

AGENDA PAPER

Item Number: 7

Date of Meeting: 4 March 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 30 November to 4 December & 8 to 9 December 2020. The meeting included the following key agenda items:

- Non-Assurance Services (NAS);
- Fees;
- Public Interest Entity (PIE) Project;
- Technology; and
- Engagement Team Group Audits.

The IESBA Board approved the revisions to the International Code for both the NAS and Fee-related provisions projects. The final standards for these two projects are expected to be released in April 2021 (after receiving PIOB approval). The proposed revisions will be effective for financial statement periods beginning on or after 15 December 2022. Refer to Agenda papers 10 and 11, respectively, for further information on the revisions for NAS and Fees.

The IESBA Board also approved an exposure draft related to proposed revisions to broaden the definition of Public Interest Entity (PIE) and revise the definition of 'listed entity' to 'publicly traded entity.' Subsequent to the Board Meeting, the IESBA released this exposure draft on 29 January 2021, with public comments due by 3 May 2021. Refer to the [IESBA website](#) for further details on this [exposure draft](#).

The highlights document for the November - December 2020 IESBA Board meeting is attached at agenda item 7(a).

The next IESBA Board Meeting will be held via a series of video conferences between 15 - 31 March 2021.

Other IESBA developments

Establishment of an Interim Nominating Committee to select the next IESBA Chair

On 4 February 2021, the Monitoring Group (MG), the International Federation of Accountants (IFAC) and the Public Interest Oversight Board (PIOB) announced the establishment of an Interim Nominating Committee to select the next Chair of the IESBA. The term of the current Chair of the IESBA, Dr Stavros Thomadakis, concludes at the end of 2021. Refer to the [media release](#) for further details.

Release of final revisions to the Code for Objectivity of Engagement Quality Reviewers (EQR)

In January 2021, the IESBA released the final pronouncement [Revisions to the Code Addressing the Objectivity of an Engagement Quality Review and Other Appropriate Reviewers](#). The revisions provide guidance that supports ISQM 2, issued by the IAASB, in addressing the eligibility of an individual to serve in an EQR role.

Refer to agenda item 9 for further information on the pronouncement issued by the IESBA.

Release of Role and Mindset Factsheet

In November 2020, the IESBA released a new Fact Sheet providing an overview of the recently released revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the International Code) to better promote the role and mindset expected of all professional accountants. The Fact Sheet can be found on the [IESBA website](#).

Release of report on the IESBA's achievements for 2016-2020

In December 2020, the IESBA released a report, [Ethics and Trust – Breaking New Ground](#) summarising the IESBA's accomplishments from June 1, 2016 to July 31, 2020. The report includes an update on the IESBA's current projects and initiatives and highlights the Board's extensive efforts in promoting awareness, adoption, and implementation of the International Code. Refer to the IESBA website for [further information](#).

Nominations for Board Members to Join the IESBA

In December 2020, the IESBA called for nominations to fill volunteer board positions on its Board, including at least one or more public members. The appointed board members will commence a three-year term from January 2022.

Nominations of highly qualified candidates from all regions are encouraged, with a particular emphasis from the Australia–Oceania, Africa–Middle East, and Latin America–Caribbean regions. Further information can be found [here](#).

IESBA NSS COVID Working Group

The IESBA NSS COVID Working Group was formed by the IESBA and comprises a range of National ethics Standard Setters (NSS) from Australia (APESB), Canada, China, South Africa, the UK, and the US. The group has worked with the IESBA to develop the following publications released in the last few months:

- [*Ethical and Auditing Implications arising from Government-Backed COVID 19 Business Support Schemes*](#) released in January 2021 jointly by the UK FRC staff and the IESBA. The publication provides guidance to professional accountants who are engaged in applying for and using COVID 19 related funding.
- [*Navigating the Heightened Risks of Fraud and Other Illicit Activities During the COVID-19 Pandemic, including Considerations for Auditing Financial Statements*](#). Released in December 2020 jointly by the Staff of the South African Independent Regulatory Board for Auditors (IRBA), the IESBA and the IAASB. The publication highlights the heightened risks of fraud arising from the disruptive and uncertain COVID-19 environment and the implications for professional accountants in business, including accountants in government, and professional accountants in public practice, including auditors.
- [*COVID-19 and Evolving Risks for Money Laundering, Terrorist Financing and Cybercrime*](#). The Staff of Chartered Professional Accountants of Canada (CPA Canada) and IESBA jointly released this staff alert. This document highlights the heightened risks of money laundering, terrorist financing and cybercrime in the COVID-19 environment. It describes the implications for both professional accountants in business and public practice.

International and Other Developments

International Audit and Assurance Standards Board (IAASB)

International Standards on Quality Management (ISQM 1 and 2)

In December 2020, the IAASB released its [*suite of International Standards on Quality Management*](#). The suite of standards consists of:

- International Standard on Quality Management (ISQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*;
- ISQM 2 *Engagement Quality Reviews*; and
- Revised ISA 220 *Quality Management for an Audit of Financial Statements*.

The standards become effective on December 15, 2022.

Further information on these standards and the impact on APESB pronouncements will be presented to the Board in Agenda item 5.

International Federation of Accountants (IFAC)

Appointment of IFAC President

In November 2020, IFAC announced the election of Mr Alan Johnson as its President. Mr. Johnson will serve a two-year term commencing from November 2020, Mr Johnson has been IFAC's Deputy President since November 2018. Refer to the [*media release*](#) for further information.

Reappointment of Kevin Dancey for a second term as IFAC CEO

In November 2020, IFAC announced Mr Kevin Dancey's reappointment as its CEO for a second term of 3 years commencing 1 June 2021. Refer to the [media release](#) for further information.

Monitoring Group

Appointment of Co-Chair of the Monitoring Group

In January 2021, The Monitoring Group announced Mr Jean-Paul Servais' appointment as Co-Chair of the Monitoring Group for a two-year term. Mr Servais is the vice-chair of the International Organisation of Securities Commissions (IOSCO) and Chairman of Belgium's Financial Services and Market Authority (FSMA). Mr Servais also Chairs the Monitoring Board of the IFRS Foundation on behalf of IOSCO. Further information on Mr Servais' appointment can be found [here](#).

International Organisation of Securities Commissions (IOSCO)

Secretary-General of IOSCO steps down.

The International Organization of Securities Commissions (IOSCO) has announced that Secretary General Paul Andrews will step down on 25 February 2021. Mr. Andrews joined IOSCO as Secretary General in March 2016. Until a successor is appointed, Mr. Andrews' deputy, Tajinder Singh, will be acting Secretary General from the end of February 2021. Further details are available in the [media release](#).

Association of Chartered Certified Accountants (ACCA) Global

In the January 2021 issue of their publication *Accounting and Business*, the ACCA interviewed the CEO of CA ANZ, Ms Ainslie Van Onselen. The article profiles her vision for the future of the profession, which prioritises Ethics as what differentiates the profession. Ms Van Onselen says, "We are only as good as our communities' trust in us - our future rests on that..." and 'CA ANZ lives and breathes its values. Its code of ethics underpins everything it does..."

The article can be found [here](#).

Institute of Chartered Accountants in England and Wales (ICAEW)

Money Laundering Educational Series

Together with IFAC, the ICAEW has developed a 6-part, monthly short series to help accountants enhance their understanding of how money laundering works, the risks they face and what they can do to mitigate these risks and make a positive contribution to the public interest. The first instalment was published in September 2020, with the latest release, the fourth instalment, released in January 2021. The series can be accessed [here](#).

Australian Accounting Standards Board (AASB)

AASB Research Report 15

In February 2021, the AASB published AASB Research Report 15 – *Review of Auditor Remuneration Disclosure Requirements*. The report examines the level and type of non-audit services provided by auditors to their audits client and potential perceived or actual conflicts of interest that may result. Such conflicts, in turn, create threats to independence. The report was developed to consider the Parliamentary Joint Committee on Corporations and Financial Services (PJC) recommendation to review disclosure requirements where audit firms provide non-assurance services to audit clients. The report can be found [here](#).

APESB Technical Staff provided significant input to this AASB publication and the principal authors have acknowledged this contribution.

AASB Board Member Movements

In November 2020, the FRC announced the appointment of Ms Carolyn Cordery as a member of the AASB. The External Reporting Board (XRB) recently announced the appointment of Carolyn as the new Chair of the New Zealand Accounting Standards Board (NZASB) from 1 February 2021.

Audit and Assurance Standards Board (AUASB)

Acting Chair of the AUASB

As a result of the resignation of Professor Roger Simnett AO as Chair of the AUASB in December 2020, the government has appointed Mr Bill Edge (the current FRC Chair) as Acting Chair of the AUASB for the period 1 January 2021 to 31 March 2021 while a longer-term replacement is sought. Refer to the [media release](#) on the FRC website.

Financial Reporting Council - Australia (FRC)

Acting Chair of the FRC

As noted above in the AUASB update, Mr Bill Edge will be the acting Chair of the AUASB from 1 January 2021 to 31 March 2021. During that time, Mr Lawrie Tremaine will become the Acting Chair of the FRC.

In addition, Dr Stein Helgeby, the current Deputy Chair of the FRC, will resign from the FRC once a replacement FRC member can be confirmed. Accordingly, Mr Tremaine has been appointed to be the ongoing Deputy Chair of the FRC from April 2021. Refer to the [media release](#) for further information.

Tax Practitioners Board (TPB)

TPB Reforms

In November 2020, the government announced a range of reforms to the Tax Agent Services Act 2009 (TASA) and the Tax Agent Services Regulations 2009 (TASR), which will further enhance the independence of the TPB, reduce red tape for tax practitioners, give greater community confidence, and set higher standards in the tax profession. Refer to the [media release](#) for further information on these reforms.

APESB submissions, presentations and other activities

Media statement on the release of the final report of the PJC Inquiry into the regulation of auditing in Australia

In November 2020, APESB released a media statement welcoming the Parliamentary Joint Committee (PJC) final report on Corporations and Financial Services Inquiry on the Regulation of Auditing in Australia. APESB acknowledged that the PJC recognised the recent release of the updated *Independence Guide— Fifth Edition, May 2020*, and *APES 110 Code prohibitions applicable to Auditors for all Audit and Review Engagements, August 2020*. Read the full media statement [here](#).

New guidance on Whistleblowing

In February 2021, APESB Technical staff published new guidance *Whistleblowing & Confidentiality – APESB Technical Staff Publication* on the application of professional standards when dealing with whistleblowing and related confidentiality concerns. The publication includes eight hypothetical scenarios that provide guidance on applying APESB pronouncements to situations that may lead to whistleblowing. Refer to the [technical alert](#) or the [publication](#) for further information.

Presentation at 2021 SMSF Conference

On 16 February 2021, APESB CEO, Mr Channa Wijesinghe, co-presented with Ms Kellie Grant, ATO Director of SMSF Auditors Portfolio, at the annual national conference of the SMSF Association. The presentation addressed the importance of independence for SMSF Auditors and provided an overview of how the provisions in the Code, including the conceptual framework, apply in SMSF situations. A copy of the presentation is available at agenda item 7 (b).

Recommendation

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

Materials Presented

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| Agenda Item 7 (a) | IESBA's December 2020 Meeting Highlights |
| Agenda Item 7 (b) | APESB and ATO presentation - National Conference of the SMSF Association |

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Date: 15 February 2021