

AGENDA PAPER

Item Number: 4
Date of Meeting: 10 March 2022
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 (including sustainability and ESG reporting); and
- APESB submissions, presentations and other activities.

International Ethics Standards Board for Accountants (IESBA)

IESBA Board Meeting

The IESBA held a hybrid Board Meeting, with attendance either online or in-person, from 30 November to 3 December, 8 and 16 December 2021. The meeting included the following key agenda items:

- Definitions of Listed Entity & Public Interest Entity (PIE);
- Quality Management-related Conforming Amendments;
- Engagement Team-Group Audits Independence;
- Technology;
- Tax Planning and Related Services;
- Benchmarking;
- Long Association Post-Implementation Review (LAPIR) (Phase 1); and
- Strategy & Workplan (Update and Preliminary Considerations).

The IESBA Board approved the following pronouncements, which are expected to be released in April 2022 after the Public Interest Oversight Board (PIOB) approval:

- Revisions to the definitions of "listed entity" and "public interest entity" (PIE) in the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code) - effective for audits of financial statements for periods beginning on or after 15 December 2024.
- Conforming amendments to the IESBA Code arising from the finalisation of the IAASB's Quality Management Standards - effective as of 15 December 2022.

The IESBA Board also approved for release exposure drafts proposing revisions to the IESBA Code for:

- Technology (released in February 2022, see below); and
- The definition of the engagement team and independence matters for group audit (yet to be released at the time of writing this report).

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

The next IESBA Board Meeting will be held on 14-16 March 2022 as a hybrid meeting.

Other IESBA updates

IESBA Staff releases FAQs on revised fee-related provisions of IESBA Code

The staff of the IESBA released on 31 January 2022 a set of [frequently asked questions \(FAQs\)](#) on the recently revised fee-related provisions of [the IESBA Code](#).

The FAQs complement the Basis of Conclusions for the final standard and assist users as they adopt and/or implement the revised provisions. Further details can be found in IESBA's [media release](#).

Nominations open for IESBA board member positions

A global search has begun for highly qualified individuals to fill four volunteer openings on the IESBA for an initial term of service up to 3 years, commencing January 1, 2023. The application period is open until March 30, 2022. Further details can be found in the IESBA's [media release](#).

IESBA takes firm action to respond to transformative effects of technology

On 18 February 2022, the IESBA released the Exposure Draft [Proposed Technology-related Revisions to the Code](#), which seeks to enhance the IESBA Code's robustness and expand its relevance in an environment being reshaped by rapid technological advancements. The proposed amendments will guide the ethical mindset and behaviour of professional accountants in business and in public practice as they deal with changes brought by technology in their work processes and the content of the services they provide. Comments can be made on the proposals up until **20 June 2022**. Further details can be found in the IESBA's [media release](#).

International and Other Developments

International Audit and Assurance Board (IAASB)

IAASB Quarterly Meeting

The IAASB hosted its December Board meeting in a hybrid format. Some participants joined the meeting in person in New York, USA, and others virtually by videoconference over the period of 6-9 December, followed by entirely virtual sessions on 13 and 14 December 2021.

The IAASB unanimously approved the IAASB's work plan 2022-2023 (Work Plan). The Work Plan also describes actions concerning sustainability and environmental social and governance (ESG) reporting regarding new projects.

Further details can be found in the [IAASB December 2021 highlights](#).

The IAASB's response to the demand for assurance engagements on sustainability and ESG reporting

There has been an increased demand for assurance engagements on sustainability/ESG reporting that enhance the degree of confidence for the users. The IAASB have existing standards that assist professional accountants, including [ISAE 3000 \(Revised\) Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#), and [ISAE 3410 Assurance engagements on Greenhouse Gas Statements](#). In addition, in April 2021, IAASB published guidance to help assurance professionals to apply the umbrella standard to sustainability and other non-financial (or extended external reporting) assurance engagements.

The IAASB will dedicate capacity and resources in its [2022-2023 work plan](#) to do more work to enhance the assurance of sustainability/ESG reporting. Further details can be found in IAASB's [media release](#).

Nominations open for IAASB board member positions

The Public Interest Oversight Board's (PIOB) newly formed Standard-Setting Boards' Nominations Committee has issued the [Invitation for Application](#) for Board positions on the IAASB. The application period will be open until March 30, 2022. Further details can be found in the IAASB's [media release](#).

International Federation of Accountants (IFAC)

IFAC Publication Highlights Opportunities in Sustainability Information for Small Businesses and Their Advisers

In November 2021, IFAC released a publication, "[Sustainability Information for Small Businesses: The Opportunity for Practitioners](#)," exploring the diverse benefits of embracing sustainability information. The report examines the importance of readily available, relevant, and reliable sustainability information for achieving better-informed decisions, enhanced strategic and risk management, and more thorough and valuable reporting to external

stakeholders. It also highlights a range of emerging services practitioners can provide to their clients, including advisory services, reporting, agreed-upon procedures (AUP) engagements, and assurance services. Further details can be found in the IFAC [media release](#).

Public Interest Oversight Board (PIOB)

The PIOB Establishes the Standard Setting Boards' Nominations Committee

In November 2021, the Public Interest Oversight Board (PIOB) announced the establishment and approval of the members of the new Committee to manage the selection process for members of the IAASB and IESBA, collectively referred to as the SSBs. See the [SSB Nominations Committee Composition](#). Further details can be found in the PIOB [media release](#).

The MG released a [media release](#) supporting the establishment of the nomination committee, noting that the PIOB is implementing an MG recommendation.

International Sustainability Standards Board (ISSB)

Since the establishment of the ISSB by the IFRS Foundation Trustees in early November 2021, there has been a focus on establishing the body's leadership. To date, the following roles have been announced:

- [Emmanuel Faber](#) as ISSB Chair;
- [Sue Lloyd](#) as Vice-Chair;
- [Janine Guillot](#) as Special Advisor to the ISSB Chair; and
- Special Advisor from the Asia-Oceania regions (name to be announced).

The Trustees are seeking applicants for the remaining 12 Board members. There is currently no specified deadline for applicants, with recruitment currently underway and hopefully finalised by Q2 of 2022. Full role specifications and details on how to apply are [available here](#).

The initial prototypes suggested by the IFRS Trustees on the announcement of the new ISSB have been considered by national standard-setters and other stakeholders. Refer to the AASB section below for an update on the Australian national standard-setter's views. In addition, other responses have been made by the [FRC UK](#) and [IOSCO](#).

Financial Reporting Council (FRC)

Disciplinary Tribunal Hearing against KPMG and others

In January 2022, the FRC UK commenced a hearing of the formal complaint against KPMG and certain current and former KPMG employees. The complaint is concerning the provision of allegedly false and misleading information and/or documents to the FRC in connection with the FRC's Audit Quality Reviews of the audit of the financial statements of:

- Carillion PLC for the period ended 31 December 2016; and
- Regeneris PLC for the period ended 30 June 2014.

A settlement arrangement was reached in relation to the Regeneris 2014 audit. Further details are available in the media releases for the [hearing](#) and the [settlement](#).

Jan du Plessis was named as Business Secretary's candidate for FRC Chair

On 21 December 2021, the UK government announced that Jan du Plessis is the preferred candidate to become the new Chair of the Financial Reporting Council (FRC), promoting business transparency and integrity. If formally appointed, Mr Du Plessis will serve a 4-year term in the role. Further details can be found in the FRC [media release](#).

The Monitoring Group (MG)

MG nominees to the Public Interest Oversight Board

In December 2021, the Monitoring Group announced the nomination of Ms. Tshegofatso (Tshego) Modise and Mr. Dave Sullivan to the PIOB for three-year terms commencing on 1 January 2022. Ms. Modise currently serves as Head of Risk and Assurance at a global mining group company. Mr. Sullivan is a retired senior partner and former Global Audit & Assurance Quality Leader of an international audit firm. Further details can be found in the Monitoring Group [media release](#).

Globally consistent reporting for sustainability-related information: Australian perspectives

In December 2021, the AASB and AUASB (the Boards) published a [joint staff article](#) that provides an Australian perspective on recent global sustainability-related developments and AASB and AUASB's proposed approach and intention to establish reporting requirements for sustainability-related information that align with international developments. The Boards will continue to engage with a broad range of shareholders and maintain close links with the ISSB during the development of the ISSB framework and standards to ensure Australia's interests are appropriately represented.

Further details can be found in the AASB and AUASB [media release](#).

Australian Accounting Standards Board (AASB)

AASB project on sustainability standards

At their February 2022 Board Meeting, the AASB had a preliminary project discussion on sustainability reporting. The key decisions made by the AASB were:

- to formally add the Sustainability Reporting project to its work program;
- that the focus of the draft project plan should be on developing a separate suite of standards to address sustainability reporting alongside existing AASB Standards;
- that in developing a draft project plan:

- (i) the work of the International Sustainability Standards Board (ISSB) is used as a foundation with modification for Australian matters and requirements; and
- (ii) that it be clarified that international alignment be considered a priority;
- not to limit the scope of the project to specific entities in the for-profit sector (such as ASX-listed entities);
- to focus initially on sustainability reporting for the for-profit sector and consider the not-for-profit sectors at a later stage; and
- to apply its existing Due Process Framework for Setting Standards in the commencement of its work on the Sustainability Reporting project.

The Extended External Advisory Panel of the AASB and AUASB provides input to the AASB on this project. Since December 2021, APESB CEO has attended Panel meetings as an observer.

Chartered Accountants Australia New Zealand (CA ANZ)

New playbook unlocks big sustainability actions for small business

In November 2021, the ACCA and CA ANZ launched a playbook to assist accountants and their SME clients in achieving sustainability goals. The book considers how businesses can create a more sustainable world by :

- Reshaping business models and reimagining the future.
- Acting with urgency on climate change in particular.
- Considering sustainability in business operations and every decision made.
- Adopting sustainability goals.
- Bringing integrity to the process.

CA ANZ urges its members to engage with sustainability professionals to improve their understanding, including measuring non-financial performance. Further details can be found in the CA ANZ [media release](#).

Financial Services Council (FSC)

Changes in key appointments

The FSC have announced the following changes to their Board:

- On 10 December 2021, a [media release](#) advising of two new director appointments - Scott Hartley (CEO AMP Australian Wealth Management) and Michelle Taylor (Chief Executive, People Corporate Affairs and Strategy for Challenger Ltd).
- On 23 February 2022, a [media release](#) advising of the appointment of Nick Hamilton, managing director and chief executive officer of Challenger Limited, to the Board.

FSC Announces Acting CEO

On 16 December 2021, the FSC announced the appointment of Blake Briggs as Acting CEO of the FSC. Mr Briggs was formerly the Head of Government Affairs for Wealth at Westpac and previously led superannuation policy for FSC. Mr Briggs replaces outgoing CEO, Sally Loane. Further details can be found in the FSC [media release](#).

APESB Submissions and other activities

APESB confirms the reappointment of Nancy Milne OAM as chair

In December 2021, APESB announced the reappointment of Ms Nancy Milne OAM as Chair for a second term. The term of this appointment commences on 1 January 2022 for three years.

The Board also confirmed the reappointment of Mr Brian Morris, FCPA as a Director for second term commencing 1 January 2022. Further details can be found in the APESB [media release](#).

Presentation on Accounting Ethics and Regulation in Australia

On 17 February 2022, APESB's CEO, Mr Channa Wijesinghe, presented in a [webinar on Accounting Ethics and Regulation in Australia](#) held by The Australian Chapter of the Institute of Chartered Accountants of Sri Lanka. The presentation focused on the accounting co-regulatory environment in Australia (including APESB's role and mandate), the impact of fees and non-assurance services on auditor independence, the PJC Inquiry into Audit Regulation and the determination of what is a public interest entity.

APESB's Submission to the Professional Standards Councils' Code of Ethics Exposure Draft

In January 2022, APESB made a submission to the Professional Standards Council (PSC) on an exposure draft proposing guidance on the development and revision of an association's Code of Ethics. APESB supported the proposed guidance and noted the importance of implementing a regular review function to ensure a Code stays relevant and practical for the profession. The Submission is available on the [APESB website](#).

APESB's Submission to the Australian Law Reform Commission's Financial Services Legislation Interim Report A

In February 2022, APESB made a submission to the Australian Law Reform Commission's Financial Services Legislation Interim Report A. Please refer to **Agenda Item 7** for further information on the issues identified, ALRC's proposals and recommendations, and APESB's suggestions to the ALRC.

Recommendation

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

Materials Presented

Agenda Item 4 (a) Highlights of the IESBA November - December 2021 Board Meeting

Authors: Jacinta Hanrahan
 Rachael Tiong

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