

AGENDA PAPER

Item Number: 5
Date of Meeting: 23 February 2023
Subject: International and other activities

Action required For discussion For noting For information

Purpose

To provide an update to the Board on the following:

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

International Ethics Standards Board for Accountants (IESBA)

IESBA Board Meetings

The IESBA held a hybrid Board Meeting, with online or in-person attendance in New York, USA, from 29 November to 2 December 2022 and 15 December 2022. The meeting included the following key agenda items:

- Engagement Team -Group Audits Independence;
- Sustainability;
- Tax Planning and Related Services;
- Technology Project;
- Strategy and Work Plan 2024-2027;
- Technology Working Group; and
- The rollout of the Revised Public Interest Entity (PIE) Definition.

Key decisions made at this meeting included:

- The approval of revisions to the IESBA Code relating to the definition of engagement team and group audits considerations. Subject to Public Interest Oversight Board (PIOB) approval, the final pronouncement will be released in Q1 2023, with an effective date of 15 December 2023. Refer to agenda paper 8 of this Board Meeting for further details on the IESBA proposals and APESB's proposed Exposure Draft on this topic.

- The approval of Technology-related revisions to the IESBA Code is due for release in April 2023 (post-PIOB approval) with an effective date of 15 December 2024.
- The issue of an exposure draft (ED) on tax planning and related services, which proposes two new sections to be added to the IESBA Code. The ED is expected to be released in early 2023. Refer to agenda item 9 of this Board Meeting for further details on these proposed revisions.
- The approval of two new projects on sustainability and experts. To inform the development of the exposure drafts for these projects, the IESBA will conduct four global roundtables in March and April 2023 (refer to the Other IESBA updates section below for further details on the roundtables).

Further details on the key decisions made and other project updates are summarised in the highlights of the IESBA November-December 2022 Board Meeting at Agenda 5 (a).

The next quarterly IESBA Board meeting will be held in a hybrid format in Abu Dhabi, United Arab Emirates (UAE), from March 13 to 17, 2023.

Other IESBA updates

Gaylen R. Hansen reappointed Chair of the Consultative Advisory Group to the IESBA

On 1 October 2022, Mr Gaylen R. Hansen was reappointed as the chair of the Consultative Advisory Group (CAG) to the IESBA. Mr. Hansen will serve as the IESBA CAG Chair until December 31, 2023, when the IESBA CAG and the International Auditing and Assurance Standards Board (IAASB) CAG will both be transitioned to a new IAASB and IESBA Stakeholder Advisory Council (SAC). Further details on Mr. Hansen's reappointment can be found in the IESBA's [media release](#).

IESBA Board movements

On 1 January 2023, the IESBA welcomed two new Board members, Mr Paul Muthaura (based in Kenya) and Ms Ranian Uwaydah Mardini (based in Lebanon), and farewelled its Deputy Chair Caroline Lee and Member Hironori Fukukawa, as their terms of service came to an end at 31 December 2022.

The IESBA also announced Ms Laurie Endsley as the Board's new Vice Chair. In addition, Ms. Endsley and Mr Rich Huesken were both reappointed to the Board from 1 January 2023 for a further two-year term. Further information on the new and reappointed members can be found in the IESBA's [media release](#).

From 1 January 2023, APESB CEO and IESBA Member Channa Wijesinghe was appointed to the IESBA's Planning Committee.

IESBA's global roundtables on its Sustainability project

The IESBA will hold a series of four global roundtables in early 2023 to obtain stakeholder input to help shape the development of new ethics and independence standards for sustainability reporting and assurance.

The roundtables will be held in person at the following times and locations:

- Friday, March 24 - Paris, France
- Thursday, March 30 - Sydney, Australia
- Monday, April 3 - Singapore
- Thursday, April 6 - New York, USA

Interested participants needed to register by emailing IESBA@ethicsboard.org by 1 February 2023, with the IESBA sending an invitation to the selected stakeholders to attend. Further details are available in the IESBA's [media release](#).

APESB will host the Australian roundtable in Sydney on 30 March 2023.

International and Other Developments

International Audit and Assurance Board (IAASB)

The New IAASB fact sheet helps auditors navigate quality management for group audits

On 15 December 2022, the IAASB published a [new fact sheet](#) on the interactions between ISA 220 (Revised), which addresses quality management at the engagement level, and ISA 600 on group audits. The fact sheet highlights aspects of a group audit that may be affected by ISA 220 (Revised) and International Standard on Quality Management 1 addressing quality management at the firm level. Further information can be found in the IAASB's [media release](#).

IAASB Board movements

The IAASB announced two new members joined their Board in January 2023. The new members are Mr Neil Morris (based in the UK) and Mr Greg Schollum (based in New Zealand). The IAASB also welcomed the appointment of Ms Josephine Jackson as Vice-Chair. In addition, three members, Ms Sue Almond, Ms Julie Corden and Ms Josephine Jackson, were reappointed by the PIOB for terms that began on 1 January 2023. Further details on new and reappointed members can be found in the IAASB's [media release](#).

IAASB launches consultation on proposed strategy and work plan for 2024-2027

On 11 January 2023, the IAASB issued a [public consultation](#) for its 2024-2027 proposed strategy and work plan. The IAASB invites all stakeholders to comment on the proposed strategy and work plan via IAASB's website by 11 April 2023. Further details on the proposed strategic objectives can be found in the IAASB [media release](#).

The Monitoring Group (MG)

MG Nominating Committee Appoints Board Members to the PIOB

On 2 December 2022, the MG announced the appointment of Mr Philippe Christelle, Mr Tomoyuki Furusawa, Ms Sandra Peters, and Mr Mark Smith as PIOB Board Members commencing in 2023. The MG also announced the reappointment of Ms Linda de Beer and Mr Robert Buchanan to the PIOB for another three-year term commencing January 2023.

Further details of the Board members appointed to the PIOB can be found in the MG's [media release](#).

Public Interest Oversight Board (PIOB)

Invitations to apply for IAASB and IESBA Board positions

On 1 December 2022, the PIOB invited applications for Board Member vacancies on the IAASB and IESBA. The term of service would be for three years commencing on 1 January 2024. The closing date for applications is 10 February 2023. Further details of the invitations can be found in the PIOB [media release](#) or the in the invitation links for [IESBA](#) and the [IAASB](#).

International Federation of Accountants (IFAC)

IFAC publishes a report on sustainability and digital transformation for professional accountants in business and the public sector

On 12 December 2022, the IFAC released a [report](#) that explores how professional accountants are stepping up to support their organisations, navigating uncertain global conditions and expanding their roles in both the private and public sectors.

The report explores the key role of professional accountants in business in the following ways:

- Digitalisation of finance and accounting;
- Driving sustainable value creation through an integrated mindset;
- Corporate governance and oversight of sustainability and ESG;
- The growing B-Corps movement; and
- Sustainable financing.

Further details can be found in IFAC's [media release](#).

Financial Reporting Council (FRC UK)

FRC updates stakeholders on review to identify and prevent exam cheating

In December 2022, the FRC published a [letter](#), which had been issued to audit firms, to provide an update on the work performed by the FRC around instances of exam cheating.

The letter notes that the FRC's investigation is still ongoing and that additional instances of exam cheating had been uncovered during the review. However, so far, the review has not identified systemic issues related to cheating at firms, but some audit firms and Recognised Qualifying Bodies (RQBs) need to make improvements, especially around the updating or review of relevant policies and procedures.

Australian Securities & Investments Commission (ASIC)

Commissioner Sean Hughes to depart ASIC

In January 2023, ASIC announced that ASIC Commissioner Sean Hughes will end his term as Commissioner on 3 February 2023, after accepting a role in the commercial sector. Further details are available in ASIC's [media release](#).

ASIC's enforcement activity for SMSF auditors

In November 2022, ASIC released the results of enforcement activity for the period 29 June to 30 September 2022, which included:

- Disqualification of three SMSF auditors;
- imposed additional conditions on the registration of one SMSF auditor; and
- cancelled the registration of two SMSF auditors.

These actions resulted from breaches of obligations, including independence requirements, including one SMSF auditor auditing accounts that he (and his staff) had prepared. Further details can be found in ASIC's [media release](#).

On 31 January 2023, ASIC announced that they had cancelled the registration of 374 SMSF auditors for failing to lodge their annual statements. Refer to ASIC's [media release](#) for further details.

Auditing and Assurance Standards Board (AUASB)

Revised standards have been issued as a result of Quality Management Standards and other pronouncements

In December 2022, the AUASB announced the issue of revised auditing standards to reflect amendments of ASQM1 *Quality Management for Firms that Perform Audits or Review of Financial reports and other Financial Information, or Other Assurance or Related Services Engagements*, and amendments to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*. Further information on the revisions is available on the [AUASB website](#).

Tax Practitioners Board (TPB)

Ethics Webinar

The Tax Practitioners Board held a webinar on 'Ethics' in December 2022, where they demonstrated how ethical practice could assist practitioners in meeting the TPB Code of Professional Conduct obligations and help support quality advice outcomes and processes. Further resources and the webinar recording can be found on the Tax Practitioner Board's [website](#).

Former PwC partner banned for integrity breach

In January 2023, the TPB announced the deregistration, and a two-year ban, of Mr Peter-John Collins, a former tax partner at PricewaterhouseCoopers (PwC), as a registered tax practitioner. The TPB's investigation found that Mr Collins has failed to act with integrity as required under his ethical and legal obligations as he has made unauthorised disclosures of confidential law reform information to partners and staff of PwC.

TPB also determined PwC has failed to manage conflicts of interest and had breached the law and the Code of Professional Conduct. As a result, the TPB ordered PwC to implement training and processes to ensure conflicts of interest are properly managed. Further information can be found in TPB's [media release](#).

Australian Financial Review (AFR)

PwC warns staff against using ChatGPT for client work

In February 2023, the AFR reported that PwC has encouraged its staff to learn about ChatGPT but has warned them that any material generated by ChatGPT should not be used for client work. Further details can be found in the [AFR article](#).

ChatGPT is an interactive language model tool released by OpenAI, which can create meaningful responses to questions or tasks. It is a sophisticated version of the chatbots that some organisations use already on their website to field enquiries. The basic chatbot can generate responses to standard questions, but will pass queries onto humans when they cannot answer from their dataset.

ChatGPT, due to the combination of large data sources and advanced technological techniques, has an extensive vocabulary, appears to recognise the context of words and can mimic speech patterns. This means it creates more sophisticated responses. The following articles might be of interest for further information on ChatGPT and its abilities:

- Business Insider (2 Feb 2023) – [Everything you need to know about ChatGPT](#)
- CNET (4 Feb 2023) - [Why the ChatGPT AI Chatbot Is Blowing Everyone's Mind](#)

APESB Presentations, Submissions and other activities

APESB submission to CA ANZ on its Professional Conduct Framework Review

On 12 December 2022, APESB made a submission on the Professional Conduct Framework Review that is being undertaken by a Committee of CA ANZ. APESB strongly supports the review performed by CA ANZ via the Professional Conduct Framework Review Committee.

APESB encouraged the Committee to consider whether the robustness of the professional conduct framework and the monitoring and enforcement processes undertaken by CA ANZ should be more extensively publicised or promoted. Read the submission [here](#).

APESB releases video clip on key revisions to APES 320

APESB recently released a video clip of APESB's Senior Technical Manager, Jon Reid, outlining the key revisions in the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services*. The video was released on LinkedIn and YouTube. Refer to [APESB's YouTube page](#) to view the clip.

APESB will release a video clip on adoption and SMP considerations for APES 320 in February 2023.

Recommendation

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

Materials Presented

Agenda Item 5 (a) Highlights of the IESBA December 2022 Board Meeting

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