Objectives of Agenda Item

1. To brief the Board on the activities of the Task Force and the key outcomes of the December 2018 recent meeting.

Task Force (TF)

2. The TF comprises:
   - Ian McPhee, Chair, IESBA Member
   - Michael Ashley, IESBA Member
   - Caroline Lee, IESBA Member
   - Alden Leung, IESBA Member

Background

3. In September 2018, pursuant to the June 2018 final report of the Fees Working Group (Fees Final Report), the IESBA approved a project proposal on fees (Project Proposal). The objective of the project is to review the provisions in the International Code of Ethics for Professional Accountants (including the International Independence Standards) (the “revised and restructured Code” or the “Code”) pertaining to fee-related matters. The project will involve a consideration of changes to the Code so that it remains robust and appropriate in enabling professional accountants to meet their responsibility to comply with the fundamental principles and, where applicable, be independent.

4. The fees project is a pre-existing commitment in the IESBA’s Strategy and Work Plan 2018-2023 and responds to concerns raised by the Public Interest Oversight Board (PIOB)¹ and the regulatory community, in particular, the International Organization of Securities Commissions (IOSCO). The project is responsive to a public interest need for IESBA to deal with fee-related matters, including those that impact or are perceived to impact auditor independence – both independence of mind and independence in appearance.

Activities since last IESBA Discussion

5. The scope of the Project Proposal were presented to the Forum of Firms and SMP Committee in October and it was generally supported.

6. The TF held a conference call in November 2018 and had a physical meeting in December 2018 in

¹ In finalizing Changes to the Code Addressing Certain Non-Assurance Services Provisions for Audit and Assurance Clients
New York to progress its work. The Chair of the TF will brief the Board on the TF’s preliminary views and proposals during the meeting.

Next Steps
7. The TF plans to present issues, preliminary recommendations and a proposed timeline for the IESBA's consideration in March 2019. Also in March 2019, the TF will seek input on its work from the IESBA Consultative Advisory Group in advance of the IESBA meeting.

Coordination with the NAS Task Force
8. As appropriate, the TF Chair and Staff has liaised with the Chair and Staff of the Non-Assurance Task Force in progressing the Fees project.

Action Requested
9. IESBA members are asked to note the Fees project update.