

# IESBA Meeting Highlights and Decisions

September 2018

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This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) was 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.

A podcast recording that provides a short audio summary of the main outcomes of the [September 2018](#) IESBA meeting is also available on the IESBA website.

## Revised and Restructured Code Rollout

The IESBA received an update on the status of the “rollout” initiatives aimed at promoting awareness and adoption and implementation of the revised and restructured Code. Among other matters, the IESBA was briefed on recent outreach activities and provided input on potential topics that might be considered for purposes of commissioning IESBA Staff Q&A publications.

The IESBA will receive a further update on rollout activities at its December 2018 meeting.

## Fees

Pursuant to the June 2018 [final report](#) of the Fees Working Group, the IESBA approved a project proposal on fees. The objective of the project is to review the provisions in the Code pertaining to fee-related matters within the project scope, and recommend any changes considered necessary for the Code to remain robust and appropriate in enabling professional accountants to meet their responsibility to comply with the fundamental principles and, where applicable, be independent.

The scope of the project encompasses (a) provisions in Part 3 of the Code relating to the level of fees for individual audit engagements, and in Part 2 relating to the role of professional accountants in business in approving audit fees; (b) provisions in Part 4A of the Code with respect to fee dependency at the firm, office and engagement partner level in relation to all audit clients; and (c) a review of safeguards in the Code pertaining to the areas addressed in (a) and (b) above. Fee-related matters that overlap with non-assurance services (NAS), in particular the ratio of NAS to audit fees, will be dealt with as part of the NAS project.

The IESBA will consider issues and the Task Force’s initial proposals at its March 2019 meeting.

## Proposed Future Strategy and Work Plan

The IESBA considered the input received from respondents to its Consultation Paper, [Proposed Strategy and Work Plan 2019-2023](#) (SWP) and the IESBA Planning Committee’s

analysis of the significant comments made and its preliminary recommendations for the way forward. The IESBA noted that overall, there was wide acceptance among respondents for the proposed future strategy, including its proposed actions and priorities.

The IESBA will consider the final draft of the SWP for approval at its December 2018 meeting.

## Technology

The IESBA received an update from its Technology Working Group and provided input on the Working Group's planned approach to its work and potential areas of focus. The IESBA also considered specific comments received on the SWP in relation to the topic of technology.

To inform its further discussions on the topic, the IESBA received a presentation from Ms. Sylvia Tsen, Executive Director – Knowledge, Operations and Technology at IFAC, on the role and work of the IFAC Technology Advisory Group.

The IESBA will consider the Working Group's draft Terms of Reference for the initiative at its December 2018 meeting.

## Professional Skepticism

The IESBA considered the feedback from respondents to the May 2018 consultation paper (CP) [Professional Skepticism – Meeting Public Expectations](#), and the input from the [four global roundtables](#) held in June and July 2018 in Washington, DC, U.S.A.; Paris, France; Tokyo, Japan; and Melbourne, Australia.

Taking into account the roundtable input, the responses received on the CP, and the advice of its Consultative Advisory Group (CAG), the IESBA approved a project proposal, *Promoting the Role and Mindset Expected of Professional Accountants*. The objective the project is to ensure, through the development of Part 1 of the Code and other appropriate material, that the Code promotes the role, mindset and behavioral characteristics expected of all professional accountants when performing their professional activities.

The IESBA plans to consider issues and initial Task Force proposals at its December 2018 meeting.

## Non-Assurance Services

Having duly considered the feedback from the [four global roundtables](#) and advice from its CAG, the IESBA approved a project proposal on the topic of NAS. The objective of the project is to ensure that all the NAS provisions in the Code are robust and of high quality for global application, thereby increasing confidence in the independence of audit firms. The project scope will encompass the International Independence Standards related to the provision of NAS to audit clients.

The IESBA plans to consider issues and initial Task Force proposals at its December 2018 meeting.

## e-Code

The IESBA considered and provided input on a prototype of a proposed e-Code that leverages technology to support and facilitate the adoption and implementation of the revised

and restructured Code. The e-Code will be a digital platform that will better demonstrate the “building blocks” approach in the revised and restructured Code and its scalability. Among other matters, the IESBA discussed design elements, features and functionalities of the e-Code. It also provided input on the timeline for launching the product.

The IESBA will receive a further progress report at its December 2018 meeting.

### IAASB-IESBA Coordination

The IESBA received an update on coordination activities with the International Auditing and Assurance Standards Board (IAASB) during the quarter and provided input on the draft proposals the IAASB is developing as part of its Quality Control and Agreed-Upon Procedures projects. Among other matters, the IESBA discussed the approach to, and planned timing for, consequential and conforming amendments to the Code as a result of revisions to the IAASB’s standards.

The IESBA will receive a further progress report at its December 2018 meeting.

### Joint IAASB-IESBA Session

Building on their commitment for enhanced connectivity and coordination to better serve the public interest, the IAASB and IESBA met for the second time in joint session. Among other matters, the two Boards welcomed [Kevin Dancey](#), incoming CEO of IFAC, as a guest speaker. Mr. Dancey briefed the Boards on IFAC’s proposed 2019 – 2020 Strategic Plan and highlighted key IFAC reflections in its August 2018 publication, [\*Perspectives on the Way Forward for Strengthening the Oversight and Operations of the International Audit & Assurance and Ethics Standards Boards\*](#).

The Boards also discussed matters of mutual interest in the development of their future strategies and work plans, with a focus on broad directional thinking and identifying future coordination opportunities, particularly on the topic of Technology. IESBA and IAASB members and official observers also participated in Discussion Groups and exchanged views on selected policy issues, including how best to address the tension between catering for public interest entities or large entities and addressing the needs of smaller entities and practices in their standards, and how best to respond to stakeholder calls for implementation support.

The Boards have committed to meeting again in 2019.

### Alignment of Part 4B with ISAE 3000 (Revised)

The IESBA approved a project to align the terms and concepts in Part 4B of the revised and restructured Code with ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. Among other matters, the project will also seek to clarify the independence provisions that apply to the various parties involved in an assurance engagement.

The IESBA will consider issues and initial Task Force proposals at its December 2018 meeting.

## IFAC Anti-Corruption and Taxation Initiatives

The IESBA received a presentation from Mr. Amir Ghandar, Deputy Director, Public Policy Regulation at IFAC, on the latest developments with respect to IFAC's initiatives on anti-corruption and international tax policy. This was a follow-up to a March 2017 presentation on IFAC's initiative, [\*The Accountancy Profession – Playing a Positive Role in Tackling Corruption\*](#). Among other matters, the presentation provided highlights from the B20-IFAC Anti-Corruption Compact 2018 event held in Buenos Aires, Argentina; an update on the anti-corruption mandate that IFAC and the International Bar Association recently signed; and an overview of a draft B20 anti-corruption policy paper. The IESBA also was briefed on the upcoming 2018 edition of the IFAC G20 Public Trust in Tax Study.

## Next Meetings

The next meeting of the IESBA will be held in New York, USA on December 3-5, 2018.