

AGENDA PAPER

Item Number: 7

Date of Meeting: 31 May 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 an in-person attendance Board Meeting in Abu Dhabi, United Arab Emirates (UAE), from 13 to 17 March 2023. The meeting included the following key agenda items:

- Sustainability;
- Strategy and Work Plan 2024-2027;
- Use of Experts;
- The rollout of the revised Public Interest Entity (PIE) definition; and
- IAASB - IESBA Coordination.

At the meeting, the IESBA considered their sustainability project and the potential approaches to developing profession-agnostic standards, including whether ethics standards for sustainability reporting should be accessible for and applicable to non-accountants. At the June 2023 meeting, the Board will consider the feedback from global roundtables held and preliminary drafts of the proposed ethics and independence provisions for sustainability reporting and assurance.

The IESBA Board approved its Strategy & Work Plan 2024-2027 consultation paper (refer to further details in the updates section below).

The IESBA March 2023 Board Meeting highlights are at Agenda 7 (a).

The next quarterly IESBA Board meeting will be held in New York, United States of America (USA) on 12-16 June 2023.

The IESBA also held a virtual meeting on 10 February 2023 to discuss the rollout of the PIE revisions. The IESBA also received an update on a related IAASB project, which is considering whether to adopt the overarching objective set out in paragraph 400.8 of the IESBA PIE Revisions and adopting the definition of 'Publicly traded entity'. Further details on the meeting can be found on IESBA's [website](#).

Other IESBA updates

IESBA strengthens and clarifies independence requirements for group audits

On 28 February 2023, the IESBA released the final pronouncement [Revisions to the Code relating to the Definition of Engagement Team and Group Audits](#). The revisions to the IESBA Code align the definition of an engagement team in the Code to IAASB's International Standards on Auditing (ISAs) and International Standards on Quality Management (ISQMs) and strengthen and clarifies Independence in a group audit.

The pronouncement will be effective for audits of financial statements and group financial statements for the period beginning on or after 15 December 2023, with early adoption permitted.

Further details are available in the IESBA's [media release](#).

The IESBA held a global webinar on these revisions in April 2023, which can be watched [here](#). Further information can be found in IESBA's [media release](#).

IESBA staff releases Q&As on Definitions of Listed Entity and PIE

On 10 March 2023, the IESBA released a [questions and answers \(Q&As\) publication](#) on the [revisions to the definition of listed entity and public interest entity \(PIE\)](#) in *the International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code). The Q&A publication complements the [Basis for Conclusion](#) for the final pronouncements and was developed to explain the key PIE revisions in the Code to assist various stakeholders with implementing PIE revisions. Further details are available in the IESBA's [media release](#).

IESBA proposes Strategy and Work Plan for 2024-2027

The IESBA have released a Consultation Paper on its [Proposed Strategy and Work Plan, 2024-2027, Towards a More Sustainability Future: Advancing the Centrality of Ethics](#) and invites stakeholders to provide feedback by 7 July 2023.

The proposed strategy and work plan sets out IESBA's proposed key drivers and themes as well as potential new work streams for the period 2024 - 2027. Further details are available in the IESBA's [media release](#).

IESBA strengthens the IESBA Code for transformative effects of technology innovation

In April 2023, the IESBA released the [Final pronouncement: Technology-related revisions to the Code](#). The revisions provide professional accountants in business and public practice with guidance on ethical mindsets and conduct as they embrace and adapt to the opportunities created by technology.

The revisions to the IESBA Code will be effective for audits and reviews of financial statements for periods beginning on or after 15 December 2024, with early adoption permitted. Further details are available in the IESBA's [media release](#).

IESBA staff releases database of Public Interest Entity Definitions by Jurisdiction to Support Local Adoption and Implementation Efforts

The IESBA released a database of [Public Interest Entity \(PIE\) definitions by jurisdiction](#) on 27 April 2023. The database covers 78 jurisdictions and was released to assist other jurisdictions in developing their PIE definitions based on the IESBA's PIE definition. Further information can be found in IESBA's [media release](#).

International and Other Developments

International Audit and Assurance Board (IAASB)

IAASB Quarterly Meeting

The IAASB held its March Board meeting in person in New York, USA, from 20-24 March 2023.

At the meeting, the Board considered the comments and issues raised by respondents to the Exposure Draft (ED) *Proposed Narrow Scope Amendments to ISA 700 (Revised) and ISA 260 (Revised) as a result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirement for PIEs*. The IAASB are still considering whether to disclose the PIE independence measures in the audit report. This issue will be considered again at the June 2023 meeting.

Further consideration on adopting the publicly traded entity terms has been delayed until Q1 of 2024. Further details are available in the relevant [IAASB agenda paper](#).

International Federation of Accountants (IFAC)

IFAC begins search for next Chief Executive Officer

On 4 May 2023, IFAC announced that they are seeking an individual to become its next CEO. The successful candidate would join IFAC in late 2023 to facilitate an orderly transition from the current CEO Kevin Dancey. Mr Dancey has served as CEO since 2018 and announced in March his intention to step down at the end of 2023. Further details are available in the IFAC [media release](#).

IFAC names Helen Partridge as Chief Financial Officer

On 29 March 2023, Ms Helen Partridge has been appointed as the Chief Financial Officer of the International Federation of Accountants (IFAC), effective from 1 April 2023. Ms Partridge will lead the IFAC's finance team and financial activities. Prior to this role, Ms Partridge was responsible for overseeing IFAC's Accounting Education Platform. Further information can be found in the IFAC [media release](#).

International Foundation for Ethics and Audit (IFEA)

On 27 March 2023, the Board of Trustees of the IFEA celebrated the launch of the Foundation, which implements a key recommendation contemplated in the Monitoring Group's July 2020 Recommendations, Strengthening the International Audit and Ethics Standard-Setting System. The objective of establishing the Foundation is to move the IESBA and the IAASB to a new entity that is independent of IFAC.

Under the new structure, IESBA Chair Ms. Gabriela Figueiredo Dias and IAASB Chair Mr. Tom Seidenstein serve as Co-CEOs of the Foundation. The Public Interest Oversight Board (PIOB) continues its role as an independent oversight board, supporting the public interest responsiveness of the international standards and the effective delivery of the boards' strategies. In addition, Mr Robert Buchanan has been appointed as the Chair of the Board of Trustees for the Foundation. Further details on the establishment of the Foundation can be found in its [media release](#), and additional information on the governance structure of the Foundation can be found on its [website](#).

The Monitoring Group (MG)

Paul Munter appointed Chair of the Monitoring Group

On 18 April 2023, the MG announced the appointment of Mr Paul Munter as the new Chair of the Monitoring Group (MG). He previously was the Co-Chair of the MG with Mr Jean-Paul Servais (current Chair of the International Organisation of Securities Commissions (IOSCO) and Chair of Belgium's Financial Services and Markets Authority).

Mr Munter is the Chief Accountant of the US Securities and Exchange Commission (U.S SEC) and Chair of IOSCO's committee on Issuer Accounting, Audit and Disclosure. Further details can be found in the MG's [media release](#).

Public Interest Oversight Board (PIOB)

Change in PIOB Secretary General- Gonzalo Ramos Finalising his Term

The PIOB has announced the conclusion of Gonzalo Ramos' tenure as Secretary-General on 18 June 2023. Mr Martin Manuzi, the current Director of Nominations, will take on the role in an acting capacity until a permanent appointment is made by January 2024. Further information can be found in the PIOB's [media release](#).

PIOB Meetings Open to Public Observers

The PIOB Technical Committee meetings are now open to the public. At its last quarterly meeting on 3, 4 and 5 April 2023, the PIOB met with the chairs of the Standard-setting Boards and the Consultative Advisory Groups to discuss the progress of the current SSB projects. Recordings of the sessions are available at the following links: [IAASB](#) and [IESBA](#). Further information can be found in the PIOB [media release](#).

Financial Reporting Council (FRC UK)

Statement on the resignation of Sir Jon Thompson as CEO of the FRC

Sir Jon Thompson, Chief Executive of the FRC, will be stepping down as the CEO of the FRC effective immediately. During his six months notice period, he will serve as CEO of the FRC part-time. Sarah Rapson has been appointed as Deputy CEO on an interim basis to support Jon, the Board and Exco during this period. Further information can be found in the FRC UK [media release](#).

Australian Securities & Investments Commission (ASIC)

ASIC will allow SMSF auditors' competency standards class order to 'sunset'

ASIC has announced a proposal to let class order [CO12/168], which sets out competency standards for approved SMSF auditors, expire on 1 April 2023. However, s128F of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) also requires SMSF auditors to have knowledge of laws and comply with the auditing and assurance standards and independence requirements. Therefore, as ASIC disqualifies and suspends SMSF auditors for not complying with auditing and independence standards as required by s128F of the SIS Act, ASIC believes that the class order is no longer necessary or relevant to the legislative framework. Further information can be found in ASIC's [media release](#).

ASIC continues to act against SMSF auditors

Over the period of 1 October 2022 to 31 March 2023, ASIC acted against 11 self-managed superannuation fund (SMSF) auditors for breaches of their obligations. This included breaches of auditing and assurance standards, independence requirements, registration conditions, or because ASIC determined that the individual was not a fit and proper person to remain registered. As a result, seven auditors were disqualified, three had additional conditions imposed on them and one SMSF auditor's registration was cancelled.

Ten of the SMSF auditors were referred to ASIC by the Australian Tax Office (ATO), and one SMSF auditor failed to comply with conditions imposed by ASIC on their SMSF auditor registration. This action follows the cancellation of 374 SMSF auditors in January 2023. Further information can be found in ASIC's [media release](#).

Auditing and Assurance Standards Board (AUASB)

AUASB issues ASA 2023-1 Amendments to Australian Auditing Standards

The AUASB has approved when Performing ASA 2023-1 *Amendments to Australian Auditing Standards*, which amend 11 auditing standards. The amendments to the standards incorporate changes to ASA 102 *Compliance with Ethical Requirements Audits, Reviews and Other Assurance Engagements* arising from amendments made to APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* incorporating all amendments upto December 2022 (I,e, the NAS Amending Standard). The amendments are effective for financial reporting periods commencing on or after 1 January 2023. Further information can be found in AUASB's [media release](#).

Tax Practitioners Board (TPB)

Tax agent steals client money

In February 2023, the TPB found that a tax agent who was the principal at a Firm had breached the Code of Professional Conduct by misappropriating over \$350,000 of client funds and was no longer considered fit to remain registered. The Board Conduct Committee found that the agent had exhibited a high level of dishonesty and a significant lack of integrity and decided to terminate the agent's registration and impose a maximum 5-year ban from reapplying for registration to protect consumers. Further information can be found in TPB's [media release](#).

Former PwC partner banned for integrity breach

In February 2023, the TPB issued a media release on the deregistration of a former PwC tax partner and sanctions imposed on PwC concerning a breach of confidentiality. This item was included in [Agenda Item 5](#) of APESB's February 2023 Board Meeting.

After this media release, further information has come to light that is being reviewed as part of an inquiry being conducted by the Senate Finance and Public Administration Committees into the management and assurance of integrity of firms providing consulting services to the Australian Government.

Refer to Agenda Item 7 (b) for a selection of recent articles from the Australian Financial Review concerning the PwC matter and the related ethical lapses.

Chartered Accountants Australia and New Zealand (CA ANZ)

Update on Chartered Accountants ANZ Professional Conduct Review

On 2 May 2023, CA ANZ provided an update on its review of the CA ANZ Professional Conduct Framework. The Professional Conduct Framework Review Committee is working to submit the Final Report and Independent Review to the CA ANZ Board by 31 May 2023, with the report expected to be released publicly in June 2023. Further information can be found in CA ANZ's [media release](#).

Chartered Accountants Australia and New Zealand statement on the PwC matter

On 4 May 2023, CA ANZ issued a [media release](#) stating that the Professional Conduct Committee is already investigating the matter related to the Tax Practitioners Board order against PwC relating to managing conflicts of interest. Accordingly, the committee is closely monitoring the events surrounding the matter.

Accounting Firms

EY given more time to resolve issues from the exam cheating scandal

In April 2023, the Australian Financial Review (AFR) published an [article](#) stating that EY has been given more time to resolve the issues from exam cheating scandals that led to the accounting firm being fined US\$100 million in 2020. The Securities and Exchange Commission (SEC) had ordered an independent investigation into why EY's US leaders failed to disclose evidence from a whistleblower that employees were sharing answers on professional tests, including exams. EY was given until January to complete the investigation and implement any recommendations, but this deadline has been extended.

EY halts plan to split firm

On 12 April 2023, EY announced it will no longer pursue its plan to split the firm into separate auditing and consulting businesses, as the US executive committee has decided not to move forward with the project. Further information can be found in AFR's [article](#).

APESB Presentations, Submissions, and other activities

Recent APESB Presentations and Events

APESB have been involved in several presentations over the last three months, including:

- IESBA Global Sustainability Roundtables

On 30 March 2023, APESB hosted an IESBA Global Sustainability Roundtable to gather feedback from stakeholders to develop new ethics and independence standards for Sustainability and Experts projects.

Refer to Agenda Item 8 of this Board meeting for further details on the event.

- APESB & CPA Australia interactive panel event on global sustainability developments

On 30 March 2023, APESB and CPA Australia hosted an interactive panel event on Global developments in Ethics and Assurance for Sustainability in Sydney. Refer to Agenda Item 8 of this Board meeting for further details on the event.

- Telstra and Aust Post panel event: Implication of AI on the finance profession

On 27 April 2023, APESB CEO and IESBA Board Member Mr Channa Wijesinghe was a panellist at a CA ANZ-hosted discussion. The panel discussion covered the impact of AI on the finance profession and was presented primarily to professional accountants who work at Telstra and Australia Post nationwide.

- CA ANZ Professional Accounting in Business – IESBA Code Update webinar

On 28 April 2023, APESB CEO and IESBA Board Member Mr Channa Wijesinghe presented with IFAC Board Member Taryn Rulton and IESBA Director Geoff Kwan at a CAANZ webinar which provided an update on the IESBA Code of Ethics for Professional Accountants in Business. Nearly 1,200 professional accountants in business joined in to hear about how the Code applies to their daily ethical challenges on issues such as inducements, pressure, preparation, and presentation of information.

One of the polls taken during the session showed that over 50% of the attendees did not realise that there was a section in the Code specifically applied to Members in Business.

APESB Virtual Roundtable on Tax Planning and Related Services

On 19 April, APESB held a roundtable to seek stakeholder feedback on IESBA's Exposure Draft *Proposed Revisions to the Code Addressing Tax Planning and Related Services*. The stakeholders who attended the roundtables included standard setters, regulators, professional accounting bodies and accounting firms. The feedback gathered assisted APESB in preparing its submission to IESBA. The presentation from the roundtable is available on the [APESB website](#), and APESB's submission will be loaded onto the website in due course.

APESB submission on Treasury's Consultation Paper: Climate-related financial disclosures

In February 2023, APESB made a [submission](#) to the *Treasury's Climate-related Financial Disclosure-Consultation Paper December 2022*, which sought stakeholder views on key considerations for the design and implementation of standardised, internationally aligned climate-related disclosures in Australia.

APESB's submission highlights the importance of developing and maintaining a robust ethical framework to underpin Australia's climate-related reporting and assurance activities.

APESB submission to Senate Inquiry on management and assurance of integrity in the provision of consulting services

In April 2023, APESB made a submission to the Senate Inquiry into the management and assurance of integrity in the provision of consulting services. APESB's submission provides an overview of relevant APESB pronouncements applicable to professional accountants who provide consulting services. APESB's submission to this inquiry is available at Agenda Item 7(c)).

Recommendation

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

Materials Presented

Agenda Item 7 (a)	Highlights of the IESBA March 2023 Board Meeting
Agenda Item 7 (b)	AFR articles – PwC Tax Matter
Agenda Item 7 (c)	APESB's Submission to the Senate Inquiry

Authors: Jacinta Hanrahan
Rachael Tiong

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