

AGENDA PAPER

Item Number: 16
Date of Meeting: 8-9 May 2013
Subject: International and other activities

Action Required **For Information Only**

Purpose:

To provide a quarterly update to the Board on:

- IESBA meetings, Exposure Drafts and other publications;
- International Developments; and
- APESB Presentations.

IESBA

During the last quarter, the IESBA held one Board meeting on 11 – 13 March 2013 in New York, USA. APESB Chairman Kate Spargo attended this meeting in her capacity as a Board member of the IESBA.

The following key agenda items were considered:

- Comments received in respect of the *Responding to a Suspected Illegal Act* ED;
- Update on the project to review long association provisions with an Audit Client in Section 290 of the Code;
- Approval of project proposal to review of Part C of the Code;
- Structure of the Code;
- Comments received in respect of the Exposure Draft *Proposed Change to the Definition of “Those Charged with Governance”* in the IESBA *Code of Ethics for Professional Accountants* (Code); and
- Project update to review non-assurance services provisions in Section 290 and 291 of the Code;

The Chairman also presented to the IESBA Board the context in which professional and ethical standards for professional accountants are developed in Australia, including the Australian framework, regulatory regime, and the composition, role, responsibilities and agenda of APESB. Refer to Attachment 15(a).

The *IESBA Meeting Summary* (refer Attachment 15(b)) provides a summary of the IESBA meeting outcomes.

IESBA National Standard Setters Meeting

APESB Technical Director Channa Wijesinghe will attend the 5th annual IESBA National Standard Setters Meeting in New York, USA in late May 2013. It is expected that National Standard Setters from other key jurisdictions such as the USA, UK, Canada, Germany, China, Japan, India and New Zealand will also attend this annual forum.

Issued Standards

As noted in agenda item 13, IESBA has issued a number of Standards addressing the following areas of the IESBA Code in March 2013:

- Breach of a requirement of the Code;
- Conflicts of interests; and
- Definition of *Engagement Team*.

IFAC

Fayezul Choudhury as IFAC's new CEO

After more than 10 years, Ian Ball has stepped down from his role as chief executive officer (CEO) of the International Federation of Accountants (IFAC). He will continue as a principal advisor, in a volunteer capacity, representing IFAC as a member of the board and as chair of the Working Group of the International Integrated Reporting Council (IIRC).

Fayezul Choudhury assumed the role of IFAC chief executive officer on 1 February 2013. Mr Choudhury:

- was a former World Bank executive, where his last two assignments were as Vice President, Corporate Finance and Risk Management, and Controller and Vice President, Strategic Planning and Resource Management;
- was a member of the Public Interest Oversight Board (PIOB);
- chaired the Global Steering Committee of the International Forum for Accountancy Development;
- was a member of the Standards Advisory Council of the International Accounting Standards Board; and
- was a member of the Iraq Advisory and Monitoring Board established by the Security Council of the United Nations.

SMP Committee

APESB Director Stuart Black is a member of the IFAC's Small and Medium Practices (SMP) Committee. The IFAC SMP Committee has published a *Good Practice Checklist for Small Business* on 12 March 2013 (due to the length of the document, it has not been provided as an attachment. It can be viewed at:

<http://viewer.zmags.com/publication/9cbddc6a#/9cbddc6a/1>)

The document contains a new standalone section on environmental management. Other sections include financial tasks, strategic management tasks, and regulatory requirements, among other areas. The checklist is meant primarily for SMP practices as a marketing or diagnostic tool to help them determine the advice a small business client may need, and also to help them in managing their own businesses.

International Developments

IIRC

On 16 April 2013, the International Integrated Reporting Council (IIRC) released its proposed International Integrated Reporting Framework. The Framework is expected to be a critical tool for businesses as they create integrated reports and drive integrated thinking in their organisations.

Feedback on the International Integrated Reporting Framework has been requested during the public consultation period which closes on July 15, 2013. Refer to Attachment 15(c).

Technical staff will consider the contents of the Exposure Draft and determine whether it is appropriate for APESB to make a submission.

IESBA

The IESBA is conducting a survey to consider the current provisions in the International Code of Ethics for Professional Accountants that address the potential threats to independence created by using the same senior personnel on an audit engagement over a long period of time (contained in paragraphs 290.150-155). Refer to Attachment 15(d).

The IESBA is interested in obtaining the views of stakeholders and interested parties on whether the current provisions continue to provide robust and appropriate safeguards against familiarity and self-interest threats arising from the long association of senior personnel with an audit client; or whether the provisions can and should be revised to help enhance the independence and skepticism of individuals on an audit team. This survey does not include consideration of any issues relating to Mandatory Firm Rotation or Re-tendering. The survey will close on May 31, 2013.

Technical staff will prepare a response to the online questionnaire for the Board's consideration.

APESB Submissions

The IESBA conducted an online strategic review questionnaire to facilitate the development of its *Strategy and Work Plan, 2014-2016* which had a closing comment period of 15 March 2013.

APESB prepared a response to the online questionnaire for IESBA's consideration (refer to Attachment 15(e)).

APESB Presentations

APESB Chairman Kate Spargo and Directors Stuart Black and Harley McHutchison have presented at the ICAA Audit Conference 2013 in Adelaide, Sydney and Melbourne respectively during the period March to May 2013. Presentations were in respect of *Auditor Independence: A role play with the APESB* (refer to Attachment 15(f)).

Channa Wijesinghe and Rob Nickel presented on APESB Standards at the CPA Australia's International Partnership Program (IPP) in March 2013 (refer to Attachment 15(g)).

Material Presented

- Attachment 15(a) Kate Spargo's Presentation to the IESBA Board – March 2013;
- Attachment 15(b) March 2013 IESBA Meeting Summary;
- Attachment 15(c) Exposure Draft of IIRC Framework;
- Attachment 15(d) IESBA Survey on Long Association of Senior Personnel with an Audit Client;
- Attachment 15(e) APESB Submission to IESBA on IESBA 2014-2016 Strategic Review Survey (Confidential);
- Attachment 15(f) Directors Presentation at ICAA Audit Conference 2013; and
- Attachment 15(g) APESB presentation at CPA Australia's International Partnership Program (IPP).

Recommendation:

That the report on international and other activities be noted.

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Date: 28 April 2013