

AGENDA PAPER

Item Number: 6
Date of Meeting: 28 August 2020
Subject: COVID-19 Q & A on various services

Action required **For discussion** **For noting** **For information**

Purpose

To:

- update the Board on the IESBA-NSS COVID-19 Working Group and the IESBA-APESB publication; and
- seek the Board's approval to publish the APESB Technical Staff Draft COVID-19 Q&A document.

Background

The International Ethics Standards Board for Accountants (IESBA) created an IESBA – National Standard Setters (NSS) Working Group to deal with COVID related matters. The CEO is representing APESB on the Working Group along with NSS from Canada, USA, UK, South Africa and China.

The IESBA Deputy Chair Richard Fleck is the Chair of the Working Group and the first meeting was held on the 10 of June 2020 and subsequent meetings have generally been held on a bi-weekly basis. The Working Group's mandate is to develop implementation support resources to assist accountants effectively apply the Code when facing circumstances created by COVID-19.

APESB was allocated the task of developing examples on taxation and valuation Services. Technical Staff developed four hypothetical scenarios covering these services, two from the perspective of members in public practice and two for members in business.

The IESBA and APESB jointly issued Applying the Code's Conceptual Framework in COVID-19 Circumstances: Scenarios in Taxation and Valuation Services recently which incorporates the four APESB Technical Staff scenarios (refer Agenda Item 6 (b)).

Matters for Consideration

Technical Staff have taken the IESBA COVID Q&A on taxation and valuation services and overlaid with applicable APESB pronouncements. Technical Staff have also developed three additional scenarios to assist accountants providing insolvency and forensic accounting services to effectively apply the Code when facing circumstances created by COVID-19. APESB Technical Staff draft COVID-19 Q&A document includes the following scenarios

- Scenario 1 – Taxation Services – Member in Public Practice applying on a client's behalf for a stimulus package where the client's eligibility needs to be assessed. Applies the Code and APES 220 *Taxation Services* (APES 220).
- Scenario 2 – Taxation Services – where a business has had to close due to COVID-19, and the Member in Business is under pressure to apply for additional wage subsidies where eligibility is questionable. Applies the Code and APES 220.
- Scenario 3 – Valuation Services – Member in Public Practice is requested by a client to prepare an independent expert's report and is concerned about the veracity of some of the underlying assumptions. Applies the Code, APES 225 *Valuation Services* (APES 225), and APES GN 20 *Scope and Extent of Work for Valuation Services*.
- Scenario 4 – Valuation Services – Member in Business is under pressure to minimise impairments to maintain a stronger balance sheet. Applies the Code, APES 225, and APES GN 21 *Valuation Services for Financial Reporting*.
- Scenario 5 – Insolvency Services – Member in Public Practice is approached to be appointed voluntary administrator of a company that has a significant secured loan from a bank that the firm audits and the firm is also becoming increasingly reliant on. Applies the Code and APES 330 *Insolvency Services*.
- Scenario 6 – Forensic Accounting Services – Member in Public Practice engaged to undertake an Expert Witness report with no access to the location at which the alleged fraud has occurred. Applies the Code and APES 215 *Forensic Accounting Services* (APES 215).
- Scenario 7 – Forensic Accounting Services – Member in Business employed at a government agency is inundated with investigations, unrealistic deadlines, and inadequately trained staff. Applies the Code and APES 215.

Way Forward

Technical Staff propose, subject to the Board's review and editorial comments, to publish the APESB Technical Staff Draft COVID-19 Q&A document.

Recommendations

The Board:

- note the update on the IESBA-NSS COVID-19 Working Group and the IESBA-APESB publication; and
- approve, subject to review and editorials comments, the publication of the APESB Technical Staff Draft COVID-19 Q&A document.

Materials presented

Agenda Item 6 (a) APESB Technical Staff Draft COVID-19 Q&A Publication

Agenda Item 6 (b) IESBA-APESB Applying the Code's Conceptual Framework in COVID-19 Circumstances

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