

## AGENDA PAPER

**Item Number:** 20  
**Date of Meeting:** 29 January 2014  
**Subject:** International and other activities

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Action Required       For Discussion       For Information Only

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### Purpose:

To provide a quarterly update to the Board on:

- IESBA meetings, Exposure Drafts and other publications;
- International Developments; and
- APESB Roundtables and Presentations.

### IESBA

#### IESBA Board Meeting

During the last quarter, the IESBA held one Board meeting on 4 – 6 December 2013 in New York, USA.

The following key agenda items were considered:

- Approval of the consultation paper on IESBA *Proposed Strategy and Work Plan 2014 – 2018* for public comment;
- Consideration of a post-exposure draft of proposed changes to the Code regarding a professional accountant's responsibilities to respond to non-compliance with laws and regulations;
- Consideration of a preliminary report of the Code Working Group's proposal to improve the Structure of the Code;
- Consideration of the taskforce proposals with respect to possible enhancements to the long association provisions in Section 290 of the Code;
- Update on the project to review of Part C of the Code including the taskforce's proposals to revise section 320 in respect of preparing and reporting information by professional accountants in business as well as a proposed new section 370 dealing with addressing pressure from superiors and others to engage in unethical or illegal acts;
- Project status update to review the provisions of non-assurance services in respect of the emergency exception in respect of bookkeeping and taxation services, management responsibilities and preparing accounting records and financial statements;

- Approved the working process for its Emerging Issues Outreach initiative and the terms of reference for this committee;
- Received a presentation from Robert Prentice of the University of Texas on behavioural ethics; and
- Received a presentation from IESBA member Chishala Kateka on context and issues relating to ethical standards for professional accountants in Sub-Saharan Africa.

The *IESBA Meeting Summary* at Attachment 19(a) provides a summary of the December 2013 IESBA meeting outcomes.

### *IESBA Proposed Strategy and Work Plan 2014 – 2018 – Consultation Paper*

On 17 December 2013, the IESBA released for public consultation its *Proposed Strategy and Work Plan 2014 – 2018* (refer to Attachment 19(b)). The proposed Strategy and Work Plan builds on the strong base established by the revised *Code of Ethics for Professional Accountants* (the Code) issued in July 2009, which clarified requirements for all professional accountants and significantly strengthened independence requirements for auditors.

The Consultation Paper was developed with input from a survey conducted by IESBA in 2013 and other consultative activities. It lays out the following four proposed strategic themes to reflect the Ethics Board's vision for the medium to longer term and to guide its work plan over the five-year period:

- Maintaining a high-quality Code for application by professional accountants globally;
- Promoting and facilitating the adoption and effective implementation of the Code;
- Evolving the Code for continued relevance in a changing global environment; and
- Increasing engagement and cooperation with key stakeholders.

The Consultation Paper includes the following work streams that the Ethics Board agreed to pursue in early 2012 in response to a strategic review of external developments:

- a review of the Code provisions addressing long association of senior personnel with an audit client, and non-assurance services, both with respect to independence;
- a review of the structure of the Code with a view to enhancing its usability and accessibility; and
- a review of Part C of the Code addressing professional accountants in business.

Comments on the Consultation Paper are requested by 28 February 2014.

APESB has made the exposure draft available on its website and has invited comments from local stakeholders by 15<sup>th</sup> of February 2014. The comments received from local stakeholders will be considered in preparing the Board's submission to the IESBA.

### *IESBA Roundtables to discuss Enhancing Ethics Standards for Professional Accountants*

The IESBA is planning a series of three roundtables to gain additional feedback on its project to address professional accountants' responsibilities in respect of the disclosure of suspected non-compliance with laws and regulations to an appropriate authority. As stated by the IESBA, the roundtables were initiated in response to regulatory concerns that the current confidentiality provisions in the Code are an impediment to whistleblowing in relation to non-compliance or suspected non-compliance with laws and regulations. The issues revolve around how to balance professional accountants' responsibility to act in the public interest against the fundamental principle of confidentiality in the Code.

The roundtables will be held as follows:

- Hong Kong S.A.R, China, on May 20, 2014;
- Brussels, Belgium, on June 3, 2014; and
- Washington DC, USA, on July 10, 2014.

APESB technical staff will monitor the developments in this regard as the IESBA project progresses.

## **Other International Developments**

### **IIRC**

On 9 December 2013, the International Integrated Reporting Committee (IIRC) released the International Integrated Reporting (IR) Framework. This followed a three-month global consultation in early 2013, which elicited over 350 responses from every region in the world, the overwhelming majority of which expressed support for IR. Refer to Attachment 19(c).

As stated by IIRC, IR framework applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process, and adopting “integrated thinking” as a way of breaking down internal silos and reducing duplication. It improves the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. Its focus on value creation, and the ‘capitals’ used by the business to create value over time, contributes towards a more financially stable global economy and is a force for sustainability.

The guiding principles which underpin the preparation of an integrated report and the content elements of an integrated report are given on page 5 of the IR framework.

The IIRC states that the framework will be used to accelerate the adoption of IR across the world. It is currently being trialed in over 25 countries, 16 of which are members of the G20 group of nations.

### **IAESB**

The International Accounting Education Standards Board (IAESB) released for public exposure a proposed revision of International Education Standard (IES) 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements* (refer to Attachment 19(d)).

The proposed revised standard focuses on the professional competence requirement for engagement partners who have responsibility for audits of financial statements. IES 8 is primarily aimed at IFAC member bodies, but recognises the shared responsibilities of engagement partners, public accounting firms, and regulators as part of the system of quality control for engagement teams performing audits of financial statements. The IAESB notes that the proposed revision of IES 8 will also be of interest to employers, government authorities, educational organisations, and any other stakeholders who support the learning and development of professional accountants.

The IAESB recognises that continuing professional development is required for professional accountants to develop and maintain the competence to perform the role of an engagement partner. Accordingly, the IAESB is proposing learning outcomes that engagement partners

need to demonstrate in areas relating to technical competence, professional skills, and professional values, ethics, and attitudes.

Comments on the exposure draft are requested by 17 April 2014. APESB Technical Staff will prepare a response to the exposure draft taking into consideration APESB's mandate.

### **APESB/AUASB Roundtables**

APESB and AUASB hosted two round table events in Melbourne and Sydney in November 2013 to elicit feedback from constituents regarding any post implementation issues associated with APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* and ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The APESB/AUASB Roundtables were held in Melbourne on Friday, 22 November 2013 and in Sydney on Monday, 25 November 2013. The Melbourne round table discussion was attended by representatives from Deloitte and King & Wood Mallesons. The Sydney round table discussion was attended by representatives from ASIC, Baker and McKenzie, Deloitte, Ernst & Young, King & Wood Mallesons, KPMG, Macquarie, PwC, UBS, ICAA, CPA Australia, IPA and GAAP Consulting Network.

### **APESB Presentations**

Channa Wijesinghe delivered presentations on APESB Standards to the Hangzhou Municipal Audit Office delegates and IPA's Hebei Certified Tax Agents Association delegation in November and December 2013 (refer to Attachment 19 (e) and 19 (f)).

### **Material Presented**

Attachment 19 (a)	December 2013 IESBA Meeting Summary;
Attachment 19 (b)	IESBA Proposed Strategy and Work Plan 2014 – 2018 Consultation Paper;
Attachment 19 (c)	International Integrated Reporting Framework – Final Dec 2013;
Attachment 19 (d)	ED IES 8 <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</i> ;
Attachment 19 (e)	APESB presentation to the Hangzhou Municipal Audit Office delegates November 2013; and
Attachment 19 (f)	APESB presentation to the IPA's Hebei Certified Tax Agents Association Delegates December 2013.

### **Recommendation:**

That the report on international and other activities be noted.

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**Date:** 14 January 2014