

AGENDA PAPER

Item Number: 15
Date of Meeting: 17 May 2012
Subject: International and other activities

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Purpose:

To provide a quarterly update to the Board on:

- International developments;
- International Exposure Drafts; and
- APESB Submissions.

IESBA

During the last quarter the IESBA held one Board meeting on the 20-22th of February 2012 in Dublin, Ireland. APESB Chairman Kate Spargo attended this meeting in her capacity as an IESBA Board member.

The following agenda items were considered:

- Breach of a Requirement of the Code;
- Responding to a Suspected Illegal Act;
- Regulatory Developments;
- Revised IESBA Strategy;
- SME/SMP issues – synopsis of the Code to be prepared on the provision of accounting services and definition of a network;
- Revised ISA 610 Using the Work of Internal Auditors;
- Definition of Engagement Team.

The IESBA also held a conference call meeting on April 19 2012, addressing how a professional accountant should respond to a suspected illegal act. The IESBA expects to approve an exposure draft on this subject in the near future.

IESBA National Standard Setters Meeting

APESB Chairman Kate Spargo and Technical Director Channa Wijesinghe attended the 4th annual IESBA National Standard Setters Meeting held in New York, USA. The National Standard Setters from key countries such as the USA, UK, Canada, Germany, China, Japan and New Zealand attends this annual forum.

The Key agenda topics were:

- Breach of a Requirement of the Code;
- Global developments;
- IESBA Strategy and Work Plan;
- Convergence; and
- Responding to a Suspected Illegal Act.

Kate Spargo as Chair of the IESBA taskforce dealing the Breach of a requirement of the Code chaired this session to inform the IESBA-NSS Group on the current status of the Breaches project and led the ensuing discussion on this topic.

Channa Wijesinghe presented on the Australian developments and APESB's work program to inform the various national standards setters of the latest Australian developments as part of the Global developments agenda item.

International Exposure Drafts

The IESBA issued an exposure draft *Proposed Change to the Definition of "Engagement Team"* that has a closing comment period of 31 May 2012. APESB technical staff will review the Exposure Draft and prepare a submission for the Board's consideration.

The Exposure Draft seeks to ascertain whether the proposed changes to the definition of "Engagement Team" clarify that internal auditors providing direct assistance to an external auditor are not considered to be part of the audit engagement team under the IESBA *Code of Ethics for Professional Accountants* (the Code) and eliminate the perception that the Code and ISA 610, *Using the Work of Internal Auditors*, are in conflict.

IAASB

IAASB released a revised International Standard on Related Services (ISRS) 4410 *Compilation Engagements* on 16 March 2012.

ISRS 4410 (Revised) clarifies the practitioner's role and responsibilities in a compilation engagement including matters that need to be considered when accepting such engagements, and emphasizes the importance of quality control. It also expands the traditional compilation engagement report to make clear to users the practitioner's contribution to the compiled financial information presented by management, and the key features of a compilation engagement.

APESB Submissions

The IESBA issued an exposure draft *Proposed Changes to the Code of Ethics for Professional Accountants Addressing Conflicts of Interest* that had a closing comment period of 31 March 2012. APESB prepared a submission for the IESBA's consideration that has been attached for information purposes (Refer to Attachment 16(b)).

Material Presented:

Attachment 15(a) IESBA - *Proposed Change to the Definition of "Engagement Team"*;

Attachment 15(b) APESB Submission to the IESBA in respect of *Proposed Changes to the Code of Ethics for Professional Accountants Addressing Conflicts of Interest*; and

Attachment 15(c) Presentation on Australian developments and the APESB work program to the IESBA NSS Group.

Recommendation:

That the report on International and other activities be noted.

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Date: 6 May 2012