

## AGENDA PAPER

**Item Number:** 4  
**Date of Meeting:** 5 March 2024  
**Subject:** International and other activities

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Action required     For discussion     For noting     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 submissions, presentations 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 4 to 8 December 2023 and two virtual meetings on 13 and 15 December 2023. The meetings included the following key agenda items:

- Sustainability;
- Strategy and Work Plan (SWP) 2024-2027;
- Use of Experts;
- Tax Planning and Related Services;
- PIE Rollout; and
- Collective Investment Vehicles, Pension Funds and Investment Company Complexes.

At this meeting, the IESBA approved the following:

- Exposure drafts for Sustainability Assurance and the Use of an External Expert. Refer to Agenda Item 5 for further details on these exposure drafts.
- The IESBA Strategy and Work Plan 2024-2027 (SWP). As a result of consultation on the draft work plan, the SWP now includes a work stream on Firm Culture and Governance. It is expected that the SWP will be issued in mid-April 2024 following PIOB approval.

- Revisions to the International Code relating to the provision of tax planning services. Subject to PIOB approval, the final pronouncement is expected to be issued by mid-April 2024. The pronouncement will be effective from late June 2025, with early adoption permitted.
- The Terms of Reference for a project on Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes (ICCs). The project aims to review Part 4A of the International Code to determine whether it is fit for purpose in addressing independence considerations regarding the audits of these types of entities.

The IESBA December 2023 Board Meeting highlights are at Agenda Item 4(a). The next quarterly IESBA meeting will be held in New York, USA, on March 18-20, 2024.

## Other IESBA updates

### IESBA welcomes new and re-appointed members

On 1 January 2024, the IESBA appointed three new members to the Board:

- Tomoya Imura (Japan), Director, Member of the Board, and Member of the Audit & Supervisory Committee, Nomura Asset Management Co. Ltd.;
- Amarjeet Singh (India), Member, Securities and Exchange Board of India (SEBI); and
- David Wray (France), retiring from Huawei, Global Finance, and current Board Member, International CFO Alliance (ICFOA).

The IESBA also re-appointed Saadiya Adam, Vania Borgerth, Sung Nam Kim, Andrew Mintzer and Luigi Nisoli. Further details are available in IESBA's [media release](#).

## **International and Other Developments**

### ***International Audit and Assurance Board (IAASB)***

#### IAASB Consultation on Narrow Scope Amendments to align with IESBA definitions of Listed Entity and Public Interest Entity

In January 2024, the IAASB released [Proposed Narrow Scope Amendments](#) to ISQMs, ISAs and International Standard on Review Engagements 2400 (Revised), *Engagements to review Historical Financial Statements* for public consultation.

The proposed revisions have two key objectives. First, they would align definitions and requirements in IAASB standards with new definitions for publicly traded and public interest entities in the IESBA Code. Second, the amendments would extend the applicability of existing differential requirements for listed entities to meet heightened stakeholder expectations regarding audits of public interest entities (PIE). Further details are available in the [IAASB media release](#).

### IAASB welcomes New & Reappointed Members

On 1 January 2024, the IAASB appointed five new members to the Board:

- Sami Alshorafa (Deputy for Supervision, Capital Market Authority Audit Arabia);

- Hernán Casinelli (Chair of the Accounting and Assurance Standards Board of Argentina);
- Vishal Doshi (Council member of the Institute of Chartered Accountants of India, Vice President of ICAI's Auditing and Assurance Standards Board and partner in K C Mehta & Co LLP in India);
- Robert Koethner (retired Vice President and Chief Accounting Officer of Mercedes-Benz Group AG) and
- Chrystelle Richard (Associate Professor in Accounting of ESSEC Business School).

The IAASB also re-appointed Edo Kienhuis and Wendy Steven for further terms. Further details are available in the IAASB's [media release](#).

### ***Public Interest Oversight Board (PIOB)***

#### ***New Stakeholder Advisory Council (SAC) established***

On 6 February 2024, the PIOB announced the establishment of the first Stakeholder Advisory Council (SAC) to the IESBA and the IAASB, collectively the Standard-Setting Boards (SSBs). The SAC will provide strategic advice from a multi-stakeholder perspective to the IESBA and the IAASB on their strategies, work plan priorities and projects and will contribute to assisting the SSBs in being responsive to the public interest.

Mr Doug Niven, the Chair of the AUASB, has been appointed to the SAC. Further members of the SAC are listed [here](#). The SAC will hold its first meeting on April 29-30, 2024. Further details are available in the [media release](#).

#### ***Global Invitation for applications to the IAASB and the IESBA***

The PIOB's Standard Setting Boards Nomination Committee (SSB NomCo) has commenced their annual process to determine future board members for IESBA and IAASB. They have issued invitations for applicants for terms of service beginning 1 January 2025. The closing date for applications was 9 February 2024. Further information can be found in the [PIOB's Invitation for Application](#).

### ***Monitoring Group (MG)***

#### ***Progress report on implementation of recommendations to strengthen the International Audit and Ethics Standard-Setting System***

On 6 February 2024, the Monitoring Group issued a [media release](#) to report on the progress made in implementing recommendations to strengthen the international Audit, Assurance, Ethics and standard-setting system.

The MG believe that implementation of the recommendations so far has been effective in promoting high-quality standards that are in the public interest and that can be adapted quickly to address rapid changes. This has been demonstrated through the agility and responsiveness of the IAASB and IESBA (the Boards) in their projects to develop assurance, ethics and independence standards over sustainability-related information.

In addition to the projects on sustainability, the Boards continue to be responsive to other public interest matters, including, but not limited to, the IAASB's ongoing projects on fraud and going concern and the IESBA's new workstream on firm culture and governance.

The media release reports that significant progress has been made in enhancing the multi-stakeholder composition of the Boards with greater diversity in experiential backgrounds, including investors and preparers, as well as geographical diversification. Progress has also been made in enhancing the technical staff of the Boards to allow staff to be responsible for the development of the standards while the Board Members assume a more strategic role.

Another enhancement has been the establishment of the Stakeholder Advisory Council (SAC). The SAC will provide valuable insights and advice to the Boards on their strategies and work plan priorities. The SAC's first meeting will be on 29-30 April 2024 in New York.

Significant progress has been made in diversifying funding for the standard-setting system activities, with over fifty percent of the PIOB's financial contribution coming from sources outside the accounting profession in 2023, aligning with the MG recommendations. The MG expresses gratitude for financial support from organisations like IFAC, GPPC audit networks and the Forum of Firms. The media release also includes a call from the MG for stakeholders who benefit from the standards to support the standard-setting structure financially.

### ***Public Company Accounting Oversight Board (PCAOB)***

#### ***PCAOB sanctions Haynie & Company and four current and former partners for audit and quality control violations***

On 23 January 2024, the PCAOB released disciplinary orders sanctioning Haynie & Company (Haynie), along with three current Haynie partners and one Haynie former partner. During the investigation, it was found that the PCAOB rules and quality control standards were violated while serving as an engagement partner or engagement quality review partner on Haynie's audit of the 2019 financial statements of George Risk Industries Inc. and Investview Inc. The poor quality of the audit and identified audit deficiencies show the firm's lack of a robust quality control system.

The PCAOB has imposed a total of \$590,000 in fines, requiring the firm to engage an independent consultant and banned engagement partners from practising for two years. Further information can be found in PCAOB's [media release](#).

#### ***PCAOB 2024 Inspection program to include Firm culture***

On 20 December 2023, the PCAOB released the focus of their inspection program for 2024. Among the PCAOB's inspection enhancements in 2024 will be the creation of a PCAOB team that will evaluate culture across the largest domestic audit firms. This initiative will include interviewing firm personnel and evaluating other documentation, with the aim of using this information to enhance the PCAOB's understanding of how audit firm cultures may be affecting audit quality. Further information can be found in the [media release](#).

## **Financial Reporting Council (FRC UK)**

### FRC updates the Ethical Standards for Auditors

In January 2024, the FRC released an updated [Ethical Standard](#) for auditors. The updates include simplifying the existing ethical standards, aligning with recent revisions made to the IESBA Code, and adding a new prohibition on fees from entities related to a single controlling party. The revised ethical standards are effective from 15 December 2024. Further details can be found in the FRC UK [media release](#).

### FRC Revises UK Corporate Governance Code 2024 and guidance

On 22 January 2024, the FRC released a revised [UK Corporate Governance Code 2024](#). The FRC prioritised the revision of the provisions on Internal Controls, emphasising a principle-based approach while minimising the overall changes to the Code. Further details can be found in the FRC UK [media release](#).

Subsequently, on 29 January 2024, the FRC published [guidance](#) to assist companies in navigating the UK Corporate Governance Code 2024. The FRC adopted the non-prescriptive approach to revise the guidance, taking into account stakeholder feedback and considering how preparers would use it. The guidance is split into sections to align with the Code. Further details can be found in the FRC UK [media release](#).

## **Australian Securities & Investments Commission (ASIC)**

### ASIC continues to take action relating to SMSF auditors

In February 2024, ASIC announced that in the quarter ending 31 December 2023, they took action against nine self-managed superannuation fund (SMSF) auditors for concerns about compliance with auditing and assurance standards, independence requirements, registration conditions, or for not being a fit and proper person to remain an SMSF auditor. The action taken included the disqualification of five SMSF auditors, additional conditions imposed on two SMSF auditors, and the cancellation of the registration of two SMSF auditors. Further details are available in the [media release](#).

### New Commissioners commence at ASIC.

On 20 November 2023, ASIC welcomed the commencement of new Commissioners Simone Constant and Alan Kirkland, who began their five-year terms on that day. Another new Commissioner, Ms Kate O'Rourke, commenced her term in September 2023.

The initial regulatory focus of Ms Constant will be on markets and superannuation, Mr Kirkland on insurance, credit and financial advisers and investment management and Ms O'Rourke on banking and payments, audit, insolvency and registers. Further information is available in the [media release](#).

## **Australian Financial Reporting Council (FRC)**

### **FRC appoints Board Members to the AASB and AUASB**

On 22 December 2023, the FRC announced board appointments for the AASB and AUASB. Ms Moana Overton, Partner in Accounting and Corporate Reporting at Deloitte, was appointed as a new AASB member. The following re-appointments for the Boards were also made:

<b>AASB</b>	<b>AUASB</b>
Dean Hanlon, Professor in Accounting at RMIT University	Julie Crisp, Auditor General for the Northern Territory
Toby Langley, Executive GM of Corporate FP&A Strategic Finance at Xero	Noel Harding, Associate Professor in Accounting, Auditing and Taxation, UNSW
Caroline Spencer, Auditor General for Western Australia	Michelle Shafizadeh, Director of Governance & Risk Advisory at Moore Australia

These appointments are part-time, commencing on 1 January 2024 till 30 June 2026. Further details can be found in FRC's [media release](#).

## **Tax Practitioners Board (TPB)**

### **PwC compliance breach update**

On 5 February 2024, the TPB issued a [media release](#) announcing that PwC had released its second [Compliance Report](#).

To comply with the TPB's order, PwC must take specific actions to improve its conflicts of interest management and report to the TPB every six months. The latest report documents PwC's progress in implementing improvements to ensure compliance with the *Tax Agent Services Act 2009* and Code of Professional Conduct. The report also confirmed that mandatory training in tax and regulatory requirements was completed by 1,210 staff (as of 3 November 2023) and that their training and education program will continue to be updated to improve the management of conflicts of interest.

## **CPA Australia (CPAA)**

### **CPA Australia to welcome Chris Freeland AM as new CEO**

On 13 December 2023, CPA Australia announced the appointment of Mr Chris Freeland AM as the new Chief Executive Officer of CPA Australia, commencing from 18 March 2024. Mr Freeland has extensive experience in the professional services and legal sector and has held the CEO position at Baker McKenzie for six years. Further details can be found in CPAA's [media release](#).

## **APESB Presentations, Submissions, and other activities**

### **IPA Board Workshop**

On 27 November, APESB's Chair Nancy Milne and CEO Channa Wijesinghe delivered a [presentation](#) at an IPA Board Meeting. APESB presented on its role and mandate and the recent ethical failings in the accounting profession. During the workshop, APESB and the IPA board discussed APESB's recommendations to the PJC on measures or actions that could enhance the existing regulatory framework for ethics and professional standards.

### **Australian Federal Police Presentation**

In early February 2024, APESB Board member and Director of Morris Forensic Pty Ltd, Mr Brian Morris, made a presentation to the Australian Federal Police. The presentation covered the background and the key revisions to APES 215 *Forensic Accounting Services*.

### **APESB submission to the Treasury's Consultation on the Tax Agent Code of Professional Conduct**

On 24 January 2024, APESB made a [submission](#) to the Treasury's draft *Tax Agent Services (Code of Professional Conduct) Determination 2023* (the Exposure Draft). In the submission, APESB supported the proposed amendments and emphasised the need to ensure consistency between the Tax Practitioners Board's Code of Professional Conduct and APESB's suite of professional standards. Further information on the Treasury Consultation Paper can be found [here](#).

### **APESB submission to the Treasury's exposure draft on Climate-related disclosure legislation**

On 9 February 2024, APESB made a [submission](#) to the Treasury's exposure draft legislation on climate-related financial disclosures. In the submission, APESB raised concerns about the implementation date for Group 1 entities due to the standards on sustainability financial reporting, assurance and ethics not yet being finalised. APESB also reiterated the importance of professional and ethical standards and urged that the legislation should specifically refer to APES 110.

APESB also raised concerns about the role and expertise required for assurance providers and the adaptability of the legislation for future revisions. The submission also highlighted the two exposure drafts released by the IESBA on ethical standards for sustainability reporting and assurance. Further information on the Treasury Consultation Paper can be found [here](#).

## **Recommendation**

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

**Materials Presented**

Agenda Item 4 (a) Highlights of the IESBA December 2023 Board Meeting

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