

AGENDA PAPER

Item Number: 7
Date of Meeting: 28 January 2015
Subject: International and other activities

Action required For discussion For noting For information

Purpose:

To provide a quarterly update to the Board on:

- IESBA Update;
- International developments; and
- APESB submissions, presentations and other activities.

IESBA Board meeting

IESBA Board Meeting

During the last quarter, the IESBA held one Board meeting on 13 – 15 October 2014 in New York, USA.

The following key agenda items were considered:

- Structure of the Code (Approval of the Consultation Paper);
- Approval of the ED on the review of Part C of the Code;
- Update on the Responding to *Non-Compliance with Laws and Regulations* (NOCLAR) project;
- Status update to review the provision of non-assurance services to an Audit Client in Section 290 and 291 of the Code; and
- Project proposal to review the safeguards in the Code.

The *IESBA Meeting Summary* at Agenda Item 7 (a) provides a summary of the October 2014 IESBA meeting outcomes.

IESBA

General Activities

A *Call for Nominations for the Independent Standard-Setting Boards in 2016* was issued on 14th January 2015, seeking highly-qualified individuals to serve as volunteer members for three-year terms beginning 1st January 2016. The *Call for Nominations* includes the IESBA as well as IAASB, IAESB and IPSASB.

Refer to the following link for more information: <http://www.ifac.org/news-events/2015-01/call-nominations-issued-independent-standard-setting-boards-seeking-highly-quali>

Technical Activities

Improving the Structure of the Code of Ethics for Professional Accountants

On 4 November 2014, the IESBA released for public comment the Consultation Paper (CP), *Improving the Structure of the Code of Ethics for Professional Accountants*.

The CP seeks input from stakeholders on approaches that could be taken to improve the clarity and usability of the Code, thereby facilitating its adoption, effective implementation, and consistent application.

Among the various matters on which the Board is consulting are:

- Restructuring the Code to more clearly distinguish requirements from guidance;
- Reorganising the content of the Code, including rebranding the Code, or parts thereof, as international standards;
- Identifying responsibility for compliance with the Code in particular circumstances; and
- Simplifying the wording of the Code so that it can be more readily understood.

Comments are due on 4 February 2015. APESB will prepare a response to this CP.

APESB has invited local stakeholders to submit any comments they may have to APESB by Friday, 16th January 2015, for consideration.

The CP is available via the following link:

<http://www.ifac.org/sites/default/files/publications/files/IESBA-Improving-Structure-of-the-Code-Consultation-Paper.pdf>.

Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles

On 24 November 2014, the IESBA released for public comment the Exposure Draft (ED), *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles*.

The ED deals with two matters on which professional accountants in business most often seek assistance in practice – their responsibility to produce financial reports that are faithful representations of the economics of transactions, and pressure to breach the fundamental ethical principles.

Among the proposed changes are:

- Explicit guidance regarding Professional Accountants in Business (PAIB)'s responsibilities when presenting information;
- Strengthened guidance on how a PAIB can disassociate from misleading information;
- An expanded description of pressure that may lead to a breach of the fundamental principles in the Code together with practical examples to illustrate different kinds of situations in which such pressure may arise; and
- New guidance to assist PAIBs in identifying and responding to pressure that could result in a breach of the fundamental principles.

Comments are due on 15 April 2015. APESB will prepare a response to the ED. The ED is available via the following link:

<http://www.ifac.org/sites/default/files/publications/files/IESBA-Exposure-Draft-Ethics-Code-Part-C.pdf>.

International Developments

IAESB

IAESB's IES 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)

On 15 December 2014, the International Accounting Education Standards Board (IAESB) issued International Education Standard (IES) 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*.

The revised standard focuses on the professional competence requirement for engagement partners who have responsibility for audits of financial statements. The IES 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.

IES 8 will also be of interest to employers, regulators, government authorities, educational organisations, and any other stakeholders who support the learning and development of professional accountants.

The revised standard is available via the following link:

<https://www.ifac.org/sites/default/files/publications/files/IAESB-IES-8.pdf>.

IAASB

IAASB's Strategy and Work Plan

On 17 December 2014, the International Auditing and Assurance Standards Board (IAASB) released its *Strategy for 2015 – 2019: Fulfilling Our Public Interest Mandate in an Evolving World* and its *Work Plan for 2015 – 2016: Enhancing Audit Quality and Preparing for the Future*.

The Strategy and Work Plan illustrate the IAASB's commitment to strengthening public confidence in financial reporting and contributing to the ongoing relevance of the financial

statement audit, while staying abreast of emerging developments to ensure its work addresses pertinent public interest matters relevant to its wide range of stakeholders.

IAASB Strategy for 2015 – 2019: Fulfilling Our Public Interest Mandate in an Evolving World

The IAASB's *Strategy for 2015 – 2019* describes the board's three strategic objectives that articulate its vision over the medium term:

- Ensure that International Standards on Auditing (ISAs) continue to form the basis for high-quality, valuable, and relevant audits conducted worldwide by responding on a timely basis to issues noted in practice and emerging developments.
- Ensure the IAASB's standards evolve as necessary to adequately address the emerging needs of stakeholders for services other than audits of financial statements.
- Strengthen outreach and collaboration with key stakeholders in the reporting supply chain on public interest issues relevant to audit, assurance, and related services.

The document is available via the following link:

http://www.ifac.org/sites/default/files/publications/files/IAASB-Strategy-2015-2019_0.pdf.

IAASB Work Plan for 2015 – 2016: Enhancing Audit Quality and Preparing for the Future

The IAASB's *Work Plan for 2015 – 2016* sets out the IAASB's priorities and actions for the 2015 – 2016 period, including the board's initial views on the issues that may be addressed and the manner in which this may be done.

The document is available via the following link:

<http://www.ifac.org/sites/default/files/publications/files/IAASB-Work-Plan-2015-2016.pdf>.

IAASB Auditor Reporting Standards

On 15 January 2015, the IAASB released its new and revised Auditor Reporting standards, designed to significantly enhance auditor's reports for investors and other users of financial statements.

The new and revised Auditor Reporting standards include new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, and a number of revised ISAs, including ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and ISA 570 (Revised), *Going Concern*. Example reports illustrating various circumstances are included in the new and revised Auditor Reporting standards. The new and revised Auditor Reporting standards will be effective for audits of financial statements for periods ending on or after December 15, 2016.

The document is available via the following link:

https://www.ifac.org/sites/default/files/publications/files/Reporting-on-AFS-New-&-Revised-Stds-Combined_1.pdf.

APESB submissions, presentations and other activities

Proposed Changes to Certain Provisions of the Code Addressing the Long Association of Personnel with an Audit or Assurance Client

On 14 August 2014, the IESBA released for public comment the Exposure Draft (ED), *Proposed Changes to Certain Provisions of the Code Addressing the Long Association of Personnel with an Audit or Assurance Client* with comments due on 12 November 2014.

APESB held two roundtable events on 14 October 2014 and 21 October 2014 to explore views from local stakeholders prior to preparing a response to the ED. Refer to Agenda Item 7 (b) for APESB's submission to the IESBA.

APESB Presentations

Channa Wijesinghe and Saras Shanmugam delivered presentations on APESB Standards to the Chinese delegations in October 2014.

Channa Wijesinghe presented on APES 215 *Forensic Accounting Services* at the CAANZ Forensic Accounting Conference in Sydney in October 2014. Refer to Agenda Item 7 (c).

Peter Day and Channa Wijesinghe delivered a presentation on APESB Strategic Plan and Work Program to William Buck Audit Focus Group in November 2014. Refer to Agenda Item 7 (d).

Nicola Roxon delivered a key note address at the IPA national conference held in Hunter Valley (NSW) in November 2014. Nicola's speech is presented as an attachment to the Chairman's Report at Agenda Item 19 (a).

Material Presented

Agenda Item 7 (a)	IESBA October 2014 Meeting Highlights;
Agenda Item 7 (b)	APESB submission on IESBA's Long Association ED;
Agenda Item 7 (c)	APESB presentation at the Forensic Accounting Conference Sydney; and
Agenda Item 7 (d)	APESB presentation to William Buck Audit Focus Group.

Recommendation:

That the report on international and other activities be noted.

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Date: 15 January 2015