

AGENDA PAPER

Item Number: 6
Date of Meeting: 11 November 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 Board Meetings and APESB's international engagements;
- International developments of interest; and
- APESB submissions, presentations and other activities.

IESBA

IESBA Board Meetings

During the last quarter the IESBA held the following meetings:

- a Board meeting on 15-16 September 2015 in New York, USA;
- a teleconference on 14 October 2015; and
- a teleconference on 21 October 2015.

The September Board meeting was held to consider the following key agenda items:

- Structure of the Code;
- Safeguards in the Code; and
- Part C of the Code.

IESBA's work on the above projects has progressed. However, no Exposure Drafts were issued at this meeting.

The Board also considered a draft staff publication *Ethical Considerations relating to Audit Fee Setting in the context of Downward Fee Pressure*. The draft publication highlights the issues associated with downward fee pressure on audit engagements drawing on the relevant references of the Code. The paper also outlines the responsibilities of other

stakeholders, such as those charged with governance, to not compromise audit quality and performance by focusing purely on cost minimisation for their organisations.

Further information on the draft staff publication is available at the following [link](#) or on the IFAC website www.ifac.org.

The first teleconference held in October was to provide the Board with a detailed update on the long association project. The Board were presented with draft amendments to the Code, however nothing has been issued as yet as a result of this meeting.

The second teleconference in October was to present revised draft amendments in relation to Part C of the Code based on the September Board meeting. At this stage the Board has not released details or highlights from this meeting.

The IESBA has released the following meeting summaries:

- April 2015 *IESBA Meeting Summary* at Agenda 6 (a); and
- June - July 2015 *IESBA Meeting Summary* at Agenda 6 (b).

The next IESBA meeting is scheduled for 30 November – 4 December 2015.

Other IESBA Activities

2014 IESBA Annual Report

In 2014, the IESBA worked to enhance its responsiveness to emerging issues of international relevance in the context of continued heightened scrutiny on ethics following the global financial crisis, and an ever-evolving global environment, all while consolidating its efforts to deliver on its existing strategic commitments, including:

- advancing the development of international standards and guidance in the Code of Ethics for Professional Accountants (the Code);
- proactively pursuing its stakeholder outreach program; and
- Developing a new structure for the Code to enhance its usability and clarity, thereby supporting its consistent application and enforcement, and furthering its global adoption.

The report includes a message from the incoming Chairman Dr. Stavros Thomadakis. It also discusses the board's operating environment, highlights achievements from 2014, and summarises the progress made on each of the projects in the board's Strategy and Work Plan.

Further information is available on the IESBA's website at www.ethicsboard.org.

International Developments

International Federation of Accountants (IFAC)

IFAC releases new Guide on Compilation Engagements

On 24 September 2015, IFAC released the Guide to Compilation Engagements. The Guide aims to assist IFAC member organisations and their members in practice in conducting

compilation engagements in compliance with ISRS 4410 (Revised) Compilation Engagements.

The Guide provides practical guidance on the application of the standard and outline Consider Points which offer suggestions to facilitate efficiency and address areas where practitioners often encounter difficulties. The Guide also includes a range of examples on procedures and practice scenarios as well as appendices with key checklists and forms that practitioners can use as is or modify to meet the requirements of their particular jurisdiction.

The Guide is available via the following link:

<http://www.ifac.org/system/files/publications/files/SMP-Guide-to-Compilation-Engagements.pdf>

A link to the IFAC Guide is also provided on the APESB website.

IFAC Member Compliance Program Strategy Approved

The IFAC Member Compliance Program Strategy, 2016-2018 was issued on 30 September 2015. The Program strategy reiterates the importance of its primary activities, which centres on:

- Maintaining robust application and compliance processes;
- Gathering and sharing knowledge about the adoption of international standards and practices and fulfilment of the IFAC Statements of Membership Obligations (SMOs);
- Maintaining the SMOs as a global benchmark for the accountancy profession; and
- Developing assessment methodology, tools, and guidance to support the Program.

For 2016-2018, the Program's strategy will place a greater focus on:

- Monitoring member organizations' compliance with membership requirements, including the SMOs, to better understand challenges facing these organizations;
- Enhancing reporting on the status of adoption of international standards; and
- Identifying actions to address adoption and implementation challenges, including support for member organizations and national authorities.

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

PIOB Issues Description of Standard-Setting Model

In September 2015, the Public Interest Oversight Board (PIOB) issued Standard Setting in the Public Interest: A Description of the Model. The Model aims to provide greater clarity and broaden the general understanding of the governance functions supporting standard setting following consultations with the Monitoring Group, IFAC, and the standard-setting boards. The document reflects the current state of the standard-setting model in audit, assurance, ethics, and education for accountants. It sets forth the aims and features of the governance arrangements, with links to governing or other documents that provide further details as appropriate.

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

International Forum for Independent Audit Regulators (IFIAR)

New Governance Structure

IFIAR announced in September 2015 that their members had approved a new governance structure. The new structure sees the establishment of a governing Board which consists of eight nominated and eight elected members. The Board replaces the current Advisory Council and will come into effect from April 2017.

Further information is available at the following [link](#) or www.ifiar.org.

Financial Reporting Council, United Kingdom (FRC)

Consultation issued on Enhancing Confidence in Audit

On 29 September 2015, the Financial Reporting Council in United Kingdom published a consultation on revisions to Ethical and Auditing Standards, the UK Corporate Governance Code and related Guidance on Audit Committees.

There are a number of planned revisions which are outlined in detail on the FRC website. However the specific revisions to the Ethical Standard will be to incorporate changes required by the EU Regulation and Directive on statutory audit (ARD). The proposed changes will apply to financial periods beginning on or after 17 June 2016, to align with the implementation date of the ARD.

Further information is available at the following [link](#) or at the FRC website: www.frc.org.uk.

APESB submissions, presentations and other activities

Responding to Non-Compliance with Laws and Regulations

On 6 May 2015, IESBA released for public comment the Exposure Draft *Responding to Non-Compliance with Laws and Regulations*.

APESB held two roundtables in July 2015 in Sydney and Melbourne to elicit feedback from constituents in respect of this exposure draft. This feedback was considered in the submission drafted by APESB.

Refer to Agenda Item 6 (c) for APESB's submission to the IESBA in respect of this Exposure Draft.

APESB Presentations

Channa Wijesinghe and Saras Shanmugam delivered presentations on APESB Standards to two Chinese delegation groups across September and October 2015.

Material Presented

- | | |
|-------------------|--|
| Agenda item 6 (a) | IESBA April 2015 Meeting Highlights; |
| Agenda item 6 (b) | IESBA June - July 2015 Meeting Highlights; and |
| Agenda item 6 (c) | APESB's submission on IESBA's Exposure Draft <i>Responding to Non-Compliance with Laws and Regulations</i> . |

Recommendation:

That the report on international and other activities be noted.

Authors: Jacinta Hanrahan
Aleasha McCallion

Date: 28 October 2015