

Minutes of Auditing, Reporting & Compliance Practice Group Meeting

Held at the Asian Regional Conference, Kuala Lumpur, Malaysia, 4pm Friday 16 December 2011

1. In attendance:

Mr. Claudio Cocca	Geneva Group International	GGI
Mr. Peter Kaeser	Geneva Group International	GGI
Mr. Kwong Chow Chia	KC Chia & Noor	Malaysia
Mr. Takumi Kimino	Plum Field Advisory Inc	Japan
Mr. Masao Taiyama	Plum Field Advisory Inc	Japan
Mr. Steven Bradby	Lawler Draper Dillon	Australia
Mr. Timothy Bow	Lawler Draper Dillon	Australia
Mr. Ashish Bairagra	M. L. Bhuwania & Co	India
Mr. Tony Shao	Horizon Group	China
Mr. Clayton Hickey	Lawler Partners	Australia
Mr. Paul Quealey	Lawler Partners	Australia
Mr. Dipankar Chatterji	L B Jha & Co	India
Mr. Ricky W.P. Wong	Wong Brothers & Co.	Hong Kong
Mr. Liam Murphy	Lawler Hacketts	Australia
Ms. Mona Low	Low, Yap & Associates	Singapore

2. Meeting Agenda

Broadly themed to explore Asian Region Opportunities and establishment of a Regional Audit Practice Group (detailed agenda refer attachment #1).

3. Discussion & Minutes

Agenda item	Who	What	When
1 – 3	Steven Bradby, all	<p>Steven noted that Julia Sugityo was unable to attend the conference and she had requested Steven facilitate the discussion.</p> <p>To do so, the discussions utilised information collected from participants prior to the meeting (refer attachment #2 for data collected).</p> <p>Each country participant provided further insight into their firm, the nature of audit related services provided, regulatory conditions, and existing cross-border relationships with GGI members or other firms/clients.</p>	N/A
3 - 4	All	<p>Additional focus was then given to the actual or perceived impediments to cross-border referral. Again, information had been collected from participants prior to the meeting, and the list of observations made by participants was shared (refer attachment #3).</p>	N/A

Agenda item	Who	What	When
		<p>Discussion acknowledged that there is opportunity for cross-border work flow (though with some countries less so). The challenges of most significance in crystallizing the opportunities are:</p> <ul style="list-style-type: none"> ➤ Satisfying the GGI referrer (or client thereof) that the referred work will meet consistency of approach (including application of accounting standards) and minimum quality standards ➤ Prioritisation of new referred work over pre-existing commitments ➤ Mismatch in fee (charge rate) expectation ➤ Breaking old (non-GGI) referral relationships in order to initiate new relationships within GGI – a state of the unknown <p>While we explored avenues to meet the challenges (such as the possibility of staff secondments to advance interactions), the one of most significance was the view that the forum establishes a link between us, and it requires our ongoing commitment.</p>	
4	Steven Bradby	<p>Steven Bradby related the outcomes of the Auditing, Reporting and Compliance Group (ARCG) meeting held at the Global Conference in Toronto on 28 October 2011. Key actions were:</p> <ul style="list-style-type: none"> ➤ Formation of two sub-groups to the ARCG: (1) enhancing international audit business (chaired by Thomas Geiger) and (2) compliance matters (chaired by Fred Stroeken); ➤ Commissioning a questionnaire to be drafted by Seres Baum to build knowledge of how audit / assurance / compliance related services are performed in each country. <p>Our regional group acknowledged the initiatives and our responsibility to support them. While Steven called for volunteers to take coordinating roles, it was agreed that we will await insights from the information collection action noted above, and that Julia Sugityo (Indonesia) and Steven Bradby (Australia) support PG coordination in the meantime.</p>	Firm responses when called



GGI Asia Region PG Meeting (Minutes Attachment #1)

Asian Region Opportunities & Establishment of a Regional Audit Practice Group

Conference Agenda

1. Discuss and understand existing capabilities of GGI firms in the Region, the nature of their work and the regulatory environment in which they operate.
2. Natural / sensible business and commercial opportunities arising from existing GGI skill sets.
3. Experience and business already performed to date, including key relationships developed. Eg Lawler Partners work on:
 - IFRS training and consulting (Malaysia and Indonesia);
 - Expansion into Australia from Asian business interests (Indonesia);
 - Requirement for audit of Australian subsidiary located in Asia (Singapore);
 - International tax.
4. Considerations for establishing an Audit Practice Group in the Region, including:
 - Core objectives;
 - Integrating / leveraging from what we already have and know (experience in services already provided, contacts, etc);
 - Consideration of how the group will look and operate;
 - Integration with the International Practice Group;
 - Development of the two streams adopted by the International PG: compliance and international audit business;
 - Project roles.
5. Commitment to processes driving audit approach and quality control – taking care to avoid being seen as a network.
6. Next steps.

**GGI Asia Region PG Meeting
(Minutes Attachment #2)
GGI Asia Region Firm Profiles -
December 2011**

Name	KC Chia & Noor	L.B.Jha & Co	Jimmy Budhi & Rekan	Lawler Partners
Country	Malaysia	India	Indonesia	Australia (Sydney, Newcastle)
Range of Services	Audit, Tax, Corporate secretarial, Corporate finance, Liquidation, Business advisory	Audit, Consulting, Tax, Compliance	Audit, Review, Compilation, Due diligence, Other attestation	Audit, Tax, Business Services, Business Recovery & Insolvency
Significance of Audit	4 Ptrs, 35 staff	7 Ptrs, 22 Mgrs, 63 staff	Significant	1 Ptr, 20 staff
% of audit / firm fees	30%	60%	80%	15%
Nature of Audit	External financial Internal Compliance Special audit	External financial (statutory) Internal Compliance Due diligence Investigations	External financial Agreed-upon procedures Due diligence Other assurance	External financial Internal Compliance Other assurance Financial reporting advisory Data analytics
Local IFRS?	Convergence complete 2012	Convergence project 2012+	Convergence complete 2012	Yes
Local quality control	Yes, AUS & Quality Control Standard	Yes, AUS & Quality Control Standard, & peer review	Yes, local regulator & peer review	Yes, AUS & Quality Control Standard, local accounting body & regulator have review rights
Current cross border work:				
Referred in from GGI member	No	No	No	No
Referred out to GGI member	Financial audits (2)	No	No	No
Referred in from others	Financial audits (4) Special audits (3)	Yes	Yes, local subs of foreign parent	Yes, local subs of foreign parent
Referred out to others	No	Yes	No	Yes, foreign sub of local parent

**GGI Asia Region PG Meeting
(Minutes Attachment #2)
GGI Asia Region Firm Profiles -
December 2011**

Name	Lawler Hacketts	Lawler Draper Dillon	Wong Brothers & Co	M.L. Bhuwania & Co
Country	Australia (Brisbane)	Australia (Melbourne)	Hong Kong	India (Mumbai)
Range of Services	Audit, Tax, Business Services, Wealth Management	Audit, Tax, Business Services, Business Recovery & Insolvency	Audit, Tax, Book-keeping, Secretarial, Management Consulting	Audit, Tax, Consulting
Significance of Audit	2 Ptrs, 20 staff	1 Ptr, 6 staff	4 Ptrs, 60 staff	1.5 Ptrs equivalent
% of audit / firm fees	55%	10%	50%	45%
Nature of Audit	External financial Internal Compliance Other assurance	External financial Compliance Other assurance	External financial Other non-statutory assurance	External financial (statutory) Internal Compliance Due diligence Investigations
Local IFRS?	Yes	Yes	Yes	Convergence project 2012+
Local quality control	Yes, AUS & Quality Control Standard, local accounting body & regulator have review rights	Yes, AUS & Quality Control Standard, local accounting body & regulator have review rights	Yes, AUS & Quality Control Standard	Yes, AUS & Quality Control Standard
Current cross border work:				
Referred in from GGI member	Yes, tax & accounting 1 client	No	Yes, audit & tax	Yes, setting up local subs in India, accounting & compliance services
Referred out to GGI member	Yes, London, China, Singapore (looking for Indonesian support)	No	Yes, audit & tax	Yes, specific needs assignments, tax
Referred in from others	Yes	Yes, local subs of foreign parent	Yes, audit & tax	Yes, local subs of foreign parent
Referred out to others	Yes, audit & accounting to NZ & Canada	Yes, foreign sub of local parent	Yes, audit & tax	No

**GGI Asia Region PG Meeting
(Minutes Attachment #2)
GGI Asia Region Firm Profiles -
December 2011**

Name	Horizon Group, China
Country	China (Beijing)
Range of Services	Audit, Tax, Consulting, Appraisal, Outsourcing, Payroll & Bookkeeping
Significance of Audit	13 Ptrs, 220 staff (20 branch offices)
% of audit / firm fees	63%
Nature of Audit	External financial Internal Compliance Due diligence Consulting
Local IFRS?	No legal requirement to comply with IFRS; PRC GAAP broadly recognised by various capital markets including HK & EU
Local quality control	Chinese Auditing Standards Board (CASB) revised Chinese Standards on Auditing (CSAs) to converge with clarified ISAs late 2010
Current cross border work:	
Referred in from GGI member	Yes including IFRS audit, compliance audit as well as company setup, etc
Referred out to GGI member	Yes including US GAAP audit, company setup, management consulting, etc
Referred in from others	Yes, audit, financial/tax DD, etc
Referred out to others	No

GGI Asia Region PG Meeting (Minutes Attachment #3)

Actual / Perceived impediments to cross-border referral:

Insufficient range of clients with foreign operations

No knowledge of, or working relationship with a firm in the foreign country

Lack of commitment (or resources) to give referred work priority

Ability to achieve minimum quality standards (perceived/actual)

Adequacy of audit methodology of the referred firm

Strength of the referred firm

Foreign jurisdiction does not operate under IFRS

Language barriers

Mismatch in fee (charge rate) expectation

Risk exposure

Referring client's confidence

Branding / brand awareness

Inadequate communication to promote the opportunities to perform cross-border business