IESBA Meeting Highlights and Decisions

July 2020

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This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

An audio recording of the July 2020 meeting is available on the IESBA website and a recording of the meeting is available on the IESBA’s YouTube channel.

Fees

The IESBA considered a high-level summary of the significant comments raised by the respondents to the January 2020 Exposure Draft, Proposed Revisions to the Fee-related Provisions of the Code (Fees ED) and the Task Force’s preliminary views about how to address them. Among other matters, the IESBA exchanged preliminary views on respondents’ feedback on the fee-related proposals relating to highlighting the self-interest threat to independence created when fees are negotiated with and paid by an audit client; the threshold for fee dependency in the case of an audit client that is not a public interest entity (PIE); and public transparency about fee-related information.

The IESBA will undertake a full review of the respondents’ comments and a revised draft of the proposed changes to the Code at its September 2020 meeting.

Non-assurance Services

The IESBA considered a high-level summary of the significant comments raised by the respondents to the January 2020 Exposure Draft, Proposed Revisions to the Non-assurance Provisions of the Code (NAS ED) and the Task Force’s preliminary views about the way forward. Among other matters, the IESBA considered respondents’ feedback on: the proposal relating to prohibiting firms and network firms from providing a non-assurance service (NAS) that will create a self-review threat in the case of an audit client that is a PIE; the proposed withdrawal of materiality as a factor when determining whether a NAS will create a self-review threat in relation to PIE audits; the application of the self-review threat prohibition in relation to certain scenarios involving related entities; and the adequacy of certain safeguards relating to NAS. The IESBA also considered respondents’ feedback regarding the timeline for completion of the project given the concurrent project to revise the definition of a PIE in the Code.

The IESBA supported the Task Force’s proposal to finalize the project by December 2020 in accordance to the timeline set out in the NAS ED.

The IESBA will undertake a full review of the respondents’ comments and a revised draft of the proposed changes to the Code at its September 2020 meeting.
Benchmarking Initiative

The IESBA received a presentation that set out the approach to and timeline for a benchmarking initiative to compare the International Independence Standards (IIS) that are applicable to PIEs to the relevant independence requirements that apply in major jurisdictions, starting first with the requirements of the US Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB). The initiative will serve to provide insights to stakeholders about the similarities and key differences between the IIS and independence requirements in major jurisdictions.

The IESBA will receive an update on the Working Group’s activities at its March 2021 meeting.

Next Meeting

The IESBA’s next virtual meeting will be held on September 14-21, 29 and October 1, 2020.