

AGENDA PAPER

Item Number: 4

Date of Meeting: 26 November 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.

International Ethics Standards Board for Accountants (IESBA)

IESBA Board Meeting

The IESBA held a Board Meeting via a series of video conferences from 13 to 17 and 27 September 2021. The meeting included the following key agenda items:

- Definitions of Listed Entity & PIE;
- Non-Assurance Services and Fees Rollout;
- Benchmarking;
- Emerging Issues and Outreach Committee (EIOC);
- Technology fact-finding and Thought Leadership;
- Technology Project;
- eIS/eCode 2.0 (new digital platform for the International Standards);
- Tax Planning and Related Services;
- Long Association Post-Implementation Review (Phase 1); and
- Engagement Team-Group Audits Independence.

The IESBA Board considered the comments raised by respondents to the Exposure Draft, *Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code* and a first-read draft of the Task Force's post-ED proposals. The IESBA will consider a revised draft of the provision with a view to approving the final pronouncement in December 2021.

In preparation for developing its 2024-2028 Strategy and Work Plan survey, the IESBA Board considered a presentation on Environmental, Social and Governance (ESG) and Ethics.

The IESBA Board also received updates across its current projects, which are summarised in the highlights of the IESBA September 2021 Board Meeting set out at Agenda 4(a).

The next IESBA Board Meeting will be held via a series of video conferences between 30 November and 16 December 2021.

Other IESBA updates

Gabriela Figueiredo Dias to lead the IESBA

On 6 October 2021, the IESBA announced Ms. Gabriela Figueiredo Dias will become the first Chairwoman of the IESBA from January 1, 2022. Ms. Figueiredo Dias has extensive experience in international standard-setting, legal and regulatory structure and governance, and academia and is currently the President of the CMVM (Portuguese Securities Market Commission). Ms Figueiredo Dias will succeed Dr. Stavros Thomadakis, who has led the IESBA since 2015.

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

IESBA National Standard Setters (NSS)

IESBA NSS Meeting (October 2021)

The IESBA held a series of online NSS Meetings in late October 2021.

The first meeting was held on 26 October 2021 and focused on the current IESBA's progress projects relating to Technology and Benchmarking. IESBA is expected to release the phase 1 report of the Benchmarking project after the December 2021 IESBA Board Meeting. Refer to Agenda Item 10 for further information on the Technology project.

The next IESBA NSS meeting was held on 27 October 2021. The IESBA provided an update on its new project on Tax Planning and Related Services, which will address the ethical implications for professional accountants in business and in public practice when they provide tax planning and related services. An update was also provided on the progress on Phase 1 of the Long Association Post-Implementation Review.

On 28 October 2021, a joint meeting of the IESBA & IAASB NSS was held, and NSS attendees provided an update on jurisdictional developments relating to non-financial information. The attendees also received a presentation on the IESBA's and IAASB's projects on the Definitions of Listed Entity and Public Interest Entity in the Code. The meeting considered the preliminary draft of the revised standard, which will be presented to the IESBA Board for consideration at their December 2021 Meeting.

International and Other Developments

International Federation of Accountants (IFAC)

Board Appointments for 2022

On 10 November 2021, IFAC announced new and re-appointed IFAC Board members and their nominating member organizations for 2022, as set out below:

New appointments:

- Gregory Anton (Association of International Certified Professional Accountants, USA)
- Tashia Batstone (Chartered Professional Accountants of Canada, Canada)
- Jeanine Poggiolini (South African Institute of Chartered Accountants, South Africa)

Reappointments:

- Lisa Padmore (Institute of Chartered Accountants of Barbados, Barbados)
- Margret Pétursdóttir (Nordic Federation of Public Accountants, Iceland)
- Dr. Jianhua Tang (Chinese Institute of Certified Public Accountants, China)
- Ayşe Ariak Tunaboğlu (Union of Chambers of Certified Public Accountants of Turkey / Expert Accountants' Association of Turkey, Turkey)

Further information is available in the [media release](#) on the IFAC website.

Release of New Digital Platform to access International Standards

On 4 November 2021, IFAC unveiled a new [online resource](#) providing unprecedented access to the international standards that support and distinguish the accountancy profession. eIS, short for e-International Standards, provides direct access to the standards developed by the [International Audit and Assurance Standards Board \(IAASB\)](#), the [International Ethics Standards Board for Accountants \(IESBA\)](#), and the [International Public Sector Accounting Standards Board \(IPSASB\)](#), alongside key support, reference, and guidance materials, available to contextualize the language and provide enhanced transparency. Further information can be found on the [media release](#) on the IFAC website.

International Audit and Assurance Standards Board (IAASB)

IAASB Quarterly Meeting

The latest IAASB quarterly meeting was held via video conference during 13-17 September 2021. The ISA 600 Task Force provided an update on the proposed revisions to ISA 600 (Revised), *Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors)*. The standard focuses on group audits, those that involve component auditors. The ISA 600 taskforce has coordinated with the IESBA and ISQM1 and ISQM2 taskforce to ensure alignment with the quality management standards and the IESBA Code. The outcomes of this IAASB project may impact the definitions of the Engagement Team and Review Team in the Code.

Further details can be found in the [IAASB September meeting highlights](#).

First-time implementation guide for ISQM 1 updated and reissued

The IAASB has released an updated version of the [First-time Implementation guide for 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](#). Amendments were required to address stakeholders' requests for more context and clarification on evaluating the system of quality management.

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

IAASB Announces New Board Member Appointments for 2022

On 1 November 2021, the IAASB announced the following new appointments and reappointments to the Board, which take effect from 1 January 2022:

New Members

- Mr. William Edge, Chair, Australian Auditing and Assurance Standards Board
- Dr Warrant Maroun, Professor, School of Accountancy, University of the Witwatersrand, South Africa

Re-appointed Members

- Mr Kai Morten Hagen, Technical Director at Den norske Revisorforening (Norwegian Institute of Public Accountants)
- Ms. Sachiko Kai, Technical Director, Japanese Institute of Certified Public Accountants
- Mr Eric Turner, Former Director, Canadian Auditing and Assurance Standards Board

The IAASB also announced the reappointment of Mr. Len Jui as its deputy chair for 2022.

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

Financial Reporting Council UK (FRC UK)

FRC makes a formal complaint against KPMG in relation to Carillion and Regeneris audit quality inspections

On 1 September 2021, the FRC delivered a disciplinary Formal Complaint, under the Accountancy Scheme, against KPMG LLP, a former KPMG partner and certain current and former KPMG employees for providing false and misleading information to the FRC by KPMG for the audit of Carillion plc for the period ended 31 December 2015 and the audit of Regeneris plc for the period ended 30 June 2014. This hearing is scheduled to commence on 10 January 2022. Further details are available in the [media release](#) on the FRC's website.

Public Company Accounting Oversight Board (PCAOB)

Disciplinary Proceedings against KPMG Australia for misconduct

The PCAOB (the US audit regulator) fined KPMG Australia on 13 September 2021 for widespread cheating (improper answer sharing) on audit and ethics exams. More than 1,100 firm personnel and partners were involved in answer sharing to help colleagues to pass the test.

The PCAOB ruling says:

“From at least 2016 until early 2020, KPMG Australia violated PCAOB rules and quality control standards related to integrity and personnel management by failing to establish appropriate policies and procedures for administering and monitoring training tests, including tests designed to help the Firm’s audit professionals satisfy the requirements for maintaining their accounting licenses”.

The misconduct was voluntarily self-reported to PCAOB by KPMG Australia and they have been cooperative throughout the investigation process. [KPMG’s U.S offices](#) were charged with a similar offense and other matters in 2019 and were fined US\$ 50 million by the Securities and Exchange Commission (SEC).

The following sanctions have been imposed upon KPMG Australia:

- censuring the firm;
- imposing a \$450,000 civil money penalty on the firm; and
- requiring the firm to undertake certain remedial actions such as reviewing and revising relevant policies and procedures and improving their monitoring processes.

[Local media](#) are reporting that this type of misconduct (e.g. cheating) is a clear breach of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* which may result in disciplinary proceedings, with outcomes ranging from cautions, suspensions, and expulsions.

Further details can be found in the [PCAOB Order](#) on the PCAOB website.

ICAEW

ICAEW Regulatory Board appoints new Chair

On 11 October 2021, the ICAEW Regulatory Board (IRB) announced the appointment of Jenny Watson CBE as its new lay chair. Jenny will join the IRB on 1 November and replaces Michael Caplan QC, who has held the role since the IRB was created in 2015. Further details can be found in the [media release](#) on the ICAEW website.

ACCA

Create, protect and sustain value- the role of accountants as trusted professionals at the heart of sustainable organisations

ACCA is building on its global research programme with the launch of the new report, *Professional accountants at the heart of sustainable organisations*. The report also outlines the core competencies needed in assessing the outlook to 2030, reflecting the skills, knowledge and behaviours required for an ACCA-qualified accountant to meet the future needs and demands of the profession. Further details can be found in the [media release](#) on the ACCA website and in Agenda item 5.

Financial Reporting Council (FRC)

FRC appoints board members to the AASB and AUASB

On 11 October 2021, the FRC announced the following member appointments to the Boards of the AASB and the AUASB.

AASB

Appointment commencing 2022	Reappointment for 2022	Outgoing member
Sean Osborn, <i>Director, Accounting Policy & Legislation, NSW Treasury</i>	James Grant, <i>Group Financial Controller, Westpac</i>	Peter Gibson, <i>Assistant Secretary, Commonwealth Department of Finance</i>
	Paul Rogers, <i>Partner, KPMG</i>	

AUASB

Appointment commencing 2022	Reappointment for 2022	Outgoing member
Tracey Barker, <i>Partner, KPMG</i>	Klynton Hankin, <i>Partner, PwC Australia</i>	Jo Cain, <i>Executive Director, Materiality Counts</i>
Joanne Lonergan, <i>Partner, Ernst & Young</i>		Rodney Piltz, <i>Partner, Ernst Young</i>
		Carolyn Ralph, <i>Partner, KPMG</i>

These AASB and AUASB Board appointments and reappointments are part-time, commencing 1 January 2022 for three years. Further details can be found in the [media release](#) on the FRC website.

ASIC

Halifax auditor's registration cancelled

The Company Auditors Disciplinary Board (CADB) has cancelled the company auditor registration of former Halifax Investment Services Pty Ltd auditor Robert James Evett. It was found Mr Evett had failed to adequately perform the duties and functions required of him, especially the significant responsibilities of Engagement Partner, Lead Auditor and the Lead Assurance Practitioner. Further details can be found in the [media release](#) on the ASIC website.

ASIC calls Australian CEOs to review whistleblower policies

ASIC has written to CEOs of public companies, large proprietary companies and trustees of registrable superannuation entities (RSEs), urging them to review their whistleblower policies. This action was in response to a review conducted by ASIC of a select sample of whistleblower policies where most of those policies did not fully address the relevant requirements in the law. Further details can be found in the [media release](#) on ASIC's website.

Reforms to financial advisor's disciplinary body

On 21 October 2022, the Better Advice Bill was passed in Parliament. The Bill will see the Financial Services and Credit Panel within ASIC become the single disciplinary body for financial advisers from 1 January 2022. The legislation will remove the Tax Practitioner Board (TPB) as an advice regulator, and FASEA will be wound up, and its responsibilities will be given to Treasury and ASIC. Further details can be found on the [IFA](#) website

Tax practitioner Board (TPB)

TPB releases new guidance on the supervisory arrangement

TPB released finalised guidance on the supervisory arrangement requirements under the *Tax Agent Services Act 2009 (TASA)* [TPB\(I\) 36/2021 Supervisory arrangements under the Tax Agent Services Act 2009](#). To ensure the tax services are performed competently, the guidance provides a range of recommendations and requirements to assist tax practitioners in ensuring adequate supervisory arrangements in place. Further details can be found in the [media release](#) on the TPB website.

Auditing and Assurance Standards Board (AUASB)

New Five-Minute Guides to the new and revised AUASB Quality Management Standards

The AUASB has launched '[Your Five-Minute Guide to](#)' videos to assist Australian practitioners and stakeholders to understand the implications of the changes for the new and revised AUASB Quality Management Standards at both the firm and the engagement level. Further details can be found in the [media release](#) on the AUASB website.

Chartered Accountants Australia and New Zealand (CA ANZ)

Global Ethics Day and its importance to Chartered Accountants

CA ANZ held a Global Ethics Day event on 20 October 2021 on the importance of ethics to Chartered Accountants. APESB CEO, Channa Wijesinghe, was one of the panellists that discussed ethics and values and how they evolve or are maintained in a rapidly changing business climate. Further details can be found in the [media release](#) on the CA ANZ website, the [presentation](#) made by the APESB CEO or on [LinkedIn](#).

CPA Australia

Appointment of Directors to the CPA Australia Board

On 28 September 2021, CPA Australia announced the appointment of three new directors to the board and one re-appointed director.

- Professor Yew Kee Ho FCPA (Aust.), FCA (Singapore), CFA (USA), Associate Provost (SkillsFuture), Cluster Director, Design and Specialised Businesses and Professor of Accounting at Singapore Institute of Technology.
- Warren McRae FCPA, a senior executive with experience in risk, governance, digital and technology innovation and organisational transformation for a major multi-national financial services organisation.
- Bernard Che-Wai Poon FCPA (Aust.), a Partner at Ernst & Young (EY) specialising in valuations and financial modelling with extensive experience in the valuation of

businesses, shares and intangible assets for transaction analysis, business strategy, taxation, financial reporting and acting as an expert witness.

- Professor Dale Pinto FCPA, Director at CPA Australia since 2018 and Deputy President since October 2020, Chair of the Academic Board at Curtin University, Professor of Taxation Law in the Curtin Law School.

Ms Merran Kelsall was re-elected as President and Chairman, and Professor Dale Pinto FCPA and Rosemary Sinclair AM FCPA were elected as Deputy Presidents.

Further details can be found in the [media release](#) on CPA Australia's website.

Financial Services Council (FSC)

Ms Sally Loane to step down as CEO of the Financial Services Council

The FSC Chief Executive Officer Ms Sally Loane has announced that she will leave at the end of the year. Further details can be found in the [media release](#) on the FSC website.

New Board appointment

The FSC welcomed Mr Nick Fels, Chief Executive Officer of Bell Asset Management Ltd, as a Director to the FSC Board. Mr Fels has more than 30 years of experience in the industry and has significant knowledge in Australian and North American funds management. Further details can be found in the [media release](#) on the FSC website.

APESB submissions, presentations and other activities

CPA Australia presentation – 10 questions for the APESB

On 29 September 2021, CPA Australia held a webinar for their members on 10 questions for the APESB. APESB Board Director Mr Craig Farrow and APESB CEO Mr Channa Wijesinghe responded to the questions posed by CPA Australia, which covered APESB's operations and strategic plan, and APESB projects on Technology, Quality Management, Fees and Non-assurance Services.

Submission to IESBA Exposure Draft on Quality Management Conforming Amendments

In October 2021, APESB made a submission to the IESBA on an exposure draft proposing conforming amendments to the IESBA Code arising from the finalisation of the IAASB's Quality Management Standards. APESB supports the proposed amendments but did recommend that the IESBA consider additional conforming amendments in the Long Association sections of the Code to improve alignment with ISQM 1 and 2. Read the [submission](#) on the APESB website

Webinar on the proposed reissue of APES 320

On 8 November 2021, APESB held a webinar on the proposed reissue of APES 320 *Quality Control for Firms* (APES 320) as a specific quality management standard for non-assurance services. The proposals revise APES 320 to ensure it aligns with the components of ASQM 1 and removes all assurance-based requirements and terminologies.

The webinar, led by APESB CEO Mr Channa Wijesinghe and Senior Technical Manager, Mr Jon Reid, covered the background and impact of the proposed revisions and new quality

management standards, consideration for small to medium practices and the interaction between APES 320 and APES 325 *Risk management for Firms*.

The [presentation](#) from the webinar is available on the APESB website and follow this link to the [Webinar recording](#) (access passcode: 4=hXC0u6).

APESB survey on Non-Assurance Services (NAS)

In late October 2021, APESB released a [survey](#) to obtain feedback on whether the provision of NAS impacts the perception of an auditor's independence. The survey questions are included in Agenda Item 4(b) for the Board's information.

At the time of writing this report, the response rate to the survey was low (32 responses). As such, Technical Staff are planning to extend the collection date for the survey to 17 December 2021 and will investigate further avenues to promote the survey more broadly.

Recommendation

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

Materials Presented

Agenda Item 4 (a)	Highlights of the IESBA September 2021 Board Meeting
Agenda Item 4 (b)	APESB NAS Survey – Introduction and Questions

Authors:	Jacinta Hanrahan Rachael Tiong
-----------------	-----------------------------------

Date:	12 November 2021
--------------	------------------