

AGENDA PAPER

Item Number: 7
Date of Meeting: 13 February 2017
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 Meeting

The IESBA held a Board meeting on 12 - 15 December 2016 in New York, USA. The Board considered the following key agenda items:

- Professional Skepticism;
- Structure of the Code ;
- Safeguards;
- Part C of the Code;
- Fees;
- Non-Compliance with Laws and Regulations (NOCLAR);
- Long Association; and
- The IESBA Strategy Survey.

The IESBA Board discussed progress across all projects and approved three exposure drafts for the Structure of the Code (Phase 2), Safeguards (Phase 2) and Part C. The exposure drafts are expected to be released late January 2017.

The IESBA also approved changes to the Long Association provisions and will release the 'close off' document after receiving the Public Interest Oversight Board (PIOB) approval.

Details on the soon to be released documents are set out below in the section *IESBA Technical Activities* and will be available from late January at the [IESBA website](#).

The IESBA also announced plans to release a survey in March 2017 on their Strategy and Work Plan for 2019 - 2023.

The IESBA December 2016 *IESBA Meeting Summary* is available at Agenda 7(a).

The next IESBA meeting is scheduled for 13 – 15 March 2017 in New York, USA.

IESBA Technical Activities

Long Association of Audit Firm Personnel with an Audit Client (Long Association)

The final provisions relating to Long Association, including the transitional provisions, were approved for close off at the December 2016 meeting. The key changes to the provisions (from the September 2016 version) include:

- Replacing the jurisdictional provision to allow a substituted cooling off period if it has been established by a jurisdiction and the period is between three and five years, provided the applicable time-on period does not exceed seven years;
- Inserting a sunset clause for the jurisdictional provision – it will have effect for audits of financial statements beginning prior to December 15, 2023; and
- Withdrawal of the exemption allowing past engagement partners or engagement quality control reviewers of Public Interest Entities (PIEs) audit engagements to consult with the engagement team for technical or industry specific issues after two years have elapsed in a two-year period.

The final provisions of the Long Association pronouncement will be made publically available once approved by the PIOB. The IESBA may release a restructured version of these provisions as part of the Exposure Draft on the Structure of the Code – Phase 2, however this will be subject to the timing of the PIOB approval. It is expected that the Long Associations provision will be effective from 15 December 2018.

APESB is considering the IESBA's Long Association provisions as part of Agenda item 4 *Proposed ED: Long Association of Personnel with an Audit Client*.

Structure of the Code

The IESBA agreed in principle the new structure and drafting conventions of the Code as well as the content released in Phase 1 of this project. The Phase 1 content is expected to be approved by the IESBA with the final text for Phase 2 at the end of 2017.

The Structure of the Code (Phase 2) ED will be released at the end of January 2017 and will have a 120 day comment period. The exposure draft will contain the restructure of the sections of the Code not covered in Phase 1, including provisions on restriction of use in reports and Independence relating to other assurance engagements (Section 291 of extant Code).

The IESBA staff are expected to release a compiled version of the restructured Code including the other two exposure drafts and the restructured provisions on NOCLAR and Long Associations to assist users in their review of the proposed changes.

Safeguards in the Code

The IESBA agreed in principle the content released in Phase 1 of this project. The Phase 1 content is expected to be approved by the IESBA with the final text for Phase 2 at the end of 2017.

The Safeguards (Phase 2) Exposure draft will be released at the end of January 2017 and will have a 90 day comment period. This exposure draft will focus on safeguards for non assurance services.

Part C of the Code

The third exposure draft approved for release at the December 2016 IESBA Board meeting related to Part C of the Code. This exposure draft will focus on the application of Part C to professional accountants in public practice. It will be released by the end of January 2017 and will have a 90 day comment period.

The IESBA is planning to release a further exposure draft on Part C of the Code after their March 2017 board meeting. The exposure draft will propose revisions to Section 350 *Inducements* and Section 260 *Gifts and Hospitality*.

International Developments

International Federation of Accountants (IFAC)

IFAC updates Enhanced Reporting Policy Position Paper

In January 2017, IFAC released a revised and updated version of its Policy Position Paper 8, [Enhanced Organizational Reporting: Integrated Reporting Key](#). The paper outlines IFAC position that integrated reporting is the way to achieve a more coherent corporate reporting system, fulfilling the need for a single report that provides a fuller picture of organizations' ability to create value over time.

This updated edition of the paper includes a new section, "A Coherent Corporate Reporting System with Integrated Reporting", which describes integrated reporting in more detail and the connection to integrated thinking as a foundation.

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

APESB submissions, presentations and other activities

Presentations

In November 2016, APESB's CEO, Mr Channa Wijesinghe, spoke at the Accounting Educators' Conference on the APESB and current technical projects.

A copy of this presentation can be accessed on the APESB website www.apesb.org.au.

Submissions

APESB Technical Staff have prepared or are in the process of preparing submissions on the following consultation papers:

- Attorney-General's Department Consultation Paper *Accountants: a model for regulation under Australia's anti-money laundering and counter-terrorism financial regime*; and
- The Treasury's Discussion paper *Review of tax and corporate whistleblower protections in Australia*.

As these are consultation papers, in both submissions APESB will be raising awareness of its existing professional standards and the proposed amendments to the Code in *Non-compliance with laws and regulations* (NOCLAR) provisions which interact with these proposed reforms.

Copies of these Submissions will be available on the APESB website www.apesb.org.au in due course.

Recommendation:

That the report on international and other activities be noted.

Materials Presented

Agenda Item 7 (a) IESBA December 2016 Meeting Highlights

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Date: 20 January 2016