

## IESBA eNews: March 2017 Meeting Highlights

The highlights of the March 2017 meeting focus on key IESBA projects and initiatives, including—among other things—professional skepticism; a review of Part C of the *Code of the Ethics for Professional Accountants* (the Code); the IESBA's future strategy; and fee-related matters. The meeting included an update on an initiative of the joint IAASB-IESBA-IAESB Professional Skepticism Working Group to develop a communication to inform stakeholders about its key observations from its work to date on professional skepticism (PS).

Since the meeting, the IESBA released in May an Exposure Draft, *Proposed Application Material Relating to Professional Skepticism and Professional Judgment*. *The Exposure Draft includes a proposal to link, for the first time, compliance with fundamental principles in the Code with the exercise of professional skepticism in the context of audit and other assurance engagements. The Exposure Draft is open for public comment until July 25.*

The IESBA also considered and provided feedback on a Question & Answer publication prepared by IESBA staff to support implementation of the revised long association provisions finalized in December last year. The [publication is now available on the IESBA website](#).

- [Listen to March 2017 Meeting Highlights](#)
- [Read March 2017 Meeting Summary](#)
- 1. [Professional Skepticism](#)
- 2. [Part C of the Code Review](#)
- 3. [IESBA Strategy Survey](#)
- 4. [Fees Initiative](#)
- 5. [Accountancy Profession Tackling Corruption](#)
- 6. [IESBA Outreach Activities](#)
- 7. [IESBA CAG March Meeting Highlights](#)
- 8. [Recent PIOB Activity](#)
- 9. [Handbook of the Code of Ethics for Professional Accountants](#)
- 10. [Upcoming Dates](#)

### 1. Professional Skepticism

The March IESBA meeting considered a project proposal to develop application material in the Code to:

- explain how compliance with the fundamental principles supports the exercise of professional skepticism for audit, review, and other assurance engagements;
- emphasize the importance of professional accountants obtaining an understanding of the facts and circumstances known to them when exercising professional judgment, in the context of applying the conceptual framework.

The IESBA approved the project and broadly supported the direction of the proposed application material. The IESBA directed its Task Force to present a revised draft of the proposals for further consideration and approval for exposure at a teleconference scheduled in April.

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### 2. Part C of the Code Review

The IESBA considered a revised draft of proposed Section 250, *Gifts, Hospitality and Other Inducements*, and discussed, among other matters, the conceptual structure of the section and inducements involving immediate and close family members. Since the meeting, the IESBA held a teleconference in May to further consider refinements to the proposals. The IESBA will consider the draft Exposure Draft, including consequential and conforming amendments to related sections of the Code, for approval at its June 19-21 meeting.

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### 3. IESBA Strategy Survey

The IESBA further discussed the approach to, and content of, a draft stakeholder survey as a first step in developing its future strategy beyond 2018.

The [survey](#) was released in April and will inform the IESBA as it develops its proposed new Strategy and Work Plan, which is expected to be issued for public consultation in 2018. The survey will remain open until July 18.

[Take the survey now »](#)

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#### **4. Fees Initiative**

The IESBA's Fees Working Group is working to identify whether there is a relationship between fees charged by audit firms and threats to compliance with the fundamental principles or to independence. The Working Group's fact finding is looking at four areas: audit fee levels for individual audit engagements; relative fee size and dependence on particular clients; the ratio of non-audit to audit fees; and audit services provided by firms that have significant non-audit service businesses. As part of this initiative, the IESBA considered a high level review of the final report from Prof. David Hay, the academic commissioned to undertake a review of academic and other literature. The IESBA also considered an overview of regulatory provisions regarding fees in G-20 jurisdictions.

As part of the fact finding work, the IESBA also considered a proposed stakeholder survey being developed by its Working Group that will focus on the four identified areas.

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#### **5. Accountancy Profession Tackling Corruption**

The IESBA heard a presentation from IFAC about its study, [The Accountancy Profession: Playing a Positive Role in Tackling Corruption](#). This study is the first to demonstrate how professional accountants are a part of governance architectures that tackle corruption. The link between the prevalence of professional accountants in the workforce, and more favorable scores on the main global measures of corruption, is stronger in G20 countries, and member nations of the Financial Action Task Force, which have adopted anti-money laundering laws.

[Read the report »](#)

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#### **6. IESBA Outreach Activities**

During the first quarter, IESBA representatives met with the Standards Coordination Working Group of the International Forum of Independent Audit Regulators (IFIAR). The IESBA Chairman also gave a presentation titled "Enhancing Auditors' Ethical Behavior" at an IFIAR Inspection Workshop.

During the quarter, IESBA representatives also met with representatives of the profession, including the Canadian profession's Public Trust Committee and the IFAC Small and Medium Practices Committee.

[Access listing of recent and upcoming IESBA outreach activities »](#)

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#### **7. IESBA CAG March Meeting Highlights**

The most recent IESBA Consultative Advisory Group (CAG) meeting was held March 6 in New York, US. Meeting highlights include discussion on professional skepticism, inducements, the IESBA's strategy survey, and fee-related matters. In the context of the strategy discussion, the CAG also received a presentation from Jeanne Boillet, EY Global Assurance Innovation Leader, on the transformative effects of trends and developments in technology and innovation on the accounting and finance functions.

[Access March CAG papers »](#)

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#### **8. Recent PIOB Activity**

In March, the Public Interest Oversight Board (PIOB) released its [Feedback Statement and PIOB Strategy 2017-2019](#). The feedback statement summarizes the responses the PIOB received on its strategy consultation and the way in which it has taken these responses into account in finalizing its strategy for 2017–2019.

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#### **9. Handbook of the Code of Ethics for Professional Accountants**

Register or log in for access to current *Handbook of the Code of Ethics for Professional Accountants* for personal use or to purchase print copies.

[Access Handbook](#) »

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#### **10. Upcoming Dates**

- June 19-21, 2017: IESBA meeting, New York, USA
- September 13, 2017: IESBA CAG meeting, Madrid, Spain

For more info, or to register to attend a meeting as an observer, visit [Ethics Board Meetings](#) and [Ethics Board CAG Meetings](#).