

AGENDA PAPER

Item Number: 3

Date of Meeting: 11 September 2025

Subject: International and Other Activities

<input type="checkbox"/> Action required	<input checked="" type="checkbox"/> For discussion	<input checked="" type="checkbox"/> For noting	<input type="checkbox"/> For information
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Purpose

To provide an update to the Board on the following:

- The IESBA Board Meetings;
- International and Other Developments of Interest; and
- APESB Presentations, Submissions and Other Activities.

International Ethics Standards Board for Accountants (IESBA)

IESBA Board Meetings

The IESBA held an in-person Board Meeting in New York, United States of America (USA), from 9 to 12 June 2025. The meeting included the following key agenda items:

- Trends in the External Reporting Ecosystem;
- Firm Culture and Governance (FCG);
- Adoption & Implementation (A&I) Working Group;
- PIE Rollout;
- Technology; and
- Private Equity (PE) Investments in Accounting Firms;

Key decisions made and outcomes of the meeting include:

- Based on stakeholder feedback, the IESBA has determined to revise its forward strategy and work plan for 2025-2026, with the changes designed to slow down the pace of standard-setting, reinforce support for adoption & implementation, and focus on post-implementation reviews and enhanced stakeholder engagement and communications.
- The adoption of a SMART (Simplification, Mobilisation, Adoption, Responsiveness, and Targeted Action) framework proposed by the IESBA Communications Team, which

applies a stakeholder-centric approach to enhance the clarity, impact, and coherence of IESBA's activities.

- Adoption of a revised strategic approach to the Firm, Culture & Governance (FCG) project, with the standards setting and Non-Authoritative Material (NAM) workstreams re-sequenced to prioritise developing NAM as a first step. A draft of guidance on IESBA viewpoints regarding the eight FCG framework elements and the overall NAM development plan is to be considered at the September 2025 meeting.
- A draft IESBA Staff Alert on ethics and independence considerations arising from PE investment in accounting firms was reviewed. The Staff Alert was subsequently released in July 2025 (refer to Agenda Item 4).

The IESBA June 2025 Board Meeting highlights are at Agenda 3(a). The next quarterly IESBA meeting will be held in Lisbon, Portugal, from September 15 to 19, 2025.

IESBA releases Updated Work Plan for 2025-26

On 30 June 2025, the IESBA issued a revised [work plan for 2025-26](#) to better support ethical behaviour and independent judgment in an increasingly volatile and uncertain environment.

The revised work plan reflects three key decisions made at the IESBA June 2025 Board Meeting:

- A re-sequenced approach to the Firm Culture and Governance Project with the NAM workstream to commence in the short term, with the development of the FCG framework to be undertaken from mid-2026;
- The introduction of the SMART Strategic Framework; and
- Slowing the pace of Standard-setting with a reinforced focus on stakeholder engagement and on Adoption and Implementation, particularly on Sustainability. This means no significant new IESBA standards will be issued before 2027.

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

IESBA releases Staff Alert on Private Equity Investment in Accounting Firms

In July 2025, the IESBA issued a Staff Alert, [Private Equity Investment in Accounting Firms: Key Ethics and Independence Considerations](#), highlighting key ethical matters that accounting firms should pay particular attention to when considering or accepting investment from Private Equity (PE) organisations. The Staff Alert also highlights that ethics and independence provisions in the IESBA Code remain applicable both before and after PE investment in an accounting firm. Further details are available in the IESBA's [media release](#).

IESBA publishes Feedback Summary from Firm Culture and Governance Roundtables

In July 2025, the IESBA released [Firm Culture and Governance: Summary of Feedback from Global Roundtables](#), which captures stakeholder perspectives from six global roundtables as part of the Board's Firm Culture and Governance (FCG) project. The roundtables, held in New York, Melbourne, Brussels, and Kuala Lumpur, with virtual sessions for Africa and Latin America, brought together 168 participants from global regulatory, investor, standard-setting, accounting, and academic communities.

Generally, participants noted the importance of ethical culture and were supportive of a scalable principles-based approach being used to develop an FCG framework. However, some stakeholders were of the view that development of Non-Authoritative Material (NAM) would be a more effective vehicle to influence behavioural change than a standard.

The global roundtable feedback summary (refer to Agenda Item 3(c)) also focuses on the eight core elements of an ethical firm's culture: ethical leadership, oversight and governance, provision of independent input, accountability, incentives and rewards, open discussion and challenge, continuous education and training, and transparency about ethical performance.

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

Effective date of the IESBA Tax Planning Standards

In July 2025, the IESBA released a [media release](#) to remind stakeholders of the first global Ethics Standards on Tax Planning becoming effective from 1 July 2025. The IESBA congratulated the jurisdictions that have already adopted the standards: Australia, Hong Kong SAR, Saudi Arabia, Singapore, and South Africa. The media release also includes a statement from the APESB Chair, Ms Nancy Milne OAM.

International and Other Developments

Public Interest Oversight Board (PIOB)

Extension of Deadline for IAASB Invitation for Applications

In July 2025, the PIOB extended the IAASB Board member application deadline to 7 September 2025, with the appointment of successful candidates commencing from 1 January 2026. Further details are available in the PIOB's [media release](#).

International Federation of Accountants (IFAC)

Appointment of New Chair of the Forum of Firms

In July 2025, IFAC issued a [media release](#) welcoming Ms Fiona Campbell from Ernst & Young Global Limited as the new Chair of the Forum of Firms, effective 23 July 2025.

Fiona is an EY partner based in Melbourne, Australia. Ms Campbell takes over the role from Mr David Isherwood, Ethics Partner at BDO UK, and she is a past Vice Chair of the IAASB.

UK Financial Reporting Council (FRC UK)

Investigation of the audit of Glencore plc & its subsidiary Glencore Energy UK Limited by Deloitte LLP

In July 2025, the FRC UK commenced an investigation in relation to the statutory audits conducted by Deloitte LLP of the financial statements of Glencore plc and Glencore Energy UK Limited for the financial years ended 31 December 2013 to 31 December 2020. The entities have been subject to investigations by government agencies into misconduct.

The FRC's investigation will include whether Deloitte LLP gave sufficient consideration to the risk of non-compliance with laws and regulations. Further details are available in the FRC UK's [media release](#).

FRC Publishes Annual Audit Firm Inspection Results

In July 2025, the FRC UK published its [Annual Review of Audit Quality](#), which covers the inspection and supervision results of audit firms across the UK Public Interest Entity (PIE) market. These results are based on a risk-based sample of the audits undertaken and are published alongside individual reports for Tier 1 audit firms (BDO, Deloitte, EY, Forvis Mazars, KPMG, and PwC)

The latest inspection results indicate continued improvement in audit quality, especially among Tier 1 firms, with five of the six firms achieving positive audit quality outcomes on 90% or more of their audits. Despite significant investments by the largest firms to enhance audit quality, there is a risk that the gap between audit quality delivered by Tier 1 firms and other firms in the PIE market increases. Although some non-Tier 1 firms demonstrate the ability to deliver high-quality audits, many still struggle to meet adequate standards and maintain robust quality management systems consistently. Further details are available in the FRC UK's [media release](#).

FRC Publishes Guidance on the use of AI in Audit

In June 2025, the FRC UK published its first guidance on the use of artificial intelligence in Audit. As AI tools continue to be utilised in audit, [this new guidance](#) outlines a coherent approach to implementing a hypothetical AI-enabled tool, and offers insights into FRC documentation requirements. The accompanying [thematic review](#) summarises insights on the processes and controls at the six largest firms to certify automated tools and techniques for use in audits. It includes insights and examples of good practice in these processes, which are fundamental to the delivery of audit quality. Further details are available in the FRC UK's [media release](#).

Public Company Accounting Oversight Board (PCAOB)

PCAOB Imposes \$8.5 Million in Fines on Netherlands Firms for Widespread Exam Misconduct

In June 2025, the PCAOB announced three settled disciplinary orders sanctioning Deloitte Accountants B.V. ("Deloitte Netherlands"), PricewaterhouseCoopers Accountants N.V. ("PwC Netherlands"), and EY Accountants B.V. ("EY Netherlands") for violations of PCAOB rules and quality control standards relating to the firms' internal training programs and monitoring of their systems of quality control.

Over a five-year period, all three firms failed to adequately prevent or detect extensive improper answer sharing on mandatory tests for training intended to develop the competencies and professional integrity of their personnel.

Deloitte and PwC Netherlands each agreed to a USD \$3 million civil money penalty, and EY Netherlands to a USD \$2.5 million civil money penalty. All were censured by the PCAOB and agreed to improve their quality control policies and procedures in connection with internal

training, and to report their compliance to the PCAOB. Further details are available in the PCAOB's [media release](#).

Changes in Chair Appointment for the PCAOB

In July 2025, the PCAOB announced that PCAOB Chair Erica Y. Williams will depart the PCAOB effective 22 July 2025. The announcement also highlighted key accomplishments during her tenure. Further details are available in the PCAOB's [media release](#).

The US SEC released a [press release](#) in July 2025, announcing that Mr George R Botic will serve as Acting Chair of the PCAOB from 23 July 2025.

International Forum of Independent Audit Regulators (IFIAR)

IFIAR Appoints Executive Director

In August 2025, the IFIAR announced Ms Julia Rendschmidt as its new Executive Director, effective 1 October 2025. Ms Rendschmidt is currently Head of Division for EU and International Affairs with the German Auditor Oversight Body. Further details are available in the IFIAR's [media release](#).

Australian Securities & Investments Commission (ASIC)

Small Business Restructurings keep struggling companies afloat

In June 2025, ASIC published a report, [Report 810 Review of small business restructuring process: 2022–24](#), that highlights the increasing use of the small business restructuring regime (SBRs). The report showed 3,388 SBR appointments commenced between 1 July 2022 and 31 December 2024 (the review period), which is a significant increase from the 82 SBR appointments from 1 January 2021 to 30 June 2022 revealed in Report 756 *Review of small business restructuring process* ([REP 756](#)). From those 3,388 SBR appointments, 2,820 transitioned to small business restructuring plans (SBR plans), while the majority of the remaining 568 appointments were terminated as a result of creditors rejecting the proposed plan. Further details are available in ASIC's [media release](#).

Sanctions for Auditor and Review Auditor of the FY18 Financial Statements of iSignthis Ltd

In June 2025, an ASIC [media release](#) announced that the registration of Mr Bradley Taylor as a company auditor had been cancelled by the Companies Auditors Disciplinary Board (CADB). The CADB had found that Mr Taylor, a partner of Grant Thornton Audit Pty Ltd, had failed to carry out and perform adequately and properly the duties of an auditor in conducting the FY18 Audit of iSignthis Ltd's financial statements as lead auditor.

In July 2025, a further ASIC [media release](#) announced that the CADB had admonished Mr Simon Trivett for failing to carry out or perform adequately and properly the duties of a Review Auditor in respect of the audit of the financial statements of iSignthis Ltd for the financial year ended 30 June 2018 (FY18 Audit). Mr Trivett is a partner of Grant Thornton Audit Pty Ltd.

Mr Trivett agreed not to perform RCA duties from 1 November 2023 to 31 October 2024. He was also ordered to provide undertakings to ASIC and pay \$490,000 fixed application cost.

ASIC noted the importance of this first CADB decision in determining the role of Review Auditors and Engagement Quality Control Reviewers in audits. ASIC reaffirmed the importance of their roles in reviewing auditor conduct and significant judgments made by audit engagement teams in company audits.

ASIC Takes Action Against a Further 28 SMSF Auditors in FY25

In August 2025, ASIC announced actions against 28 SMSF auditors in the second half of FY25. Breaches included a lack of independence, failure to meet auditing and assurance standards, non-compliance with CPD requirements, failure to lodge annual statements, and/or not being a fit and proper to remain an approved SMSF auditor.

Between 1 July 2024 and 30 June 2025, ASIC made 48 decisions against SMSF auditors, including seven disqualifications, three suspensions, 14 additional conditions imposed, and 24 registration cancellations. Further details are available in ASIC's [media release](#).

Tax Practitioners Board (TPB)

Former PwC Partner Terminated for Making False Statements

In August 2025, the TPB terminated the tax agent registration of former PwC partner, Mr Richard Gregg and imposed a 4-year ban from re-applying. Mr Gregg was found to have breached multiple obligations under the *Tax Agent Services Act 2009* and the Code of Professional Conduct. In light of this, the TPB found he was no longer fit and proper to be registered as a tax agent.

In his capacity as a PwC partner and a specialist in Research & Development, Mr Gregg made false or misleading statements in applications for the Research & Development Tax Incentive (RDTI) lodged on behalf of clients. These applications did not meet the eligibility requirements for the RDTI and could not be substantiated. Mr Gregg's failure to scrutinise his clients' RDTI claims resulted in significant tax shortfalls and penalties imposed on the clients.

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

APESB Submissions, Presentations and Other Activities

APESB Submission to the IESBA's Consultation Paper on Collective Investment Vehicles (CIVs) and Pension Funds – Auditor Independence

On 8 July 2025, APESB made a [submission](#) to the IESBA's Consultation Paper *Collective Investment Vehicles and Pension Funds – Auditor Independence*. APESB was supportive of the IESBA undertaking the consultation and considering whether revisions to the IESBA Code are warranted to address auditor independence in these circumstances.

APESB noted that Australia has established auditor independence considerations for Managed Investment Schemes (MISs) and superannuation funds. However, it is unclear whether separate jurisdictional legislation establishes a consistent approach to auditor independence for these entities. Therefore, APESB supports the creation of a definition of connected party and application material in the Code to clarify how connected parties are included in independence considerations for the auditors of CIVs and Pension Funds.

Presentation to ASIC Staff on Sustainability Ethics and Independence Standards

On 11 August 2025, APESB CEO Channa Wijesinghe delivered a presentation on Sustainability Ethics and Independence Standards to the ASIC Sustainability, Financial Reporting and Audit Regulation & Supervision Team. The presentation focused on the new Sustainability Ethics and Independence Standards, covering its scope and characteristics, group sustainability assurance engagement, related NAS provisions, and use of external experts. The presentation also provided an overview of the APESB's role and mandate and the IESBA Code. The presentation slides are available on APESB's [website](#).

CA ANZ Public Practitioners Breakfast

On 19 August 2025, APESB CEO Mr Channa Wijesinghe presented at the CA ANZ Public Practitioners Breakfast on the topic of *Latest Developments in the Code of Ethics Impacting Accounting Practices, including AI*. The presentation covered the Technology-related revisions, Artificial Intelligence (AI), Tax Planning, Sustainability, key standards in the APES 300 series, as well as the IESBA's current project on Firm Culture and Governance. The presentation slides are available on APESB's [website](#).

Recommendation

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

Materials Presented

Agenda Item 3(a)	IESBA June 2025 Board Meeting highlights
Agenda Item 3(b)	IESBA Conference September 2025 Agenda
Agenda Item 3(c)	IESBA FCG Summary of Feedback from Global Roundtables

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