

29 February 2016

Accounting Professional & Ethical Standards Board Limited
Level 7
600 Bourke Street
Melbourne VIC 3000

via email: enquiries@apesb.org.au

Dear Sir/Madam

Exposure Draft: Guidance Note: APES GN 41 Management Representations

The Australian Institute of Company Directors (AICD) is pleased to provide a submission to the Accounting Professional & Ethical Standards Board Limited (APESB) in response to its Exposure Draft, *Guidance Note: APES GN 41 Management Representations* (Exposure Draft).

The AICD is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director education, director development and advocacy. Our membership of more than 37,500 includes directors and senior leaders from business, government and the not-for-profit sectors.

We have responded to this Exposure Draft as we have members of the AICD who may be required to consider the ethical frameworks developed by the APESB as members in business and as "those charged with governance", as defined in the Exposure Draft.

The AICD questions the rationale for the development of the Exposure Draft. We query what significant regulatory or ethical failure, by members in business, relating to the preparation and signing off of management representations has compelled the APESB to develop such detailed and potentially onerous guidance. We are concerned that although the guide suggests that members may elect to follow the process and procedures detailed, in practice this guide may unnecessarily raise the responsibility of members in business when preparing and / or considering management representations.

This guide deviates from the international pronouncements developed by the International Ethical Standards Board for Accountants as there is no international equivalent. We are concerned that this may significantly increase Australian accountants' obligations in dealing with management representations.

We are also concerned about the tone within the guidance note, in particular the extensive use of the words "should". This language appears to conflict with the statement in the scope and application section of the guide which notes that, "This Guidance Note does not prescribe or create any mandatory requirements". The AICD is of the view that the use of

AUSTRALIAN INSTITUTE
of **COMPANY DIRECTORS**

“should” throughout the guide may erroneously create the impression that members in business are required to follow the all processes set out therein.

We hope our comments will be of assistance to you. If you would like to discuss any aspect of our views, please contact us on (02) 8248 6600.

Yours sincerely



JOHN BROGDEN
Managing Director & Chief Executive Officer