

AGENDA PAPER

Item Number: 3
Date of Meeting: 3 September 2024
Subject: International and Other Activities

Action required For discussion For noting For information

Purpose

To provide an update to the Board on the following:

- The IESBA Board Meetings;
- International and Other Developments of Interest; and
- APESB Submissions 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 10 to 13 June 2024. The meeting included the following key agenda items:

- Sustainability, including separate sessions relating to European Union (EU) Benchmarking and Adoption, Implementation and Capacity Building;
- Firm Culture and Governance;
- Technology;
- Using the Work of an External Expert;
- Emerging Issues and Outreach Committee (EIOC) Update;
- Tax Planning and Related Services Roll-Out; and
- Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes.

At the meeting, the IESBA considered an update from the Firm Culture and Governance Working Group on their preliminary observations from outreach activities in Q2 2004. These preliminary findings and recommendations will be further considered at the September 2024 meeting. The IESBA also considered presentations on the UK FRC Audit Firm Governance Code and ISQM 1 in relation to governance, leadership, and firm culture.

The IESBA discussed the scope and direction of the work stream on CIVs, pension funds, and ICCs, including expanding the Code's independence provisions and addressing inconsistencies in their applications to investment schemes. An update on this work stream will be presented at the September 2024 meeting.

The IESBA considered a high-level overview of comments received on the Sustainability ED, including outreach report-back, benchmarking against EU provisions, and considerations for the adoption, implementation and capability building of the proposed IESSA. The IESBA also considered the outreach activities related to the *Using the Work of an External Expert* ED. Further information on IESBA Sustainability developments is set out in Agenda Item 5 of this Board Meeting.

The Tax Planning and Related Services Rollout Working Group provided an update on its outreach activities following the release of the final tax planning pronouncement in mid-April 2024. These initiatives included webinars, presentations and media interviews. As part of the rollout initiatives, the IESBA will receive further updates on the proposed IESBA Staff Q&As.

The IESBA also considered and approved the updated [Terms of Reference](#) of the EIOC, with the next EIOC update scheduled for the September 2024 meeting.

The IESBA June 2024 Board Meeting highlights are at Agenda 3(a).

The next quarterly IESBA meeting will be held in New York, USA, from September 16 to 20, 2024.

Joint IAASB and IESBA Chairs Statement on the ISSB's New Jurisdictional Adoption Guide

On 28 May 2024, the IESBA Chair, Ms Gabriela Figueiredo Dias and IAASB Chair, Mr Tom Seidenstein, congratulated the International Sustainability Standard Board (ISSB) on the release of its [new adoption guide](#). This guide will help jurisdictions in navigating the adoption journey and promote consistency and quality of sustainability disclosure. The statement emphasised that both IAASB and IESBA welcome all initiatives aimed at building the capacity and understanding needed for the consistent application of sustainability-related standards, including assurance and ethics standards, to strengthen stakeholder trust and confidence in disclosures. Further details are available in IESBA's [media release](#).

IESBA Marks a Year of Transformation with Publication of 2023 Annual Report

On 4 June 2024, the IESBA published its [2023 Annual Report](#), highlighting significant achievements in 2023. The report includes an interactive map showcasing the 140+ countries where the IESBA Code is in use and an overview of the IESBA Board's extensive stakeholder outreach efforts to promote global adoption and effective implementation of the Code. Further details are available in the IESBA's [media release](#).

International and Other Developments

International Federation of Accountants (IFAC)

New Report on Governance Urges Accountants in Business to Continue to Lead Anti-Corruption Actions

On 3 July 2024, IFAC announced that IFAC, ICAEW and the Basel Institute on Governance had published a new, joint report, [*Integrated Mindset in Practice: Professional Accountants in Business and Anti-Corruption Compliance*](#). The report offers practical guidance and actionable strategies to approach anti-corruption initiatives with an integrated mindset, resulting in long-term value creation and a commitment to an ethical culture of integrity. Further details are available in IFAC's [media release](#).

Public Interest Oversight Board (PIOB)

Additional outreach for IESBA Board Member

The PIOB is undertaking additional outreach to fill one vacancy for a practitioner from a small- and medium-sized practice (SMP) to serve as a board member of IESBA from 1 January 2025. Applications can be made up until 30 August 2024. Further information is available on the PIOB's [website](#).

New Q2 Oversight Publications Available

On 30 July 2024, the PIOB released [new Q2 quarterly oversight publications](#), including Briefing Memos and Observation Memos from the June 2024 IESBA and IAASB meetings, Public Interest issues lists for IAASB and IESBA projects, and the 78th Technical Committee meeting minutes in April 2024. Further details are available in the PIOB's [media release](#).

UK Financial Reporting Council (FRC UK)

Sanctions Against MacIntyre Hudson LLP, a former partner and a former employee

On 9 July 2024, the FRC UK issued a Final Settlement Decision Notice under the Audit Enforcement Procedure, imposing sanctions against MHA, a former partner and a former employee, in relation to the statutory audits of the financial statements of MRG Finance UK PLC for the financial periods ending 31 December 2018 and 31 December 2019. The sanctions were imposed due to the provision of prohibited NAS and failure to perform an Engagement Quality Control Review before the Audit Report was signed. Further details are available in the FRC UK's [media release](#).

Sanction Against Sushovan Hussain in relation to Autonomy Corporation Plc

On 11 July 2024, the FRC UK agreed to terms of settlement with Sushovan Hussain for his misconduct related to fraud involving Autonomy Corporation plc. Mr Hussain, who served as a CFO and a statutory director at Autonomy, faced a Formal Complaint from the Executive Counsel under the Accountancy Scheme. The complaint alleged that his misconduct would have constituted a criminal offence. Mr Hussain accepted that his criminal conviction amounted to misconduct, and such conduct breached the fundamental principle of integrity in the ICAEW Code of Ethics.

Mr Hussain has been excluded from the ICAEW for 20 years. He is subject to financial penalties, including approximately US\$ 10 million ordered by the US Criminal Conviction and £450,000 for the Executive Counsel's investigation costs. Further details are available in the FRC UK's [media release](#).

FRC welcomes Government Legislation to Modernise the Regulatory Toolkit

On 17 July 2024, the FRC UK welcomed the Government's announcement of draft legislation aimed at modernising its powers and strengthening the transparency and integrity of the UK's corporate governance, financial reporting and audit sectors. The Draft Audit Reform and Corporate Governance Bill will put the FRC UK on a statutory footing through the establishment of the Audit, Reporting Governance Authority (ARGA). This will transform FRC into a more robust and effective regulator. Further details are available in the FRC UK's [media release](#).

FRC Published Latest Annual Enforcement Review

On 25 July 2024, the FRC UK published its sixth [Annual Enforcement Review](#), summarising its enforcement activity for the year ending 31 March 2024. This year's review explains the effective use of constructive engagement by the FRC as an alternative to a formal investigation, particularly for less serious breaches that were swiftly rectified and where the risk of repetition was adequately addressed. The review notes that three times as many cases were identified this year through constructive engagement as were referred for investigation.

The review also analysed high-profile cases concluded in the last year, drawing out important themes and lessons, including failures related to fundamental aspects of an audit, such as auditor objectivity and integrity, understanding the entity, audit planning and evidence, professional scepticism, and the approach to the risk of fraud. Further details are available in the FRC UK's [media release](#).

FRC UK Publishes Annual Tier 1 Audit Firm Inspection Results

On 30 July 2024, the FRC UK published its [Annual Review of Audit Quality](#), detailing the inspection and supervision results for Tier 1 audit firms (e.g., BDO, Deloitte, EY, Forvis Mazars, KPMG, and PwC). The results are based on a risk-based sample of audits undertaken by these firms and include detailed reports for each firm inspected.

The report highlighted substantial progress made by the largest four firms in improving audit quality. However, it noted that BDO and Forvis Mazars still need to deliver sufficient audit quality improvements. The FRC UK will continue its supervisory approach and work with stakeholders on broader market developments. Further details are available in the FRC UK's [media release](#).

U.S Securities and Exchange Commission (US SEC)

US SEC Awards Whistleblower More Than US \$37 Million

On 26 July 2024, the US SEC announced an award of more than US \$37 million to a whistleblower whose information and assistance led to a successful SEC enforcement action. The whistleblower persistently reported the misconduct internally, which prompted their

employer to investigate and eventually report the findings to the SEC. This self-reporting led to an open investigation that revealed the full extent of the misconduct despite the whistleblower facing retaliation. The [media release](#) notes that awards for whistleblowing can range from 10% to 30% of the money collected when the monetary sanctions exceed US \$1 million.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW: Long-Awaited Audit and Corporate Governance Reforms Will Make Britain the Best Place to Run a Business

On 17 July 2024, Alan Vallance, ICAEW Chief Executive, commented on the inclusion of audit and corporate governance reform legislation in the King’s Speech. He stated that establishing the new statutory regulator, ARGA, and providing it with the power to take effective enforcement action against directors of UK public interest entities is a crucial part of the reforms. He also emphasised that reliable and trusted corporate reporting is fundamental to gaining investor confidence, which is the key to economic growth and stability. Further details are available in the ICAEW’s [media release](#).

Association of Chartered Certified Accountants, United Kingdom (ACCA)

ACCA Published Annual Report on Regulation

On 30 June 2024, ACCA published its [annual report on regulation 2024](#), detailing the key work performed by the Regulatory Board of ACCA during 2023 and outlining its plans for 2024. The report highlights the focus on updated proposals regarding the transition from the FRC UK to ARGA, scrutiny of ACCA’s regulatory arrangements following its recent recognition as a professional accounting body by the Independent Regulatory Board for Auditors (IRBA) in South Africa, and horizon scanning to mitigate potential regulatory risks. Further details are available in the ACCA’s [media release](#).

Australian Financial Reporting Council (FRC)

Appointment of Members to the Financial Reporting Council

On 19 July 2024, the FRC issued a [media release](#) announcing new part-time member appointments to the FRC.

Member	Period
Michele Embling, Chair - New Zealand External Reporting Board (XRB)	11 July 2024 - 30 April 2025
Amy Fox, First Assistant Secretary - Financial Reporting, Analysis and Management Division at the Department of Finance	28 June 2024 - 30 June 2026
Alison White, Partner - Deloitte	28 June 2024 - 30 June 2026

Australian Securities & Investments Commission (ASIC)

ASIC approves enhanced Banking Code of Practice

On 27 June 2024, ASIC announced the approval of a new version of the Australian Banking Association's (ABA) Banking Code of Practice. This new Code addresses critical gaps flagged by stakeholders, aiming to strengthen standards and maintain key protections for consumers and small businesses. The new Code will commence on 28 February 2025. Further details are available in the ASIC's [media release](#).

ASIC and Australian Prudential Regulation Authority (APRA) Issue Final Rules and Information for the Financial Accountability Regime

On 11 July 2024, ASIC and APRA published new information to help insurers and superannuation trustees prepare for the commencement of the Financial Accountability Regime (FAR). Already in effect for the banking industry, the FAR will take effect for the insurance and superannuation industries from 15 March 2025.

The new information includes an amendment to the Regulator rules, prescribing key functions for the FAR register of accountable persons for insurance and superannuation industries, and a joint letter from ASIC and APRA summarising consultation feedback and their responses. Further details are available in ASIC's [media release](#).

Melbourne Accountant Convicted for Falsifying Signatures on Audit Documents

On 30 July 2024, ASIC reported that Stephen Robert Allen, director of K.H.N Holdings Pty Ltd trading as Alkemade & Associates, was sentenced by the Melbourne Country Court to 70 hours of Community Correction Order and fined \$20,000 for making false statements to induce others. He was also fined \$2,500 for knowingly making a false statement. Despite holding accounting qualifications, Mr. Allen was not a Registered Company Auditor (RCA). ASIC's investigation revealed that he falsified RCA signatures on over 80 audit documents for 12 clients between 2015 and 2020. ASIC Deputy Chair Sarah Court said, 'Mr Allen acted dishonestly and failed to comply with the Code of Ethics for Professional Accountants, which establishes the key principles of integrity, professional competence, behaviour and due care. This criminal outcome highlights ASIC's focus on auditor misconduct to maintain trust and confidence in the audit community.' Further details are available in the ASIC's [media release](#).

ASIC reports Low Take Up of Simplified Liquidations Since 2021 Reforms

On 7 August 2024, ASIC published [Report 789 Review of simplified liquidations: 2021 – 2023](#). The report highlighted that fewer than one in 10 liquidators have adopted the simplified liquidation process when winding up companies with debts under \$1 million, despite its availability since 2021.

ASIC Commissioner Kate O'Rourke noted that out of 4,867 Creditor's Voluntary Liquidations (CVLs) finalised between 2021 and 2023, only 82 adopted the simplified liquidation process. The report found no material differences in creditor profiles or registered liquidator remuneration between eligible CVLs and simplified liquidations. 11% of finalised simplified liquidations paid a dividend to unsecured creditors, compared to 4% of finalised eligible CVLs. The simplified liquidations were also completed in a shorter timeframe.

ASIC encourages greater adoption of this process and will host roundtable discussions to explore the challenges and opportunities involved in its adoption. Further details are available in the ASIC's [media release](#).

Parliament of Australia

Australian Government Responses to Joint Committee Reports

On 5 July 2024, the Federal Government formally responded to the recommendations from the [interim](#) and [final](#) reports to the *Australian Government's response to the Joint Committee on Corporations and Financial Services report: Regulation of Auditing in Australia*. The Government notes the recommendations, but given the passage of time since the report was tabled, it is no longer appropriate for the Government to respond. The Government response is available on the [inquiry website](#) and [Treasury website](#).

PwC Australia

PwC Australia Announces First Independent Governance Board Chair and Board Members

On 1 August 2024, PwC Australia announced the appointment of its first independent Governance Board Chair and board members:

- John M. Green as independent non-executive Chair of PwC Australia's Governance Board - a first for an Australian Big Four professional services firm;
- Lisa Chung AM to join the Governance Board on 1 September 2024 as an independent non-executive Board member; and
- Webb Henderson as an Independent Monitor to verify the firm's progress against its [Commitments to Change Action Plan](#).

PwC believes these actions collectively will strengthen the firm's governance, accountability and culture. Further details are available in PwC's [media release](#).

APESB Submissions and Other Activities

APESB Submission Treasury's Consultation on the Regulation of Accounting, Auditing and Consulting Firms in Australia

On 28 June 2024, APESB made a [submission](#) to the Treasury's Consultation Paper on the Regulation of Accounting, Auditing and Consulting Firms in Australia. In the submission, APESB noted its support for the inquiry. APESB believes that the regulation of each service category provided by a firm requires individual consideration and that a strong monitoring and enforcement regime could ensure a robust framework of professional and ethical standards to address ethical issues effectively.

APESB Submission Conflict of Interest (COI) and Confidentiality Review – Consultation Paper

On 30 July 2024, APESB made a [submission](#) on the COI & Confidentiality Review Taskforce's Consultation Paper on the Conflict of Interest (COI) & Confidentiality Review. APESB expressed its support for the Department of Finance's review. APESB supports the proposed definition of a COI as well as the proposed principles and risk assessment approach to

strengthen the management of conflicts of interest. However, APESB raised concerns about the inclusion of the term "material" in the definition of a COI, noting that it may lead to varied interpretations and potentially affect the disclosure of COI.

Pacioli Society Dinner Event at the University of Sydney

On 22 August 2024, CEO Mr Channa Wijesinghe presented at the Pacioli Society dinner event organised by the Discipline of Accounting, Regulation and Governance and the Accounting Society of the University of Sydney on the topic of *Ethics and the Accounting Profession: Global and Australian Perspectives on Contemporary Developments*.

The presentation covered APESB's development since its establishment, recent high-profile scandals, APESB's engagement with current Parliamentary inquiries, IESBA's global mandate and the challenges facing the accounting profession, such as tax planning, sustainability reporting and assurance, and firm culture and governance.

The information about the event and CEO's keynote speech are at Agenda Item 3(b) and 3(c).

Recommendation

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

Materials Presented

Agenda Item 3(a)	The IESBA June 2024 Board Meeting highlights
Agenda Item 3(b)	Pacioli Society Dinner Event at the University of Sydney
Agenda Item 3(c)	APESB CEO's Keynote Speech at the Pacioli Society Dinner Event

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Date: 23 August 2024