

# IESBA Meeting Highlights and Decisions

March 2020

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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's March 2020 in-person meeting was changed to a virtual one with a reduced agenda to accommodate the different geographic locations of meeting participants. An audio recording of the [March 2020 meeting](#) is available on the IESBA website.

## Role and Mindset

The IESBA considered the significant issues and comments raised by respondents to the Exposure Draft (ED), [Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants](#) 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 seeking clarification of the meaning of public interest in relation to the professional accountant's responsibility to act in the public interest in proposed revised Section 100 and Subsection 115 of the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code); refinements to the proposed requirement to have an inquiring mind when applying the conceptual framework; and additional enhancements to the proposed application material that highlights the risk of bias and the importance of organizational culture.

The IESBA will consider a second-read draft of the Task Force's proposals with a view to finalizing the revisions to the Code in June 2020.

## Definitions of Listed Entity and Public Interest Entity

The IESBA considered issues and a strawman draft outlining the Task Force's initial views and a possible approach to redefining the concept of a public interest entity (PIE) in the Code. Among other matters, the IESBA considered a proposed overarching objective for requiring more stringent independence requirements for certain entities; a proposed expanded list of categories of entities within the PIE umbrella, subject to further calibration by national regulators or other authorities; and a strengthened role for firms in evaluating whether entities should be treated as PIEs.

The IESBA will continue to work closely with the International Auditing and Assurance Standards Board (IAASB) to achieve a common revised definition of "listed entity" in both Boards' standards and, as far as possible, convergence between the concepts of PIE in the Code and "entity of significant public interest" in the IAASB standards.

At its June 2020 meeting, the IESBA will continue its deliberations on the issues and consider revised proposals from the Task Force.

## IAASB-IESBA Coordination

The IESBA received an update on coordination activities with the IAASB during Q1 2020 and provided input on certain aspects of the IAASB's proposals, in particular with respect to the IAASB's Quality Management (QM) projects. Among other matters, the IESBA considered and approved a [project proposal](#) to review the Code to address engagement team – group audits independence considerations arising from the IAASB's proposed International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*, and ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*. The IESBA's project will involve:

- Aligning the definition of the term “engagement team” in the Code with the revised definition of the same term in proposed ISA 220 (Revised) while ensuring that the independence requirements in the Code are clear and appropriate and apply only to those individuals within the scope of the revised definition who must be independent in the context of the particular audit engagement; and
- Revising the Code's independence provisions so that they are robust, comprehensive and clear when applied in a group audit context, including with respect to independence for non-network component auditors.

At its June 2020 meeting, the IESBA will consider further matters arising from its coordination activities with the IAASB as well as Task Force proposals relating to the new Engagement Team – Group Audits Independence project.

## Technology

Pursuant to the [Phase 1 final report](#) of the Technology Working Group, the IESBA approved a [project proposal](#) to address the ethics and independence implications of major trends and developments in technology on the assurance, accounting and finance functions. The project will focus on the technologies covered by the Phase 1 report, i.e., artificial intelligence and robotic process automation, and big data and data analytics.

Resources permitting, the IESBA will consider in due course a new fact-finding work stream on other technologies as part of Phase 2 of its Technology initiative. In the interim, the IESBA is exploring collaborative opportunities with IFAC and other stakeholders with regard to the development of non-authoritative guidance on ethics-related technology topics.

The IESBA will consider issues and the Task Force's initial proposals in relation to the new project at its June 2020 meeting.

## Next Meeting

As a result of the COVID-19 pandemic, the IESBA will hold its June 10-12, 2020 meeting virtually.