

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

MINUTES OF THE 6<sup>th</sup> MEETING OF THE APES 325 RISK MANAGEMENT TASKFORCE

7 February 2011 from 10.300 AM – 11.30 AM

Teleconference

**1. Present and Apologies**

Present:

Mr. Channa Wijesinghe (Chairman), Mr. Paul Carter, Mr. Gerard Meade, Mr. Amir Ghandar, Ms. Catherine Kennedy, Ms. Maguy Nakhl, Mr. Mark Wilson, and Ms Liz Giust

In Attendance:

Mr. Bob Sendt (Board Member), and Ms Si-Jia Li.

Apologies:

Mr Reece Agland and Mr. Jean-Marc Imbert

**2. Minutes of previous meeting**

The minutes of the Risk Management Taskforce meeting held by teleconference on 11 October 2010 were accepted without amendment.

**3. Discussion on Exposure Draft ED 0X-10 APES 325 Risk Management (Draft Version 1H, 6 February 2011)**

The Chairman provided a brief explanation for replacing the previous paragraph 3 with the current paragraph 3 and 4 based on November 2010 Board discussions.

The Taskforce considered Exposure Draft ED 0X-10 APES 325 Risk Management (Draft Version 1G, 3 February 2011). The following issues were raised:

- Paragraph 3.1
  - Taskforce members discussed paragraph 3.1 and requested a revision of paragraph 3.1 to incorporate the discussions held at the taskforce meeting.

Action Item 1

- Paragraph 4
  - Taskforce member raised concern over wording in paragraph 4.1. The issue surrounds the lack of clarity in the application of the requirements for smaller firms. Taskforce members have agreed to delete all words after '...public interest obligations'.

Action Item 2

- The Board asked the Taskforce to consider whether risk can be quantified. In response, the Taskforce members suggest the inclusion of 'Potential Impact of the assessed risk' in paragraph 4.6 (now 4.2).

Action Item 3

- Taskforce member also agree to shift the order of the sub-paragraphs in the following manner to improve clarity and readability of the proposed ED:
  - 4.1 (amended wording), 4.6 (amended wording), 4.5, 4.2, 4.3, 4.4, 4.7

Action Item 4

- 'Smaller Firm' Definition
  - There is no current definition for 'Smaller Firm'. This is consistent with APES 320
- 'Actual Risk' Definition
  - Paragraph 6.5, fifth point, 'Identification of Actual Risk' should be amended to read 'Risks identified' to extend the scope to include all risks rather than providing a separate definition which pinpoints 'actual risk'.

Action Item 5

- 'Risk Management Framework' Definition
  - The Board ask the Taskforce to consider whether if direct reference to Risk Management Framework is required. The taskforce is of the view that no change is required and determined to amend the definition. The definition of Risk Management Framework was amended based on AS/NZS ISO 310000:2009. The taskforce have accepted this change with minor editorial amendments.

Action Item 6

- Paragraph 6.6
  - A Taskforce member raises concern on the lack of a specified time period that is applied to the retention of documents for compliance and monitoring purposes. The Chairman pointed out that this is consistent with APES 320 *Quality Control for Firms*.

#### **4. Way forward**

APESB technical staff will revise and circulate a revised ED addressing the comments raised by Taskforce members.

#### **5. Close of meeting**

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