

AGENDA PAPER

Item Number: 6
Date of Meeting: 4 September 2018
Subject: International and other activities

Action required For discussion For noting For information

Purpose

To provide an update to the Board on:

- the IESBA Board Meetings and other developments;
- International developments of interest; and
- APESB submissions, presentations and other activities; and

IESBA

IESBA Board Meetings

The IESBA held a Board meeting on 18 – 20 June 2018 in Athens, Greece. The key items discussed at this meeting were:

- Non-assurance services (NAS) (including the Implementation of EU Audit Legislation);
- Fees;
- Professional Scepticism;
- IAASB-IESBA Coordination
- Alignment of Part 4B with ISAE 3000 (Revised);
- Technology;
- e-Code;
- Restructured Code Rollout; and
- Emerging Issues and Outreach.

The IESBA June 2018 *IESBA Meeting Summary* is available at Agenda Item 6(a).

The next meeting of the IESBA will be held in New York, USA on September 17 -20, 2018.

Other IESBA developments

IESBA's revised provisions of Inducements

On 19 July 2018, the IESBA issued a final pronouncement: [Revisions to the Code Pertaining to the Offering and Accepting of Inducements](#). The standard sets out a comprehensive framework that covers all forms of inducement, with clear expectations for all professional accountants. Proposed key revisions are listed below:

- Clarifies the meaning of an inducement;
- Guides professional accountants in applying the enhanced conceptual framework underpinning the International Code;
- Provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members; and
- Establishes a requirement to understand and comply with laws and regulations that prohibit the offering or accepting of inducements in certain circumstances;

The revised provisions form the last part of the restructured Code of Ethics for Professional Accountants (including Independence Standards).

IESBA roundtables on Non-assurance services and Professional Scepticism

The IESBA held [roundtables](#) in Washington DC (11 June 2018), Paris (15 June 2018), Tokyo (12 July 2018) and Melbourne (16 July 2018) to consult on Non-assurance services and Professional Scepticism.

APESB and the New Zealand External Reporting Board (NZ XRB) co-hosted the Melbourne IESBA roundtable which included stakeholders from Australia, New Zealand, and Singapore.

A summary of the roundtable discussion is set out in more detail in Agenda Item 5.

International Developments

International Federation of Accountants (IFAC)

Guide to Using International Standards on Auditing (ISAs) in the Audits of Small-and-Medium-Sized Entities

In July 2018, IFAC published its fourth edition, [Guide to Using International Standards on Auditing in the Audits of Small-and-Medium-Sized Entities](#). The updated Guide includes changes to the ISAs since previous editions, IAASB projects on auditor reporting, disclosures, auditor responsibilities relating to other information and using the work of internal auditors

Monitoring Group

Roundtables in Australia

The Monitoring Group held roundtables in Australia in June 2018 to consult further with stakeholders on their proposed changes to governance and oversight of audit-related standard-setting boards. A summary of the key matters identified by the Monitoring Group from the global consultation process is set out in more detail at Agenda Item 4.

International Auditing and Assurance Standards Board (IAASB)

Exposure Draft, ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement

In July 2018, The IAASB released an Exposure Draft on Proposed International Standard on Auditing 315 (Revised), [Identifying and Assessing the Risks of Material Misstatement and Proposed Consequential and Conforming Amendments to Other ISAs](#). The exposure draft's key points include: focus auditors on exercising professional scepticism throughout the risk identification and assessment process; drive consistent and effective identification and assessment of risks of material misstatement; improve the standard's applicability to entities across a wide spectrum of circumstances and complexities, and modernise ISA 315 to meet evolving business needs, including information technology and automation. The IAASB is calling for stakeholder feedback on the exposure draft with comments due by 2 November 2018.

Financial Reporting Council – UK (FRC)

Audit Quality Review 2017/2018

Following its focus on the audit of pension balances in the 2017/18 Audit Quality Review, the UK FRC has released a separate [report](#) on its findings. Since conducting its audit quality monitoring, the FRC identified examples of good practice and weaknesses that would be of benefit to auditors, audit committees and investors.

APESB submission, presentations and other activities

Submissions

APESB submission on IESBA's Proposed Strategy and Work Plan, 2019 - 2023

APESB has made a submission to the International Ethical Standards Board for Accountants (IESBA) in respect of the Proposed Strategy and Work Plan, 2019-2023. Our submission included key recommendations in relation to Long Association post-implementation review, the definition of *Professional Activities* and the development of pronouncements on non-assurance services. Refer to Agenda Item 6 (b) for the submission lodged with IESBA.

APESB Submission to IESBA on Professional Scepticism

The APESB has made a submission to the International Ethical Standards Board for Accountants (IESBA) on the Consultation paper *Professional Scepticism – Meeting Public Expectations*. Generally, APESB was supportive of the IESBA'S project to clarify professional scepticism and its applicability to all professional accountants.

APESB's submission included recommendations that the term 'professional scepticism' be defined and included in the Code as a concept applicable to all professional accountants and for additional guidance material and requirements to be included in the Code to clarify the use of professional scepticism.

Refer to Agenda Item 6 (c) for the submission lodged with IESBA.

Presentations

APESB Briefing and Information session on the proposed Restructured Code (APES 110)

On 14 June 2018, APESB Chairman, the Hon. Nicola Roxon and APESB CEO, Channa Wijesinghe, presented a [Briefing and Information session on the Proposed Restructured APES 110 Code of Ethics for Professional Accountants](#) to stakeholders at the CA ANZ office in Melbourne. The presentation covered an overview of the Code's key revisions, including enhanced safeguard provisions and new guidance for auditors and assurance practitioners.

CA ANZ Business Valuation and Forensic Accounting Conference - Panel Discussion

On 15 August 2018, APESB Director, Craig Farrow, was a guest speaker for the Ethics Panel Discussion at the CA ANZ Business Valuation and Forensic Accounting Conference. The panel explored ethical standards in a changing world and the biggest shifts in forensic accounting.

Recommendation

That the Board note the update on international and other activities.

Materials Presented

Agenda Item 6(a)	IESBA's June 2018 Meeting Highlights
Agenda Item 6(b)	APESB's submission to IESBA's Proposed SWP, 2019-2023
Agenda Item 6(c)	APESB Submission to IESBA on Professional Scepticism

Authors: Anna Brasier

Date: 23 August 2018