IESBA Long Association ED

APESB Roundtable RACV Club Melbourne, 14 October 2014







- Welcome and opening remarks
- APESB's communication strategies
- Overview of IESBA's Long Association ED
- Roundtable Discussions
- Feedback from the tables
- Closing remarks

Welcome and Opening Remarks

The Hon. Nicola Roxon Chairman



APESB's Communication Strategies

Channa Wijesinghe Technical Director





New Responsive Website



The Accounting Professional & Ethical Standards Board (APESB) was established as an independent body in February 2006, as an initiative of CPA Australia and the institute of Chartered Accountants Australia. CPA Australia, the Institute of Chartered Accountants Australia (ICAA) and the Institute of Public Accountants (IPA) are the three Members of the APESB as defined in APESB's Constitution.

Standards & Guidance

Issued Standards

Issued Guidance Notes

Six Month Review Reports

Annual Review Reports

Issues Register

Quick Links

- Board Meetings
- · Register for APESB Updates
- APESB Standards
- Exposure Drafts Open for Comment
- · APESB Media Releases
- + APESB Issues Register

APESB's Submission To IESBA On Proposed Strategy and Work Plan 2014-2018

In December 2013 IESBA released for public consultation its Proposed Strategy and Work Pian, 2014-2018. APESB's Code (APES 110) is based on the IESBA Code and its materially consistent with the IESBA Code. APESB prepared a submission in respect of this international exposure draft for IESBA's consideration. Stakeholders can review the full submission below:

APESB's submission to the IESBA

What's New

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International Consultation Paper - IESBA Proposed Strategy and Work Plan 2014-2018 Proin sit amet elementum odio. Curabitur vel lacus quam. Pellentesque id

tempus urna. Curabitur scelerisque lectus tellus, ut ultricies massa suscipit ut.

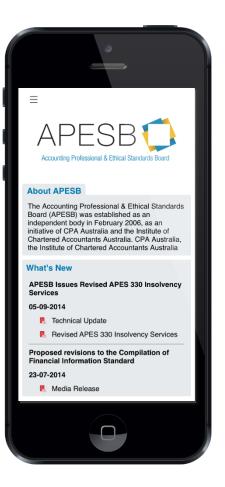
In The News

- Investor protection regulation lags world best practice... 4/08/2014
- + The promises we make... 4/09/2014
- Proposal Seeks to Strengthen Certain Safeguards in Code of Ethics for ... 29/08/2014
- Sustainability Leadership SeriesTransparency and Disclosure for Good C... 29/08/2014
- IAESB eNews August 2014...
 19/08/2014



New mobile apps

E Standards & Gu	uidance	i	
APESB Standards		\sim	
8 100 Code of Ethics		\sim	
8 200 All Members		\sim	
300 Members in Public Prac	tice	\geq	
 Standard Basis for Conclusion Technical Update 			
APES 305 Revised			
Terms of Engagement (Effective 1 Ju adoption permitted)	ly 2013 with ear	ly	
🛃 Standard			
🛃 Standard 🍓 Technical Update			



Overview of the IESBA's Long Association ED

Channa Wijesinghe Technical Director



IESBA ED Overview



- Significant Matters
 - Strengthening the General Provisions
 - The rotation requirements for Key Audit Partners (KAPs) in respect of Public Interest Entities (PIEs)
 - Restrictions on activities during the cooling-off period
 - Obtaining the concurrence of Those Charged with Governance (TWCG)
- IESBA's expected timeline



Background and IESBA's rationale

- GFC and EU reforms.
- Jurisdictional developments indicate a lack of confidence on partner rotation (i.e. firm rotation and mandatory tendering).
- Stakeholder concerns that a KAP may serve 14 out of 16 consecutive years.
- IESBA's view changes must be substantive.
- IESBA's extensive work (2013-14).



Strengthening the General Provisions

- Consideration of independence threats created by long association now extended to <u>all</u> personnel.
- Enhanced guidance on consideration of threats to independence.
- A proposed new safeguard of changing the role of the individual on an audit engagement.
- The firm to determine the cooling-off period of a rotated individual (excluding KAPs).
- Conforming changes done to Section 291 for assurance engagements of a recurring nature.

The rotation requirements for KAPs on PIEs



IESBA's proposals on rotation

- Maintain existing *time on* period of 7 years.
- *Time-off* period considerations:

2 years – too short (i.e. 14 out of 16 years)

3 years – not a substantive change but EU has adopted (i.e. 14 out of 17 years)

4 years – no jurisdiction has adopted this period

5 years – US, UK & Canada (for listed entities and includes EQCR)

The rotation requirements for KAPs on PIEs (continued)



- 5 year cooling-off period for LEPs on PIE audits after a seven year period as a KAP.
- 2 year cooling-off period maintained for other KAPs and EQCR.
- Mandatory rotation not required for non-PIE audits or non-KAPs on PIE audits.

Restrictions on activities during the cooling-off period



- Consultations with a KAP
- Prohibitions during the Cooling-off period
- A KAP may assume a leadership role in a firm.



Obtaining Concurrence of TWCG

A KAP must obtain the concurrence of TCWG to:

- Serve an additional year due to unforeseen circumstances; or
- When an entity initially becomes a PIE and the KAP has served 6 or more years and wants to continue for two additional years.



IESBA's Expected Timeline

- Nov 2014 ED comment period closes
- Jan 2015 Full review
- Apr 2015 First read post-ED
- Jun 2015 Approve final
- Q4 2015 APESB ED?
- Dec 2017 IESBA Standard Effective for financial years beginning on or after 15 December 2017
- 2018 A significant year, if the proposals are adopted

Roundtable Discussions

Allocation of questions to Table Teams





Allocation of Questions

Table	Perspective	Question number
1	Public Interest/Public Sector	2,3,5,7,8,11,12
2	Mid-tier and SMP	5,6,7,8,9,13, GC(a)
3	Big four firms	5,6,7,8,9,11,13
4	CFO/Client	2,5,7,8,10,12,GC(b)
5	Professional Bodies/ Consumer	1,2,3,5,6,7,8,

Feedback from the Tables



Closing Remarks

The Hon. Nicola Roxon Chairman

