

## AGENDA PAPER

**Item Number:** 5

**Date of Meeting:** 10 June 2021

**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;
- International and other developments of interest; and
- APESB submissions, presentations and other activities.

### IESBA

#### IESBA Board Meeting

The IESBA held a Board Meeting via a series of video conferences from 15 to 31 March 2021. The meeting included the following key agenda items:

- Non-Assurance Services (NAS) & Fees Rollout;
- Technology;
- Engagement Team Group Audits;
- Long Association Post Implementation Review;
- Emerging Issues and Outreach; and
- Tax Planning and Related Services.

The IESBA Board received updates across a range of their current projects. The IESBA Board received updates from the two different focuses of the Technology project and the IESBA Board agreed to postpone issuing an exposure draft relating to Technology until the end of 2021. Refer to Agenda paper 6 for further information on the IESBA Technology project.

As part of the agenda item on Emerging Issues and Outreach, the IESBA Board received an update on jurisdictional developments from the United Kingdom, United States, Europe and Australia. The presentation is available at [Agenda Item 6A of the IESBA Board Papers](#).

The highlights document for the March 2021 IESBA Board meeting is attached at agenda item 5 (a).

The next IESBA Board Meeting will be held via a series of video conferences between 9 - 25 June 2021.

### Other IESBA developments

#### Release of final revisions to the Code for Non-Assurance Services (NAS) and Fees

In April 2021, the IESBA released two final pronouncements:

- [Revisions to the Non-Assurance Services Provisions of the Code](#); and
- [Revisions to the Fee-related Provisions of the Code](#).

The revised NAS and fee-related provisions significantly strengthen the guardrails around auditor independence in two critical areas that can create incentives influencing auditor behaviour.

The package of new measures includes:

- A far-reaching prohibition on audit firms from providing a NAS that might create a self-review threat to an audit client that is a public interest entity.
- New provisions to enable and promote more robust engagement between auditors and those charged with governance of public interest entities about independence matters relating to NAS and fees.
- Strengthened provisions to address undue fee dependency on audit clients.
- Provisions to stimulate greater public transparency about fees paid by audit clients that are public interest entities to assist stakeholder judgments about auditor independence.
- Comprehensive guidance to steer auditors' threat assessments and actions in relation to NAS and fees.

Further information is available in the [media release](#) on the IESBA website. Agenda item 10 also contains additional information on the NAS pronouncement issued by the IESBA.

#### Phase 1 of the Long Association Post-Implementation Review commences

At the start of April 2021, the IESBA commenced its first phase of the post-implementation review of the long association provisions in the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the International Code). The first phase commences with information-gathering activities. The second phase of the review will begin in Q2 2023.

As part of commencing the review, the IESBA has released an [update](#), which provides an overview of Phase 1 of the review and a [stakeholder questionnaire](#). The questionnaire focuses on the implementation of the five-year cooling-off requirement for engagement partners on an audit of a PIE and the use of the *jurisdictional provision*, which provides for the substitution of a shorter cooling-off period in specific circumstances. Comments on the questionnaire are due to the IESBA on 31 May 2021.

## ***IESBA National Standards Setters (NSS)***

### ***IESBA NSS meeting and Joint Meeting with IAASB National Standards Setters***

APESB CEO Channa Wijesinghe and APESB Technical Staff represented APESB at the IESBA NSS meeting held via video conference on 11 May 2021. The IESBA NSS meeting focussed on the Tax Planning and related Services Initiative and the potential themes that could be addressed in an IESBA project on this topic and the current IESBA Technology project (refer to agenda item 6 for further details on the IESBA's technology project).

The IESBA NSS Group also had a joint meeting with the IAASB National Standards Setters on 12 May 2021. At this meeting, the NSS Group were updated on the transition planning efforts of IFAC and the International Standard-Setting Boards to address the Monitoring Group recommendations to strengthen the international audit and ethics standard-setting system.

### ***IESBA NSS COVID Working Group***

In May 2021, the IESBA NSS COVID Working Group, comprising a range of National ethics Standard Setters (NSS) from Australia (APESB), Canada, China, South Africa, the UK, and the US, released a new article '[5 Ethical Challenges that Will Intensify as the Pandemic Wanes](#).' The article looks at the key ethical issues that lie ahead for professional accountants as the COVID-19 pandemic moves into the next phase.

## **International and Other Developments**

### ***International Audit and Assurance Standards Board (IAASB)***

#### ***Release of guidance material to help Auditors address the risk of overreliance on Technology***

In March 2021, the Technology Working Group of the IAASB released [non-authoritative frequently asked Q&As](#) to help auditors address the risk of over-reliance on technology, whether it arises from using automated tools and techniques or using information produced by an entity's systems. The [publication](#) is available on the IAASB website.

#### ***IAASB's Future Work Plan and New Framework for Activities***

In May 2021, the IAASB released:

- its new [Framework for Activities](#) which describes the IAASB's operating processes and procedures for advancing standard-setting and other related activities;
- a revised [Work Plan for 2021](#), which focuses on projects on Group Audits and Less Complex Entities; and
- a [survey on its work plan for 2022-2023](#).

Comments on the IAASB's work plan survey are due 5 August 2021.

## ***International Federation of Accountants (IFAC)***

### ***Release of report on Leading Sustainability and Digital Transformation***

In May 2021, IFAC's Professional Accountants In Business Advisory Group released a report *Enabling Purpose Driven Organisation: PAIBs Leading Sustainability and Digital Transformation*, which compiles insights on key global trends impacting the future readiness of the accountancy profession. These include:

- Enabling value creation and sustainability
- Delivering on climate change
- How procurement and supply chain operating models are changing the role of finance functions
- The changing nature of work and remote finance Gen Z and the future of accountancy
- Public sector priorities to support COVID-19 recovery.

The [report and additional insights](#) are available on the IFAC website.

### ***Release of a report on The Professional Accountant's Role in Data***

In May 2021, IFAC and the Chartered Professional Accountants of Canada (CPA Canada) released a report, [The Professional Accountant's Role in Data](#). The report outlines a new model (the data management value chain) in which accountants can reimagine their roles to meaningfully contribute to the digital economy by building upon key competencies. Refer to the IFAC website for the [publication](#) and the associated [media release](#).

## ***Financial Reporting Council UK (FRC UK)***

### ***Government consultation on Restoring trust in audit and corporate governance***

In March 2021, the FRC UK welcomed the consultation issued by the Department for Business, Energy and Industrial Strategy (BEIS) - [Restoring trust in audit and corporate governance](#) to reform the UK's audit, corporate reporting and corporate governance system.

The publication of the UK Government's proposals responds to the three independent reviews by Sir John Kingman, Sir Donald Brydon and the Competition and Markets Authority. It includes measures to enhance the quality of corporate governance, corporate reporting and audit and establish the strong, effective, independent regulator envisaged by Sir John Kingman.

Further information can be found in the FRC [media release](#) or the [full consultation document](#).

## ***Australian Securities and Investment Commission (ASIC)***

### ***Appointment of new Chair and Deputy Chair***

In April 2021, ASIC announced the appointment of Mr Joe Longo as the next Chair of ASIC. Mr Longo was National Director of Enforcement at ASIC from 1996-2000 and was a lawyer at Herbert Smith Freehills. Ms Sarah Court will also join ASIC as a Deputy Chair. Ms Court was previously at the Australian Competition and Consumer Commission.

Further information is available in [ASIC's media release](#) and the [announcement](#) from the Commonwealth Treasurer.

## **Australian Accounting Standards Board (AASB)**

### Updates on the special purpose financial reporting disclosures project

The AASB, in conjunction with AUASB, have held a series of webinars on the removal of special purpose financial statements for some entities and the simplified disclosures that would then apply. The webinar series can be found on the [AASB website](#).

## **Auditing and Assurance Standards Board (AUASB)**

### Release of Australian Quality Management Standards

On 10 March 2021, the AUASB released its revised suite of quality management standards, which align with the international standards issued by the IAASB in December 2020.

The three standards are:

- [ASQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements](#);
- [ASQM 2, Engagement Quality Reviews](#); and
- [ASA 220, Quality Management for an Audit of a Financial Report and Other Historical Financial Information](#).

The standards will be effective from 15 December 2022. Further information can be found in the [media release](#) on the AUASB website. Refer to Agenda paper 4 for further information on quality management standards in Australia.

### AUASB Board Member movements

In May 2021, the FRC has [announced](#) the appointment of Mrs Michelle Shafizadeh as a member of the AUASB. Mrs Shafizadeh will commence her term from 1 July 2021.

In April 2021, Mr Justin Reid stepped down from being a Member of the Board to undertake a consultant's role at the AUASB.

## **Chartered Accountants Australia and New Zealand (CA ANZ)**

### Continuing Professional Development

In April 2021, CA ANZ announced changes to Continuing Professional Development requirements for all CA ANZ Members, which come into effect on 1 July 2021. One of the changes to professional development requirements is the introduction of mandatory ethics training. Refer to the [announcement](#) for further information on these reforms.

## **Financial Services Council (FSC)**

### Financial Advice

In April 2021, the FSC released a green paper on affordable and accessible financial advice. The proposals in the Green Paper include:

- Abolishing the 'safe harbour' steps that are unnecessary and administratively complex while giving financial advisers a false sense of protection;
- Removing complex jargon that confuses consumers by breaking all advice into either general information or personal advice; and
- Abolishing unwieldy Statements of Advice (SOAs) and replacing them with Letters of Advice, which would be short, concise and consumer-orientated.

Consultation on the Green Paper is open until 1 July 2021. Refer to the [FSC website](#) for further information.

## APESB submissions, presentations and other activities

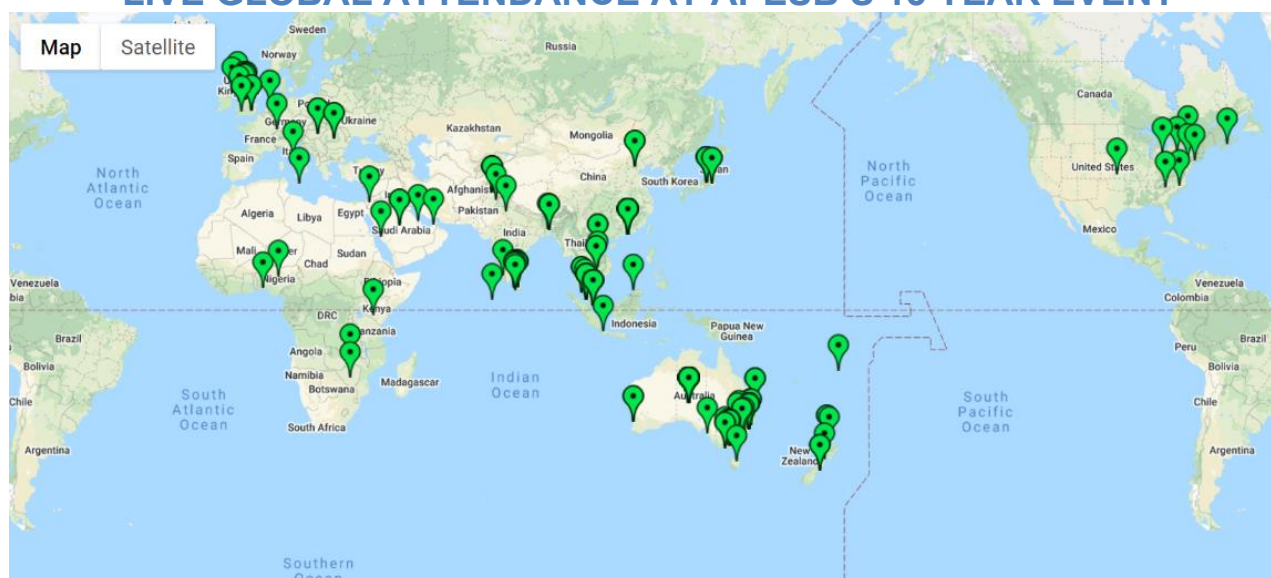
### APESB 15-year anniversary event

On 21 May 2021, the APESB hosted an online panel discussion on 'Business ethics, the pace of digitalisation and the accountants' role in a post-COVID environment' to commemorate its 15-year anniversary. The event, moderated by APESB Chairman Nancy Milne OAM, had a panel of international speakers comprising:

- Dr Stavros Thomadakis, Chairman of IESBA
- Mr Kevin Dancey CM, CEO of IFAC
- Dr Attracta Lagan, Principle of Managing Values; and
- Ms Ming Long AM, Deputy Chair of the Diversity Council of Australia.

Over 600 participants registered for the event, with over 200 actual attendees on the night from Australia, New Zealand, Asia, Africa, Europe, the UK, the USA and Canada (refer below). A recording of the event will be released on the [APESB website](#) in the coming weeks.

### LIVE GLOBAL ATTENDANCE AT APESB'S 15 YEAR EVENT



At the event, Ms Milne also released the [APESB 15-year anniversary booklet](#), commemorating APESB's significant milestones and achievements in setting the professional and ethical standards for Australia's accounting profession during the last five years of its operations (2016 to 2021). Refer to agenda item 5(b) for the APESB 15-year anniversary booklet.



The IESBA issued a [congratulatory media release](#) on APESB's anniversary in the lead-up to the event, which is available on the IESBA website. Both IFAC and IESBA also issued congratulatory tweets to the APESB.

#### *Presentation on revisions to NAS and Fee provisions in the Code*

On 10 May 2021, APESB CEO Mr Channa Wijesinghe co-presented on a CPA Australia Webinar on the IESBA revised Non-Assurance Services (NAS) and Fee-related provisions. The main presenters for this webinar were Mr Richard Fleck (the NAS Task Force Chair) and Mr Ian McPhee AO PSM (IESBA Member and Fees Task Force Chair).

#### *APESB Submission to IESBA exposure draft on the definitions of Listed Entity and PIE*

On 3 May 2021, APESB made a submission to the IESBA on the Exposure Draft *Proposed Revisions to the Definition of Listed Entity and Public Interest Entity in the Code*. APESB is supportive of the IESBA's project to revise these definitions in the Code. However, APESB raised concerns that the integrity of the IESBA Code could be impacted if requirements can be amended to a lower level by relevant local bodies (such as national standard setters or local regulators).

In the submission, APESB encourages the IESBA to clarify the proposals, particularly by revising the proposed objective of the provisions to enhance its clarity and application. Read the [submission](#) on the APESB website.

In developing APESB's response to the IESBA exposure draft, APESB held a roundtable on 14 April 2021. The roundtable was led by APESB CEO, Mr Channa Wijesinghe and IESBA Board member Mr Ian McPhee AO PSM. APESB Chair Nancy Milne, Board member Brian Morris and IESBA Principal Mr Geoff Kwan were also in attendance. The stakeholders who attended the roundtables included standard setters, regulators, professional accounting bodies, accounting firms, investors and academics. The presentation from the roundtable is available on the [APESB website](#).

#### *ATO engagement on taxation services*

APESB Technical Staff have met with the Australian Taxation Office (the ATO) since the March 2021 Board Meeting. The focus of these meetings is for both organisations to discuss current projects.

#### *FASEA engagement on APES 230 Financial Planning Services*

In May 2021, APESB CEO Mr Channa Wijesinghe and Technical Manager Mr Jon Reid met with Mr Stephen Glenfield, the CEO of FASEA. The discussion focused on APESB's [High-Level Comparison of Key Elements of FASEA Code and APES 230](#). Mr Glenfield concurred with this comparison. However, he noted that FASEA's scope covers retail financial products, and Standard 1 of the FASEA Code can, in some instances, result in wholesale clients being covered.

Mr Glenfield confirmed FASEA continued in operation until the legislative change is finalised to transfer the FASEA Code standards to Treasury and monitoring to ASIC and the FASEA Code remains a legislative instrument.

### Engagement with NZAuASB on amendments to the Code

On 8 April 2021, APESB's CEO, Mr Channa Wijesinghe, attended the NZAuASB Board meeting to provide an update on APESB activities and to discuss APESB's preliminary views on the implementation of IESBA's standards on the fee-related provisions in the Code and the Non-Assurance provisions of the Code. The NZAuASB Chairman, Mr Robert Buchanan, will provide an update on NZAuASB activities at agenda item 9

### **Recommendation**

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

### **Materials Presented**

Agenda Item 5 (a)	IESBA's March 2021 Meeting Highlights
Agenda Item 5 (b)	APESB 15-year anniversary booklet

**Authors:** Jacinta Hanrahan

**Date:** 1 June 2021