

IESBA Meeting Highlights and Decisions

September 2021

Contact: Ken Siong, IESBA Senior Technical Director (KenSiong@ethicsboard.org)

This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

In response to the [COVID-19 pandemic](#), the IESBA's September 2021 meeting, which was scheduled to be held in person in New York, USA, was changed to a virtual one. An audio recording of the September 2021 meeting is available on the IESBA [website](#).

Definitions of Listed Entity & PIE

The IESBA considered the significant comments raised by respondents to the Exposure Draft (ED), [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. Among other matters, the IESBA considered the Task Force's responses to stakeholders' comments on the overarching objective for PIE requirements in the Code; the approach to developing the revised PIE definition; the proposed replacement of the term "listed entity" with "publicly traded entity" in the Code; the proposed categories in the PIE definition; the role of national standard setters and other relevant local bodies with respect to refining the PIE definition; the role of firms; and, in cases where PIE independence requirements have been applied, public disclosure of that fact.

The IESBA will consider a revised draft of the provisions with a view to approving the final pronouncement in December 2021.

Non-Assurance Services and Fees Rollout

The IESBA received an update from the Non-Assurance Services (NAS) and Fees Rollout Working Group and the senior staff of IFAC Communications on Q3 activities to promote awareness, adoption and implementation of the revised NAS and fee-related provisions following the release of the final pronouncements in April 2021. In particular, the IESBA was briefed on the two global webinars held in June, and the status of two sets of IESBA Staff-prepared FAQs which are expected to be finalized and released in Q4 2021. The IESBA was also briefed on other NAS and Fees regional and national webinars and other outreach events held in Q3 2021, as well as those being planned for Q4 2021 and beyond.

Benchmarking

The IESBA considered and provided input on a working draft report of the Benchmarking Working Group's Phase 1 work which involves comparing the International Independence Standards (IIS) against the independence rules of the US Securities and Exchange Commission (SEC) and independence standards of the US Public Company Accounting Oversight Board (PCAOB). In particular, the IESBA

discussed the proposed structure of the report, the level of granularity of the information to be presented in the report, and the proposed next steps and timeline relating to finalization.

The IESBA will receive the final report and a related executive summary at its December 2021 meeting.

Emerging Issues and Outreach Committee (EIOC)

In preparation for developing its 2024-2028 Strategy and Work Plan, the IESBA received a presentation from the EIOC on developments relating to reporting on Environmental, Social and Governance (ESG) information. Among other matters, the IESBA considered the accountancy profession's role in relation to reporting of, and assurance on, ESG information, including potential ethics and independence issues that might arise.

The IESBA also received a presentation from representatives of IFAC's Public Policy and Regulation Department on the key findings of a global benchmarking study documenting the extent to which companies are reporting on sustainability disclosures and how far assurance is being provided on that information. The study's report, [State of Play on Sustainability Assurance](#), was jointly issued by IFAC and the Association of International Certified Professional Accountants (AICPA-CIMA) in June 2021.

The IESBA will receive its next EIOC update in March 2022.

Technology Fact Finding and Thought Leadership

The IESBA received an update from its Technology Working Group on the Working Group's collaborative efforts with other organizations and other activities in Q3 2021 to progress its fact finding in a number of technology areas and the development of technology-related thought leadership and other material. The IESBA considered the Working Group's proposal to establish an external advisory group comprising individuals with expertise and practical experience in technology to support and provide input to the Working Group.

The IESBA also received an external presentation on [Cybersecurity and the Accounting Profession: A Discussion of Ethical Implications](#).

The IESBA will receive a further update from the IESBA Technology Working Group at its December 2021 meeting.

Technology Project

The IESBA considered a first-read draft of the Task Force's proposed technology-related revisions to the Code, including the IIS. Among other matters, the IESBA deliberated how best to reflect technology-related considerations in the fundamental principles (e.g., professional competence and due care and confidentiality); how to highlight complexity as a factor when applying the conceptual framework; factors that might mitigate the risk of over-reliance on technology; guidance to remind firms that the NAS provisions apply whether a NAS is performed by an individual or technology; when the use of technology in providing a NAS to an audit client might increase the risk of assuming management responsibility; and a proposal to prohibit firms from providing hosting services to audit clients.

The IESBA will consider the Task Force's revised proposals with a view to approving an exposure draft in December 2021.

eIS / eCode 2.0

The IESBA received an update on IFAC's electronic standards initiative, including a demo of the new digital platform for the International Standards issued by the IESBA, International Auditing and Assurance Standards Board (IAASB) and International Public Sector Accounting Standards Board (IPASAB). The platform includes the next version of the eCode (i.e, eCode 2.0). The IESBA noted the next steps, including IFAC's plans to update the platform to incorporate the input from IESBA representatives who participated in beta testing. The new platform is scheduled to be launched in Q4 2021.

Tax Planning & Related Services

The IESBA received the Tax Planning Working Group's [final report](#) and recommendations. The IESBA also approved the Working Group's project proposal to develop revisions to the Code addressing the ethical implications for professional accountants in business (PAIBs) and professional accountants in public practice (PAPPs) when they provide tax planning and related services to employing organizations and clients, respectively.

As part of the new project, the IESBA will seek to develop a principles-based framework to guide PAs' conduct in their tax planning activities; explore suitable terminology that would facilitate the development and understanding and use of the framework; and assess in due course the need for non-authoritative material and collaboration with IFAC and others to supplement the relevant provisions in the Code.

The IESBA will receive an update from the new Task Force at its December 2021 meeting.

Long Association Post-Implementation Review (Phase 1)

The IESBA discussed the key issues and comments raised by respondents to the [questionnaire](#) circulated as part of the Working Group's information gathering under Phase 1 of the Long Association Post-Implementation Review and the Working Group's related responses. Among other matters, the IESBA considered respondents' various suggestions, including to: extend the jurisdictional provision; convert the jurisdictional provision to a permanent requirement; consider adding a size exemption to paragraph R540.5 based on size, similar to the one that exists in paragraph R540.9; and consider the implications of jurisdictions not moving to 5-year cooling off period.

The IESBA will consider the Working Group's final report and recommendations in December 2021.

Engagement Team–Group Audits Independence

The IESBA received an update from the Engagement Team – Group Audits Independence (ET-GA) Task Force on its coordination activities with the IAASB's ISA 600 Task Force during Q3 2021. Among other matters, the IESBA considered and provided input on the first-read draft of the proposed changes to the IIS to address independence considerations in a group audit. The IESBA also received an update on the Task Force's consideration of potential quality management-related amendments to the Code arising from the finalization of the IAASB's Quality Management Standards.

The IESBA will consider a revised draft of the Task Force's proposals with a view to approving an exposure draft in December 2021.

Next Meeting

The IESBA's next meeting will be held on November 30-December 3, 8 & 16, 2021.