

ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED

MINUTES OF THE 7th MEETING OF THE APES 325 RISK MANAGEMENT TASKFORCE

19 October 2011 from 10.30 AM – 11.30 AM

Teleconference

1. Present and Apologies

Present:

Mr. Channa Wijesinghe (Chairman), Mr. Gerard Meade, Mr. Amir Ghandar, Ms. Catherine Kennedy, Ms. Maguy Nakhli, Ms Niamh Scanlon, Mr Reece Agland, Mr Jean-Marc Imbert and Ms Liz Giust

In Attendance:

Ms Si-Jia Li.

Apologies:

Mr. Bob Sendt (Board Member)

2. Minutes of previous meeting

The minutes of the Risk Management Taskforce meeting held by teleconference on 7 February 2011 were accepted without amendment.

3. Discussion on Exposure Draft ED 02/11 APES 325 Risk Management for Firms and respondents submissions

The Chairman provided a brief explanation for the General Comments Table and the Specific Comments Table.

The Taskforce considered the proposed APES 325 *Risk Management for Firms* incorporating the proposed amendments which were taking into consideration respondents comments. The following issues were raised by taskforce members:

• Paragraph 1.1

- Taskforce members discussed the commencement date of this Standard, some taskforce members were of the view that the commencement date may not give sufficient time to enable the small and mid tier firms to comply with the requirements in the proposed Standard. Taskforce members were of the view that the commencement date should be changed to 1 January 2013 to allow sufficient time for the professional bodies to educate Members in Public Practice/firms about APES 325 and to rollout appropriate guidance.

Action Item 1

• Paragraph 3.2

- Taskforce members raised concerns over the drafting of paragraph 3.2 as the revised ED removed the phrase 'embedded within'. Taskforce members were of the view that the removal of those words will fail to reflect the original intention of paragraph 3.2. Taskforce members agreed to amend it in the following manner:
 - 3.2 (amended wording), '...Risk Management Framework should be an integral part of the Firm's overall strategic and operational policies and practices.'

Action Item 2

- Paragraph 4.2
 - Respondents raised the issue whether the various risks identified in paragraph 4.2 should be defined and thereafter further guidance provided on its application. The Chairman sought the taskforce members views on this matter. The representatives of the three professional bodies agreed that this matter can be addressed in relevant guidance that they will be rolling out to members and need not be addressed in the proposed standard.

- Professional Bodies to issue guidance following the release of the proposed Standard.

Action Item 3

- Paragraph 4.5
 - Taskforce members agreed to revise paragraph 4.5 in a similar manner to APES 320 paragraph 14 to describe the leadership responsibilities.
 - 4.5 (amended wording)

Action Item 4

- Paragraph 5.1
 - Taskforce members agreed that the use of 'reasonable confidence' is appropriate in the proposed Standard.

- Paragraph 6.5
 - A taskforce member suggested a more logical order for the dot points in paragraph 6.5. This was agreed to by the other taskforce members.

Action Item 5

4. Way forward

APESB technical staff will revise and circulate a revised ED addressing the comments raised by taskforce members in both the marked-up and clean versions. APESB technical staff will present the proposed standard for approval at the November 2011 APESB Board Meeting.

5. Note of Appreciation

The taskforce members would like to place on record the significant contribution of Mr Paul Carter of PricewaterhouseCoopers who sadly passed away in February 2011. Paul was a significant driving force behind this proposed standard and was a key contributor to the taskforce discussions during the development of APES 325.

In addition the Management of APESB wishes to acknowledge Paul's wide ranging contribution to the development of APESB Standards on Valuation Services, Forensic Accounting Services, Insolvency Services and Due Diligence Committees.

6. Close of meeting

Meeting was closed at 11.15am.