* requirements of the Code and briefly discussed the rationale for the additional AUST paragraph in Section 290 of the Code. The additional AUST paragraph addresses the circumstances where auditors may be receiving multiple referrals from a single source and was identified through the SMSF Auditor Independence project.
7. The Board noted the *International Update* and discussed:
 - the proposed International Integrated Reporting Framework issued by the IIRC and determined that since it is a financial reporting matter that the Board will not make a submission; and
 - the need for APESB to respond to the IESBA's Long Association of Senior Personnel survey.
8. The Board noted the general and specific comments tables from respondents to the exposure of the revised APES 310 *Dealing with Clients Monies* (APES 310) and discussed the following matters:
 - the importance of the receipt and verification of Clients' instructions;
 - the right versus the obligation of the Client to open a separate trust account; and
 - minor editorial amendments.

The Board directed Technical Staff to make the necessary amendments and circulate the revised APES 310 for approval by circulating resolution.

9. The Board noted the annual review of APES 205 *Conformity with Accounting Standards*.

10. The Board noted the proposed APES GN 20 *Scope and Extent of Work for Valuation Services* and reflected on the arguments presented by stakeholders (for and against) on the benefits of issuance of the guidance note taking into consideration the following:
- perception of the guidance being prescriptive as opposed to principles based;
 - benefits of the guidance note in providing useful framework for Clients to understand the breadth and complexity of Valuation Approaches and Valuation Methods;
 - current guidance incorporated in APES 225 *Valuation Services*; and
 - potential use of the guidance note in litigation.

The Board agreed to investigate the matter further and reconsider the matter at a subsequent meeting.

11. The Board noted the annual review of APES 225 *Valuation Services*.
12. The Board noted the project proposal for *Roles and Responsibilities of Senior Finance Personnel* guidance note and discussed the following:
- the intended scope and extent of the guidance note;
 - varying obligations of a CFO to the CEO, the Audit Committee and obligations dictated by the *Corporations Act*; and
 - potential benefits of issuing a thought leadership document in this area rather than a guidance note.

The Board directed Technical Staff to refine the project scope and proposed structure of the guidance note for consideration at a subsequent meeting.

13. The Board noted the project update on the revision of APES 320 *Quality Control for Firms* (APES 320) and discussed the following matters:
- relevance of APES 320 to non-assurance practices;
 - duplication of requirements in ASQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, and APES 320 in respect of assurance services; and
 - current drafting style of APES 320.

The Board directed Technical Staff to develop a position paper on APES 320 that addresses the duplication between ASQC 1 and APES 320 in respect of assurance services and also identify potential areas for improvement in respect of non-assurance services.