

AGENDA PAPER

Item Number: 11
Date of Meeting: 29 August 2016
Subject: International and other activities

Action required For discussion For noting For information

Purpose:

To provide a quarterly update to the Board on:

- IESBA Board Meetings and APESB's international engagements;
- International developments of interest; and
- APESB submissions, presentations and other activities.

IESBA

IESBA National Standards Setter Meeting

APESB Chair, The Honorable Nicola Roxon and APESB Technical Director, Channa Wijesinghe attended the 8th annual IESBA National Standard Setters (NSS) meeting in New York, USA in June 2016. This is an annual forum of key ethics NSS from major jurisdictions such as USA, UK, Canada, Japan, Germany, China, Hong Kong, India and South Africa. The agenda topics were consistent with the matters discussed at the IESBA Board meeting noted below.

IESBA Board Meeting

The IESBA held a Board meeting on 27 - 29 June 2016 in New York, USA. The Board considered the following key agenda items:

- Structure of the Code;
- Safeguards;
- Professional Skepticism;
- Non-Compliance with Laws and Regulations (NOCLAR);
- Long Association; and
- Part C of the Code.

An update on the discussions from this IESBA meeting, including the IESBA Meeting Summary, is provided at Agenda item 12.

The next IESBA meeting is scheduled for 26 – 30 September 2016 in New York, USA.

IESBA Technical Activities

Release of NOCLAR provisions

The International Ethics Standards Board for Accountants (IESBA) has finalised its pronouncement [Responding to Non-Compliance with Laws and Regulations \(NOCLAR\)](#). The pronouncement adds additional requirements and guidance to the IESBA's Code of Ethics for Professional Accountants (International Code) in respect of member's responsibilities when they encounter non-compliance, or suspected non-compliance, with laws and regulations.

In particular the pronouncement allows professional accountants to disclose potentially non-compliance situations to the appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality in the Code.

The pronouncement applies to all categories of professional accountants and will be effective in the International Code from 15 July 2017.

IESBA have release a range of resources in relation to the NOCLAR pronouncement which are available on the [NOCLAR web page](#).

Other IESBA matters

2015 IESBA Annual Report

The IESBA released its 2015 Annual Report *Elevating Global Ethics* in May 2016. The annual report outlines the IESBA's highlights from 2015. These included the approval of four exposure drafts and the issuance of a final pronouncement on non-assurance services.

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

International Developments

International Federation of Accountants (IFAC)

Calls for Outcome Focused Regulation with regular reviews

IFAC and Institute of Chartered Accountants in England and Wales (ICAEW) held a roundtable in July 2016 which focused on the balance of regulations and corporate governance. The discussion raised the following key points:

- There is a need for balanced regulation targeted to specific social outcomes.
- Regulation to be reviewed regularly to ensure it's purpose-built and relevant as business environment evolves.
- Entities need to establish strong corporate governance and embed ethics & values (will offset need for additional regulation).

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

IFAC Encourages Accounting Profession to Engage Accountants in Business

IFAC released a publication in July encouraging professional accounting organisations to strengthen their engagement with accountants in business, the public sector and academia. The aim of the guidance document is to expand the reach, influence and contribution of accountants in business.

Professional accountants in business work in diverse sectors and therefore have a broad range of expertise. However this can make it difficult for professional accounting bodies to connect with these members. This guidance supports a stronger connection by incorporating these members into the professional accounting bodies' governance and decision-making structures.

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

IFAC Research Report highlights positive association between business performance and use of accountants

IFAC have released a research report which demonstrates the positive association between the use of professional accountants for expertise and advice, and business performance. The analysis is conducted and summarised across different entity sizes – small- and medium-sized entities and large entities. The research also shows the positive impact professional accountants have on aligning organizations' goals and actions.

The Research Report and a [Key Findings](#) document is available on the IFAC website www.ifac.org.

International Auditing and Assurance Standards Board (IAASB)

IAASB Survey for 2017-2018 Work Plan

The IAASB released a survey consultation for stakeholders to provide feedback on IAASB's Work plan for 2017-18. Feedback from the recent Invitation to Comment on Enhancing Audit Quality, indicated the IAASB that their current work plan addresses current needs of accounting professionals. However, they ask that stakeholders use the survey to raise any topics that could warrant IAASB attention in the next period of the Work Plan.

Further information is available at the following [link](#) or on the IFAC website www.ifac.org.

APESB submissions, presentations and other activities

APESB has not lodged any submissions or made external presentations in the last quarter.

Other Activities

In June 2016, Ms Jacinta Hanrahan attended a roundtable titled 'Beyond Audit Quality – Striving Towards a Common Goal'. The roundtable, hosted by the Australian Auditing and Assurance Standards Board (AUASB) and UNSW Australia, focused on audit quality and existing or potential research initiatives linked to audit quality.

Recommendation:

That the report on international and other activities be noted.

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Date: 9 August 2016