

IESBA Meeting Highlights and Decisions

November-December 2021

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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 held a hybrid meeting on November 30 to December 3, and December 8 and 16, 2021. The in-person portion of the meeting from November 30 to December 3 was held in New York, USA. An audio recording of the November-December 2021 meeting is available on the IESBA [website](#).

Definitions of Listed Entity & PIE

The IESBA unanimously approved 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 Code).

The revisions were developed in close coordination with the International Auditing and Assurance Standards Board (IAASB) within the established coordination framework of the two Boards. The IAASB will consider undertaking a narrow-scope maintenance of standards project in 2022 to explore potential revisions to its standards arising from the revised definitions of “listed entity” and “PIE” in the Code.

Subject to Public Interest Oversight Board (PIOB) approval, the final pronouncement is expected to be released by April 2022. It will be effective for audits of financial statements for periods beginning on or after December 15, 2024.

Quality Management (QM)-related Conforming Amendments

The IESBA unanimously approved conforming amendments to Code arising from the finalization of the IAASB’s [Quality Management Standards](#). The QM conforming amendments were developed in close coordination with the IAASB within the established coordination framework of the two Boards.

Subject to PIOB approval, the final pronouncement is expected to be released by April 2022. The conforming amendments will be effective as of December 15, 2022.

Engagement Team–Group Audits Independence

The IESBA approved for exposure:

- Proposed revisions to the Code’s definition of “engagement team” and the related terms “audit team,” “assurance team” and “review team” as a result of changes to the definition of “engagement team” in the IAASB’s Quality Management standards;

- Proposed revisions to the International Independence Standards (IIS) to address independence considerations in a group audit; and
- Proposed conforming amendments to the Code arising from the IAASB's recently finalized ISA 600 (Revised) and QM standards.

The proposals were developed in close coordination with the IAASB within the established coordination framework of the two Boards.

The Exposure Draft (ED) is expected to be released by the end of January 2022 with a public comment period of 90 days.

Technology Project

The IESBA unanimously approved for exposure proposed revisions to the Code relating to technology. The proposed revisions were informed by the IESBA's extensive outreach and fact finding initiative on the topic, including the recommendations in the [Phase I Technology Report](#) and the responses to the [IESBA's Technology Surveys](#).

The ED is expected to be released by the end of January 2022 with a public comment period of 120 days.

Technology Fact Finding and Thought Leadership

The IESBA received an update from its Technology Working Group on the Working Group's Q4 2021 activities related to fact finding in a number of technology areas, and the development of technology-related thought leadership and other ethics and independence resources. In particular, the IESBA was briefed on the Working Group's efforts to set up an external Technology Advisory Group comprising individuals with expertise and practical experience in technology to support and provide input to the Working Group.

The IESBA will receive a further update from the Working Group at the March 2022 IESBA meeting.

Tax Planning & Related Services

The IESBA provided preliminary input to its Tax Planning and Related Services Task Force to inform the development of potential revisions to the Code to address 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. Among other matters, the IESBA discussed the distinctions among the concepts of tax morality, tax justice, tax fairness, and a professional accountant's responsibility to act in the public interest in the context of tax planning.

The IESBA will further discuss issues brought forward by the Task Force at the March 2022 IESBA meeting.

Benchmarking

The IESBA received an update from the Benchmarking Working Group on the Working Group's Phase 1 work. Phase 1 involves comparing the 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 was briefed on the revisions made to the draft report

since the September 2021 draft, including those made to address the comments raised by IESBA members and representatives of the IESBA Consultative Advisory Group (CAG).

The IESBA will receive the final report and a related executive summary at its March 2022 meeting.

[Long Association Post-Implementation Review \(LAPIR\) \(Phase 1\)](#)

The IESBA received the final report of the LAPIR Working Group on Phase 1 of the Long Association Post-Implementation Review (LAPIR). The final report summarizes the key comments and suggestions raised by respondents to the IESBA's LAPIR [Questionnaire](#).

The IESBA agreed with the Working Group's recommendation that no action be taken to extend or otherwise vary the "jurisdictional provision." The jurisdictional provision allows jurisdictions to implement a cooling-off period for engagement partners on audits of financial statements of PIEs shorter than the five years required by the IIS, subject to a minimum of three years, provided certain conditions are met. The jurisdictional provision will expire for audits of financial statements for periods beginning on or after December 15, 2023, in accordance with the Long Association [Close-Off Document](#).

The IESBA will formally communicate its decision in January 2022. In accordance with the IESBA's Strategy & Work Plan 2019-2023, Phase 2 of LAPIR is expected to commence in Q2 2023.

[Strategy & Work Plan \(Update and Preliminary Considerations\)](#)

The IESBA received a mid-cycle status update on the progress of commitments in the IESBA's Strategy and Work Plan (SWP) 2019-2023 and considered its provisional work plan for 2022-2023. In addition, the IESBA exchanged preliminary views on the potential topics or matters to include in the stakeholder survey to be issued by the end of Q1 2022 to inform the development of its SWP 2024-2028.

The IESBA will finalize its Work Plan 2022-2023 and the strategy survey at its March 2022 meeting.

[Next Meeting](#)

The IESBA's next meeting is scheduled for March 14-16, 2022. The format of the meeting will be confirmed in due course, subject to the COVID-19 developments.