

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

MINUTES OF THE 3rd MEETING OF THE APES GN 40 MEMBERS IN BUSINESS TASKFORCE

22 October 2010 from 3.30–4.30 PM

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairperson), Ms. Karen McWilliams, Mr. Paul Meredith

In Attendance:

Mr. Peter Day (Board Member) and Ms Si-Jia Li

Apologies:

Mr. Jeff O'Connell, Mr. John Purcell, Ms. Jo-Ann Long

2. Minutes of previous meeting

The minutes of the 2nd Members in Business taskforce meeting held by teleconference on 25 June 2010 were accepted without amendment.

3. Update on APESB developments

The Chairperson welcomed taskforce members and provided introductory comments in relation to the updated APES 110 *The Code of Ethics for Professional Accountants* (the Code). No major issues were noted from submissions received on the Code in respect of Section 300 Members in Business.

4. Members in Business Exposure Draft List

Mr. Peter Day made a proposal to develop a 'Members in Business Target' list to raise awareness in the business community of APESB pronouncements and that people on this list should be informed about relevant APESB developments.

5. Draft of proposed APES GN 40

The Chairperson updated the Taskforce regarding changes made to the previous draft of APES GN 40. These include the development of additional case studies and inclusion of a section on 'Whistleblowers'.

The following points were raised by taskforce members:

- *The layout of the guidance note is too similar that of a standard and Member in Business may not be familiar with or refer to the Code regularly*
 - Issue: Taskforce members discussed the layout of APES GN 40, noting the similarity in the style of the guidance note with a standard. The Chairperson explained that the format has been laid out in accordance with the APESB Due Process Document.

- Taskforce members were also concerned about Members in Business' awareness of the requirements of the Code and the likelihood of them reading the Code given its length. If both the Code and this proposed guidance note existed, the taskforce was of the view that Members in Business would be more likely to read APES GN 40 for guidance rather than the Code.
 - Solution: Technical Staff will review the layout for APES GN 40 to make it more user friendly, if possible, and to include a brief summary of Part C of APES 110 as a new paragraph 6 in APES GN 40 (Refer Action item 1).
- *Whistleblowing Protection Act 2001 is a state based legislation*
 - Issue: The reference to *Whistleblowers Protection Act 2001* in the current draft of APES GN 40 is only applicable to Victoria and is a State based legislation.
 - Solution: Reword to be more generic and capture all relevant state based acts relating to whistleblowers' protection (Action item 2).
- *Organisational Internal Whistleblower policies*
 - Issue: Current draft does not refer to an organisation's internal policies on whistleblowing.
 - Solution: insert a new paragraph 11.3 (now 12.3) to remind Members to refer to their organisation's internal policies regarding whistleblowing before seeking external whistleblowing advice (Action item 3) .
- *Order of sub paragraphs in paragraph 3 Fundamental responsibilities of Members in Business*
 - Issue: Order of sub paragraphs under paragraph 3 Fundamental responsibilities of Members in Business could be reshuffled to increase readability and flow
 - Solution: Rearrange the current sub paragraph in the following order: 3.2, 3.3, 3.5, 3.1, 3.4. Mr Paul Meredith noted that he has further editorials which he will forward to APESB Technical staff (Action item 4).
- *Case Study Layout*
 - Issue: Current case studies point the reader to the principles before asking the necessary questions relating to ethical considerations.
 - Solution: Suggest technical staff to adopt a step by step decision tree or flow chart or framework approach where at each step, the ethical consideration is labelled allowing the user to clearly understand the steps that need to be taken in order to reach the appropriate solution (Action item 5)

- *Case Study Solutions*
 - Issue: Should the case studies provide solutions to the current case studies scenarios.
 - Solution: it was agreed that the provision of solutions to each of the scenarios is too prescriptive. It is better to provide guidance on the principles and the ethical decision making process and encourage Members to find the ethical solutions by themselves.
- *Case Study copyright issues*
 - Issue: Some of the case studies are based on publications issued by overseas accounting bodies and APESB will need to seek permission to reproduce them.
 - Solution: the Chairperson will communicate with the relevant bodies and seek relevant approvals. Judging by prior experience, as the case studies are there as an educational tool, this should not pose too much of an issue (Action item 6).
- *Case Study location*
 - Issue: Should the case studies be located in a separate Appendix given that it is the focal point of the proposed APES GN 40?
 - Solution: Case studies will be taken out of the appendix and placed at the end of the guidance note under a new paragraph named Case Studies. Accordingly, it will become part of the guidance note rather than be in an appendix (Action item 7)

6. Way forward

It was agreed that APESB technical staff will provide the Board with an update at the November 2010 Board meeting and request preliminary high level feedback from the Board with a view to presenting an exposure draft at the February 2011 Board Meeting.

7. Close of meeting

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

8. Action List

Item 1: Insert brief overview of APES 110 between current paragraph 5 and 6

Item 2: Reward references to whistleblower-related legislation to capture all Australian states

Item 3: Insert a new paragraph in 11.3 (now 12.3) to refer Members to their organisation's internal policies regarding whistleblowing before seeking external whistleblowing advice.

Item 4: Rearrange paragraph 3 of the proposed APES GN 40.

Item 5: Draw up decision tree/ flow chart for case studies.

Item 6: Chairperson to communicate with all relevant international bodies for copyright issues

Item 7: Relocate Case Studies to the body of the guidance note under a new paragraph titled 'Case Studies'