

**Final Minutes of the 54th Meeting of the
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS
Held on June 19-21, 2017 in New York, USA**

Voting Members

Present: Stavros Thomadakis (Chairman)
Richard Fleck (Deputy Chair) (Day 1 and
Day 2 by teleconference)
Helene Agélii
Michael Ashley
Brian Caswell
Hironori Fukukawa
Kim Gibson
Gary Hannaford
Liesbet Haustermans
Robert Juenemann
Chishala Kateka
Caroline Lee
Stefano Marchese
Ian McPhee
Reyaz Mihular
Patricia Mulvaney
Lisa Snyder
Sylvie Soulier

Technical Advisors

Saadiya Adam (Mr. Mihular)
James Barbour (Mr. Ashley)
Denise Canavan (Ms. Haustermans)
David Clark (Ms. Soulier)
Michael Dorfan (Ms. Kateka)
Colleen Dunning (Ms. Lee)
Jason Evans (Mr. Caswell and Ms. Snyder)
Gina Maldonado-Rodek (Kim Gibson)
Nigyar Mamedova (Mr. Juenemann)
Andrew Pinkney (Ms. Mulvaney)
Jens Poll (Mr. Hannaford)
Tone Maren Sakshaug (Ms. Agélii)
Eva Tsahuridu (Mr. McPhee)
Toshihiro Yasada (Mr. Fukukawa)

Apology: Elbano De Nuccio (Mr. Marchese)

Non-Voting Observers

Present: Kristian Koktvedgaard (IESBA Consultative Advisory Group (CAG) Chair) and Takuya Emoto (Japanese Financial Services Agency (FSA))

Apology: Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observer

Present: Jules Muis

IESBA Technical Staff

Present: James Gunn (Managing Director, Professional Standards), Ken Siong (Technical Director), Diane Jules and Geoffrey Kwan

1. Opening Remarks

WELCOME AND INTRODUCTIONS

Dr. Thomadakis welcomed all participants and public observers to the meeting.

Among other matters, Dr. Thomadakis highlighted the following in his briefing to the Board:

- Topics discussed at the May 2017 Planning Committee meeting.
- The recent outreach he and Mr. Siong had undertaken in Mexico City, including his presentation on NOCLAR on two panel sessions at the CReCER conference which was well received, and their constructive meeting with the leadership and senior representatives of the Mexican ethics standard setter, Instituto Mexicano de Contadores Publicos.
- The lively discussions at the IESBA-National Standard Setters (NSS) meeting the previous week, including a breakout session on the topic of technology and innovation, and an update on adoption efforts regarding NOCLAR in NSS jurisdictions.
- Board publications that were recently issued, including the strategy survey and the Exposure Draft (ED) on professional skepticism and professional judgment.

The Board approved the minutes of the March 2017 meeting as presented.

2. Review of Part C – Phase 2

Ms. Agélii introduced the topic by providing a status update on the various work streams of the Part C Task Force. She noted in particular that respondents have provided their comments on the proposed restructured text of Part C Phase 1 as part of the Structure of the Code project. The Part C Task Force would review these comments in coordination with the Structure Task Force and highlight any significant issues during the September 2017 Board meeting.

Ms. Agélii noted that the aim of the session was to discuss a revised draft of proposed Section 250¹ of the restructured Code as well as the consequential and conforming changes to proposed Sections 340, 420 and 906² (inducements provisions) with a view to obtaining Board approval for exposure.

RECAP OF PREVIOUS BOARD DISCUSSIONS

Ms. Agélii provided some highlights of the recent Board discussions on issues relating to inducements and the Task Force's proposals. At the March 2017 meeting, the Board focused its deliberations on Section 250 with some discussion on the consequential and conforming amendments to the other inducements provisions. Ms. Agélii noted that the Board discussed extensively the intent test and its relationship with the application of the conceptual framework in Section 250. Other matters discussed included:

- The use of inducement as a neutral term;
- Whether the Code should define bribery and corruption;
- How to apply the reasonable and informed third party (RITP) test;
- Inducements made by or to immediate or close family members; and

¹ Proposed Section 250, *Inducements, Including Gifts and Hospitality* (professional accountants in business)

² Proposed restructured Code: Section 340, *Inducements, Including Gifts and Hospitality* (professional accountants in public practice); Section 420, *Gifts and Hospitality*; Section 906, *Gifts and Hospitality*

- Feedback received at the March 2017 IESBA CAG meeting.

The Board also held a teleconference in May 2017 to discuss revised proposals to Section 250 in response to two key issues raised by the Board in the previous meeting. These related to the interaction between the intent test and the application of the conceptual framework, and inducements made by or to immediate or close family members. At the teleconference, the Board achieved substantive agreement on the proposed text.

PROPOSED SECTION 250

Ms. Agélii explained that further revisions made to Section 250 were mostly editorial in nature and were intended to improve the section's readability and consistency with the new structure and drafting conventions of the proposed restructured Code. The key changes included:

- Revision of the proposed guidance on inducements prohibited by laws and regulations to clarify that the Code is intended to cover a broad range of laws and regulations and that a professional accountant (PA) needs to have some knowledge of the relevant laws and regulations in order to be able to identify the issues.
- Deletion of the phrase "Applying the Conceptual Framework" from a subheading to improve the structural clarity of the provisions.
- With regard to inducements made by or to a PA's immediate or close family member, revision of the additional factor relevant to determining intent or evaluating the level of threats to include reference not only to the nature of the relationships between the three parties (i.e., the PA, the counterparty and the immediate or close family member) but also closeness.

An IESBA member wondered whether business relationships with intent to gain political influence could be added as an example of inducement. A Task Force member explained that the proposed guidance already captured the point and it also referred to political donations. Ms. Agélii emphasized that the list of examples should only be treated as examples and not as an exhaustive list. Dr. Thomadakis felt that care was needed in the Board not appearing to make partisan comments in the Code and that there should not be too many examples.

In response to a query about the relevance of an example in the proposed guidance, the Task Force acknowledged that the example may not be relevant for all circumstances but noted that the examples were not designed to cover all situations.

PROPOSED SECTION 340

Ms. Agélii explained that the Board had previously agreed to align the extant guidance for PAs in public practice (PAPPs) with the proposals in Section 250 as PAPPs are likely to encounter similar circumstances relating to inducements that will create threats to compliance with the fundamental principles as PAs in business (PAIBs).

Ms. Agélii noted that changes were also made to the terminology and examples in proposed Section 250 so that the provisions would be appropriately tailored for PAPPs and client relationships. These included:

- Changing references from entity and individual to firm and client.
- Tailoring the examples for the PAPP and client context.

In response to an IESBA member's comment about the use of the RITP test in the proposed application material, Ms. Agélii clarified that the requirement paragraphs refer to reasonable and informed third party and the application material used the term "perceived intent" instead.

An IESBA member suggested that the term "client" might need further clarification. Ms. Agélii noted that the term is used throughout extant Part B and any further explanation would be out of scope in this project.

The Board discussed at length the examples that illustrate the circumstances in which self-interest, familiarity and intimidation threats might be created. In particular, there was a view that the examples were too specific. It was also noted that circumstances relating to familiarity threat in respect of paragraph 340.11 A1 (b) should be more about the two parties spending time together. After further deliberation, the Board agreed on the following text for paragraphs 340.11 A1 (a) and (b):

340.11 A1 (a) Self-interest threats

A professional accountant is offered hospitality from a client whilst preparing the client's tax return.

340.11 A1 (b) Familiarity threats

A professional accountant regularly takes a client to sporting events.

It was suggested that a more appropriate example of an action that might eliminate threats created by offering or accepting an inducement would be to decline the inducement. Ms. Agélii explained that one of the key reasons for not including the option of declining an inducement as an example was because this was an obvious course of action. In addition, this might not be an option for some cultures. The Board asked that the rationale for not including the option of declining an inducement be explained in the explanatory memorandum.

An IESBA member noted that some of the examples are not viable options for smaller firms as they only have limited resources.

Mr. Muis suggested that the proposed guidance should not only cover a PA's existing clients but also the PA's potential clients as an inducement can also be made by or to the latter. Upon deliberation, the Board accepted the point and removed references to "client" in paragraphs R340.7 and R340.8.

PROPOSED SECTIONS 420 AND 906

Ms. Agélii reminded the Board that proposed Sections 420 and 906 (dealing with independence) that the Task Force had presented at the March 2017 Board meeting contained conforming changes to align with proposed Section 340. These changes included coverage of all inducements, the intent test and guidance regarding immediate or close family members. In response to Board feedback at the March 2017 meeting, the Task Force had presented a revised version, reverting the scope to only gifts and hospitality.

A few IESBA members took the view that the scope of the proposed independence sections should be broadened to include, for instance, all forms of inducements. Whilst agreeing that there may be a need to enhance the guidance on inducement in the independence standards, Ms. Agélii pointed out that it may not be appropriate to include proposed enhancements to the independence standards in an ED relating to extant Part C. She added that the Task Force was not best placed to undertake this work given that the majority of its members are not PAPPs.

Board participants also made the follows remarks:

- Expanding the independence sections beyond the proposed revisions would be outside the scope of the Part C Phase 2 project.

- The Task Force's approach is appropriate as proposed Section 340 already covers the key elements that are missing in the independence sections. In addition, some respondents to the Structure ED have highlighted the need to avoid duplication.
- Care should be taken not to open up the scope of the Part C project without first understanding what the gaps are in the independence sections.
- Dr. Thomadakis reminded the Board that conforming changes should not be used as a vehicle to drive major changes in other sections. He further noted that if respondents to the ED believe that the scope of the independence sections should be broadened, the Board can consider adding the matter to its future work plan.

Ms. Agélii agreed that the explanatory memorandum should clearly explain the rationale for the scope of the independence sections and the relationship between these sections and Section 340.

APPROVAL

After duly considering all the necessary refinements to the proposed text, the Board approved them for exposure with 17 affirmative votes out of the 17 Board members present. The Board set the comment period for a minimum of 90 days from the date of issuance of the ED. Dr. Thomadakis thanked the Task Force and staff for their efforts in reaching this milestone.

3. Structure — Phase 2

Mr. Thomson introduced the topic, recapping how the project serves the public interest, its background, aims, status and the key features of the restructuring. He then outlined the categories of respondents to Structure ED-2, recent Task Force activities and the session's objectives.

OVERVIEW OF COMMENTS RECEIVED

Mr. Thomson explained that there was widespread support for the Phase 2 proposals, with some comments that could further improve the Code. He noted that helpful wording suggestions had been received to increase consistency and avoid possible inadvertent changes in meaning. He also noted that some comments related to Phase 1 decisions were outside the project's scope.

An IESBA member asked how out of scope matters would be addressed. Mr. Siong responded that such matters would be considered as part of developing the Board's future Strategy and Work Plan (SWP). He explained that such matters would be prioritized according to their importance to the public interest and the merit of including them in the Board's future strategic priorities. Dr. Thomadakis concurred, adding that the project's scope should not be expanded.

PHASE 2 – HIGHLIGHTS OF RESPONDENTS' COMMENTS AND TASK FORCE PROPOSALS

Mr. Thomson highlighted the main feedback from respondents, including: apparent drafting inconsistencies between the Parts; whether some sections of the restructured Code were sufficiently clear if FAQs were necessary; suggestions to align the effective date for the revised Long Association provisions with that for the restructured Code; the extent of repetition in subsections within Section 600; the use of "firm" and "network firm;" and the use of the terms "may" and "might" in referring to the likelihood of threats.

Among other matters, the following were raised:

- Notwithstanding the Safeguards Task Force's consideration of comments regarding the use of "might" versus "may" in relation to the likelihood of threats, whether the Structure Task Force would

consider the comments made on other uses of these words to be outside the Safeguards project's scope. Mr. Thomson explained that the Board had agreed in principle the defined uses of "may" and "might" in the restructured Code as the Board had accepted that these defined uses were clearer. He noted that the Task Force continued to believe that these defined uses were appropriate. He explained, however, that each comment made, where it was outside the Safeguards project's scope, would be considered.

- The impression that a few respondents had from reading the proposed restructured Code that different sections had been drafted by different teams. Mr. Siong noted that this was a difficult comment to address unless respondents had been very specific about places in the text where they felt that there were inconsistencies. He suggested that the Task Force review the text for consistency with the structure and drafting conventions rather than making broad changes to address such comments. Mr. Thomson explained that there were some natural differences between Parts 2 and 3 of the restructured Code where there had been an attempt to align the text. However, the two Parts were for different audiences and are not fully aligned in the extant Code. Accordingly, there were limits to what could be achieved. He added that the Task Force would consider specific comments, although there may be valid reasons for differences.

PHASE 1 – CLARITY OF REQUIREMENTS

Mr. Thomson summarized the main comments from respondents, including a view that the introductions to the various sections lengthen the restructured Code and are neither requirements nor application material; a perception that the restructured Code is more rules-based and that there should be a more explicit link to ethical outcomes, and emphasis that compliance with specific requirements does not necessarily mean compliance with the overarching requirements; and a concern that some requirements expressly reference application material. He explained that the restructured Code would require a knowledge and understanding of relevant sections and Part 1, and that the introductions would remind users of Part 1 requirements. He noted that restructuring distinguishes but does not add requirements, and that to avoid a rules-based focus the Structure and Safeguards Task Forces (the latter with its work on the conceptual framework) had highlighted the Code's principles. He added that the Structure Task Force was considering adjustments to requirements so that they do not expressly reference application material.

An IESBA member pointed out that respondents had noted that certain application material had not been referenced to any particular requirement and that such paragraphs covered background material but were labelled as application material. The IESBA member suggested that the Task Force consider referring to such paragraphs as background rather than application material. Mr. Thomson responded that the proposed Phase 1 text had contained requirements regarding the conceptual framework in every section and that respondents to Structure ED-1 had indicated that such repeated requirements were not necessary in every section. In removing the repeated requirements, certain application material no longer had related requirements. He commented that although the Task Force would consider the issue, it did not have a mandate to add new requirements. He further explained that there were some parts of the restructured Code with no specific requirements which had been noted for Board attention.

PHASE 1 - CLARITY OF RESPONSIBILITY TF COMMENTS AND PROPOSALS

Mr. Thomson explained that some respondents believed further work was necessary to clarify responsibility. Among other matters, they suggested adding in Section 120³ an explanation of the approach to deal with responsibility as set out in Section 400;⁴ addressing senior management's responsibility for an ethical mindset within the organization; and recognizing that some requirements apply to individuals. He indicated that the Task Force proposed to continue to include a reference to ISQC 1⁵ and to continue its liaison with the International Auditing and Assurance Standards Board's (IAASB's) Quality Control Task Force regarding proposed changes to ISQC 1. He added that the Task Force was not proposing changes to Section 120, which was not intended to replicate Section 400.

Among other matters, the following were raised:

- There is no direct relationship in ISQC 1 between leadership and ethics although there is leadership responsibility for quality. Mr. Thomson explained that an element of the quality control system in ISQC 1 is complying with relevant ethical requirements, and that the IAASB Task Force was considering revising ISQC 1 to relate components of the quality control system to ethics more generally.
- Some respondents suggested that definitions in ISQC 1 should be adopted in the restructured Code. ISQC 1 deals with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements and goes beyond ethical fundamental principles. The Board should strive to address any gaps in the Code relating to issues that uniquely should be addressed in the restructured Code rather than including in the Code matters that are addressed in other authoritative literature.
- Mr. Siong asked whether the provisions in Part 2, which addresses concepts such as tone at the top, might be used and wondered whether the applicability provisions might address some of the matters raised on ED-2. Mr. Thomson indicated that the Task Force would reflect further on the issue, although it may not address the specific matter raised by the respondent as it was seeking to use the wording in ISQC 1.

PHASE 1 – OTHER MATTERS

Mr. Thomson summarized other issues raised by respondents including: scalability; headings, subheadings and numbering; disproportionate outcomes and ethical conflict resolution; the use of the words "audit" and "review"; and certain out-of-scope matters. Mr. Thomson explained that the Task Force believed that scalability would be facilitated by the proposed enhanced electronic Code; headings and subheadings would be reviewed, although numbering would remain consistent with the agreed-in-principle format; and that the Task Force did not propose to change the use of the terms "audit" and "review."

Among other matters, the following were raised:

- Some sections⁶ repeated others which added to the length of the Code. Some respondents used the term scalability, by which they generally mean having core material and building on it, which might

³ Proposed Section 120, *The Conceptual Framework*

⁴ Section 400, *Applying the Conceptual Framework to Independence for Audits and Reviews*

⁵ ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

⁶ For example, proposed Sections 420 and 906, *Gifts and Hospitality*

address repetition. Mr. Thomson explained that once the text of the restructured Code has been finalized, electronic features would be an integral part of the entire package enabling scalability.

- The TF might consider whether there is material that might be included in Part 1 to establish that there is more overarching context for the fundamental principles in order to reduce repetition. Care should be exercised so that the overarching objectives of the Code are not lost. In addition, these objectives should be the same regardless of the PA's ethical perspective, whether in business or in public practice or serving a large or a small client.
- Once the restructured Code is finalized, the Board might wish to reflect on whether the Code should have the same provisions for all firms regardless of size, and whether it should be split between large and small firms. A contrasting viewpoint was that having two Codes would be inappropriate. Although there might be difficulties for smaller practices in following complex provisions, a solution might be for the Board to provide implementation support rather than splitting the profession into two tiers. Mr. Thomson explained that splitting the Code was outside the project's scope and that the IFAC Small and Medium Practices (SMP) Committee had commented over time that it did not wish to see different treatment for SMPs, but rather a Code that is understandable and accessible.
- How issues of consistency between Structure ED-2 and the agreed-in-principle text would be addressed. Mr. Thomson explained that the Task Force's initial reaction was that fundamental change was not necessary and that the Task Force intended to make fine-tuning consistency changes, working together with the other task forces involved in the restructuring effort.
- A few respondents favored a different treatment for audits and reviews, which might reopen a debate on the type of independence to be applied to reviews rather than being a mere drafting convention issue. An IESBA member felt that there should no change to the current use of the words "audit" and "review." Mr. Thomson explained that the Task Force had included in a list of out of scope matters respondents' comments regarding whether certain matters in the context of other assurance engagements, particularly for PIEs, should be subject to the same independence standards applicable to audits and reviews. He noted that a regulatory respondent did not argue for a different treatment but commented that an "audit" is not a "review" and that it would be clearer if this were reflected in the restructured Code. He explained that while this view was technically correct, the Board had agreed to the current position. In addition, most respondents to the November 2014 [Consultation Paper](#) and ED-1 had felt that it was unnecessary to have more extensive references to reviews.
- A few IESBA members commented that the electronic Code would be important to achieving navigability and that it seemed that the earliest that an e-code might be launched would be in 18 months' time. It would be important to align the effective date of the Code with the launch of the new electronic Code. Mr. Thomson explained that the Task Force had developed the restructured Code to facilitate a more advanced electronic Code. Mr. Siong added that developing an enhanced electronic Code was a commitment in the Board's future work plan.

NEXT STEPS

Mr. Thomson explained that at the September 2017 meeting, the Task Force would present changes to the text of Structure ED-2 and any consistency changes to the Phase 1 text. Dr. Thomadakis thanked Mr. Thomson for his informative presentation and for maintaining a firm stance on the project's scope, noting that the completion of the project in 2017 was a major Board objective.

4. Safeguards — Phase 2

Mr. Hannaford introduced the topic, noting the objectives of the session. He then reminded the Board that certain proposals in Safeguards ED-2 were developed jointly with Structure Task Force and that further revisions might be needed to incorporate the feedback on Structure ED-2. Mr. Hannaford asked that the Board's deliberations at this meeting focus on substantive matters rather than drafting details. He noted that the Board would be asked to consider "first-read" drafts of revisions to the proposals in Safeguards ED-2 at the September 2017 meeting. Mr. Hannaford then summarized the respondents' feedback and the Task Force's preliminary responses.

PERMISSIBILITY OF NON-ASSURANCE SERVICES (NAS)

In relation to respondents' feedback relating to provisions in the Code that deal with the permissibility of NAS, the Board generally agreed with the Task Force's recommendation to limit the objectives of the Safeguards project to:

- Explaining how the enhanced conceptual framework that formed part of the Phase 1 revisions apply when identifying, evaluating and addressing threats.
- Assessing the appropriateness of the examples of actions that might be safeguards in the NAS Section of the Code.

The Board agreed that respondents' comments about matters relating to the permissibility of NAS go beyond the scope of the Safeguards project and are relevant inputs to the Board's consideration of future projects. The Board agreed to focus on finishing the Safeguards project within the timeframe to which it has committed, and signal to stakeholders about the need for more work to be done. It was suggested that as part of the future NAS project, consideration be given to broader issues relating to independence and fees charged for NAS.

In addition, IESBA participants commented as follows:

- There was a view that the underlying issue with NAS results from the fees charged because of actual or perceived threats to independence that are created when a firm receives NAS fees from its audit clients. It was suggested that the Task Force:
 - Further understand whether the concerns about the permissibility of certain types NAS in the Code were coming from respondents in Europe and whether the local developments were influencing their comments. For example, it was noted that in the UK the provision of internal audit services to audit clients is prohibited because there is a regulatory view that threats to independence in appearance cannot be addressed.
 - Consider the overlapping issues in relation to providing NAS to audit clients, fees charged for NAS services and dealing with threats to independence in appearance in the Code.
- With respect to the suggestion that the Code include a "black list" to prohibit the provision of certain types of NAS to audit clients, some IESBA members cautioned against moving away from a principles-based set of NAS provisions. Those IESBA members believed that the principles-based approach allows for innovation and the provision of new NAS services. As a response to concerns raised by some respondents, it was suggested that the IESBA explain in a stakeholder communication its rationale for having principles-based NAS provisions, and give an indication of how those provisions should be applied. There was a view that doing so would help clarify for stakeholders the circumstances in which the Code prohibits the provisions of certain types of NAS that are clearly laid out in Section 600.

Dr. Thomadakis acknowledged the IESBA's existing commitment to revisit the NAS provisions in response to specific PIOB concerns. He supported the Safeguards Task Force's recommendation to limit the scope of its work to enhancing the effectiveness of safeguards in the Code. However, he also encouraged the Task Force to consider improving the NAS provisions in the Code where feasible within the planned timeline for finalizing the restructured Code.

Mr. Muis suggested that the Task Force follow up with regulatory respondents to Safeguards ED-2 (e.g., the International Organization of Securities Commissions (IOSCO), the International Forum of Independent Audit Regulators (IFIAR) and the UK Financial Reporting Council (UKFRC)). Dr. Thomadakis agreed, adding that doing so would be a useful way to interact with key stakeholders and explain how their comments are being dealt with.

RECRUITING SERVICES

Mr. Hannaford summarized respondent's views about the proposed requirement to prohibit auditors from providing certain recruiting services to their audit clients. He noted that on the one hand, there was strong support for the proposal from some respondents (i.e., regulators, NSS and larger firms), while on the other hand some respondents expressed concerns (i.e., mid-tier firms, SMPs and some IFAC member bodies). He explained that the Task Force continued to believe that the threats created by searching for or seeking candidates and undertaking reference checks for either directors, officers or a member of senior management in a position to exert significant influence over the preparation of the client's accounting records or financial statements for audit clients cannot be addressed by applying safeguards. He then presented the Task Force's clarifications to the requirement and a new application material paragraph.

The Board generally agreed with the Task Force's response and considered a revised draft of the provisions during the meeting. In addition to editorial suggestions, the following matters were raised:

- Some IESBA members suggested that the proposed requirement be reviewed to confirm that it is really within the remit of the project. Others noted some concern about the practical implications that retaining the proposed requirement would have for some SMP clients who might not have the resources in-house to identify qualified candidates themselves. The Board generally agreed that in those circumstances, a possible solution might for the audit client to hire another firm to perform the recruiting service. Mr. Hannaford explained that the proposal relating to recruiting services is within the scope of the safeguards project as the Task Force believes that there are no safeguards that will be effective in reducing actual or perceived self-interest and familiarity threats that are created when providing such services to audit clients to an acceptable level.
- It was suggested that the Task Force consider developing new guidance to describe recruiting services more broadly, in an effort to emphasize the wide range of services that might be provided. The Task Force was also asked to consider how to further clarify that the auditor's involvement in process of selecting potential candidates for certain roles is the issue because of the level of subjectivity that is necessary. The Board generally agreed auditors may continue to have a role in providing recruiting services that are seen to be objective in nature (e.g., interviewing candidates to determine their competency), but they should not provide the more subjective services (e.g., providing short lists or assessing whether a potential candidate would be a "good fit").
- Some IESBA members noted that in some cases the assessment of whether an individual is technically competent to perform a role is also subjective. Mr. Muis agreed and observed that an individual might be technically competent but may not have the confidence or courage to execute the responsibilities of a role.

APPROPRIATENESS OF SAFEGUARDS

Mr. Hannaford summarized the examples of the types of actions that might be safeguards to address threats created by providing NAS included in proposed Section 600. He reminded the Board that a key feature of the agreed-in-principle text (AIPT) is that certain matters that were previously considered safeguards are no longer considered as such in the enhanced conceptual framework. Instead, those matters are characterized as conditions, policies and procedures and are relevant to evaluating whether threats are at an acceptable level. He noted that some respondents (e.g., SMPs) were concerned about the reduction in the number of safeguards in the Code, while others (e.g., regulators) questioned whether certain safeguards would be effective to reduce the level of self-interest threats that might be created at the firm level to an acceptable level.

Among other matters, the following were raised:

- Some IESBA members agreed with respondents and questioned whether the Code should indicate whether safeguards involving the use of another professional to review the audit or NAS work should be done by a professional internal or external to the firm. Others agreed with the Task Force and believed that the Code should be principles-based and should allow firms to exercise professional judgment in determining whether the professional doing the review should be internal or external. It was also noted that a firm's determination of whether a safeguard is effective depends on the facts and circumstances relevant to the audit engagement and the NAS being provided. Also, concerns about perceptions of independence might continue to exist if a firm were to engage a professional external to the firm to perform a review of work as part a safeguard.
- It was suggested that the Task Force consider explaining what is involved in a review that meets the definition of a safeguard. In particular, some IESBA members believed it important for the Code to explain whether there is a difference between a review of work in the context of describing a safeguard versus a review of work under auditing standards, which typically forms part of supervision within the audit. The Task Force was also asked to clarify whether or not the professional doing the review should be independent.
- Dr. Thomadakis suggested that the Task Force consider whether to clarify that individuals involved in the audit should not be involved in performing the NAS (i.e., segregation of tasks). There was, however, a view that pursuing this suggestion might result in some firms (e.g., SMPs) not being able to provide certain NAS that do not usually create threats (e.g., preparing information tax returns for audit clients). Dr. Thomadakis also suggested that the Task Force consider whether:
 - Additional guidance is needed in the Code to help firms determine whether a review that will form part of a safeguard should be performed by a professional internal or external to the firm.
 - The review should be of the NAS; the audit work or both.

Mr. Gunn agreed and added that the Task Force consider whether some of the regulatory respondents' comments might be helpful to develop additional application material to explain how PAs and firms should determine whether a safeguard is effective.

MATTERS RELATING TO PHASE 1 AGREED IN PRINCIPLE DECISIONS

Mr. Hannaford summarized ED-2 respondents' comments on Phase 1 of the project and the Task Force's preliminary responses. He also summarized the IFAC SMP Committee's (SMPC's) comment letter on the June 2017 agenda material in which they welcomed the Task Force's additional explanation about how the

enhanced conceptual framework should be applied. He highlighted the SMPC's suggestion that emphasis be placed on communicating that under the enhanced conceptual framework:

- PAs, firms and network firms are required to *address threats that are not at an acceptable level* as opposed to *all threats*.
- If the application of requirements to evaluate threats indicates that the level of those threats are at an acceptable level, then no further action would be required.

During the meeting, the Board considered a supplemental document with the Task Force's additional considerations of the feedback from regulatory respondents with respect to the AIPT. The Board deliberated extensively over those respondents' views about the descriptions of reasonable and informed third party (RITP) and the term "acceptable level," as summarized below, and determined that no revisions were needed.

Reasonable and Informed Third Party

In relation to the description of the RIPT, the Board revisited its 2016 deliberations and CAG discussions to reaffirm its view that:

- The RITP test is performed by the PA from the perspective of a third party, but the RITP does not need to be a PA.
- The description of an RITP takes into account the characteristics of an objective or impartial person (i.e., the public interest), which might be an investor.
- The concept of a RIPT should be broad enough to apply to all situations covered by the Code. Accordingly, a focus only on an investor's perspective would be too narrow, and might not, for example, cover a public sector or non-profit perspective.
- Regarding the UKFRC's comments, Dr. Thomadakis noted that the meanings of the words "objective" as suggested by UKFRC and "impartial" as used in the AIPT are not substantively different.

Mr. Muis wondered whether the Task Force had leveraged the approach used to describe similar terms in the International Standards on Auditing (ISAs). Mr. Hannaford responded affirmatively and noted that the Safeguards staff is a former IAASB staff member.

Acceptable Level

With respect to the description of acceptable level, the Board agreed with the Task Force's recommendation to retain the use of the term as described in the AIPT. In relation to the UKFRC's suggestion to replace the word "likely" with "probably", the Board was of the view that the two words essentially meant the same thing.

OTHER MATTERS

- The Board asked that the January 2017 *Basis for Agreement in Principle* be refined when developing the final Basis for Conclusions document. It was also suggested that the Task Force clarify the project scope in the Basis for Conclusions to explain the rationale for certain conclusions in Phase 2. For example, there was a view that clarifying the scope would help address respondents' questions about the appropriateness of extending the prohibition of certain recruiting services to all entities.
- Mr. Siong drew the Board's attention to requests from some respondents for more time to translate the restructured Code once it is finalized.
- It was suggested that the Code explain the meaning of "non-assurance services" and "non-audit

services.”

- It was suggested that as part of its future NAS initiative, the Board also consider the appropriateness of having different requirements for auditors of public interest entities (PIEs) vs. auditors of non-PIEs.

WAY FORWARD

The Board asked the Task Force to present a first-read draft of the revised Phase 2 text for consideration at the September 2017 meeting.

5. Fees

Mr. McPhee introduced the topic, noting the objective of the session was to update the Board on the Fees Working Group’s recent activities, including its presentation at the June 2017 IESBA-NSS meeting.

Mr. McPhee noted that the Working Group had explored different approaches to the stakeholders outreach in light of the matters raised at the March 2017 Board meeting. In particular, the Working Group had considered the following:

- Whether the questionnaires should be disseminated to all key stakeholder groups or a subset of those groups.
- Whether there should be specific questions to each stakeholder group or common questions to all groups.
- Whether the use of other communication mechanisms such as global roundtables would improve the response rate and the quality of the information received.

The Working Group had concluded that the use of questionnaires would be the most practical and cost-effective way to obtain information from stakeholders. Mr. McPhee noted that the Working Group had not ruled out the use of other methods at a later stage. He added that the Working Group had received the assistance of IESBA Technical Advisor, Dr. Eva Tsahuridu, in revising the questionnaires.

JUNE 2017 IESBA-NSS MEETING

Ms. Synder provided a report-back on the Working Group’s update on the topic at the June 2017 IESBA-NSS meeting. At that meeting, the NSS participants were asked to:

- Share views about the Working Group’s fact-finding activities to-date.
- Share views about any other activities that the Working Group should be undertaking now.
- Share information about developments in their jurisdictions in response to the fee-related concerns raised by stakeholders, in particular regulators and audit oversight bodies.

Ms. Synder noted that NSS participants were generally supportive of the fee initiative and the fact-finding activities. There was general consensus that the topic of fees is an important matter to address, with a number of NSS participants noting that this has been a topical issue in their own jurisdictions. Ms. Synder then provided highlights of the comments raised by the NSS participants, including the following:

- Some NSS participants found the report of the summary of academic research to be of interest. Others, however, wondered about the usefulness of such research as the various research efforts did not generally address the issue from a threat perspective. In addition, the measures for audit quality they used differed from the real evidence of audit quality in practice.

- There were some concerns about the findings of independence in appearance, and that perceptions should not automatically lead to changes in regulations as it may be reflections of prejudices.
- It was pointed out that a recent approach to address the issue is a shift towards audit committee involvement in auditor selection, approaches to tendering and the setting of audit fee levels. An NSS participant noted that the regulator in its jurisdiction had recently issued guidance to directors and audit committees about their responsibilities in setting audit fees to ensure audit quality and auditors' independence.
- NSS participants also noted other jurisdictional requirements including fee disclosure, minimal number of hours per statutory audit based on factors such as turnover and number of employees, fee caps, and a "blacklist" of non-audit services.
- An NSS participant suggested that the Board should act more promptly in addressing the issue as it has been under pressure to take action as the national regulator. In contrast, another NSS participant cautioned the Board about acting too quickly as the matter might be more effectively dealt with by another part of the economic regime. It was also noted that standard setters should be cautious about changing standards that suggest high fees is a pre-requisite for delivering high quality audits.

Mr. McPhee noted that the Working Group would take into account the NSS participants' comments in developing the questionnaires. It is anticipated that the questionnaires will be disseminated to stakeholders by October 2017 with a 90-day comment period. Mr. McPhee further noted that the Working Group would consider the need for additional outreach to some stakeholder groups to solicit a better response rate and to better understand their views. The Working Group plans to provide a report-back to the Board during its March 2018 meeting.

FEEDBACK FROM IESBA PARTICIPANTS

Some IESBA members agreed that global roundtables may be premature at this point and that the use of a survey is helpful. There was, however, a caution about avoiding the perception of the Board attempting to control competition. To improve the quality of the responses, there were suggestions that the questionnaires provide more contextual information without creating undue bias, and that they should not only collect perceptions but also allow respondents the opportunity to provide evidence. It was also suggested that the Working Group consider other alternatives such as interviews and focus groups.

Some IESBA participants suggested that Working Group consider getting access to similar studies undertaken in other jurisdictions and make use of available sources of information such as the IESBA CAG.

A few IESBA members noted that there seems to be a shift towards audit only services by some firms as a result of restrictions on fees, and that such trend may not be in the public interest in the long run as it may drive up audit fees and limit the skillsets of auditors.

Some IESBA members observed that, in their experience, the level of fees plays a significant role in the auditor selection process. However, other IESBA members felt that the weight an audit committee places on fee when selecting auditors may vary from jurisdiction to jurisdiction.

Mr. Muis expressed a view that questions about non-assurance services and independence invariably come back to what is value for money. He wondered whether the fees issues can be addressed without prior thinking on firms' business models and without working in conjunction with other related projects. Mr. Muis emphasized the importance of developing a view on business models that could be used for the fees initiatives as well as other independence projects.

Dr. Thomadakis clarified that several parts of the Code already contain guidance on fee-related matters and that the Board set up the Working Group in response to specific concerns from the PIOB with a view to identifying whether the Code's existing provisions need further enhancement. He further noted that the Board is aware that the issue of fees intersects with audit quality and competition issues, and that care will be needed in this regard. Dr. Thomadakis reiterated that the summary of academic research commissioned by the Board had identified as an issue independence in appearance relating to the ratio of audit and non-assurance services fees. He noted that this finding should inform the Working Group's further considerations. He also noted that given the current resource constraints, there needs to be some flexibility to the timeline proposed by the Working Group.

WAY FORWARD

The Board asked the Working Group to consider the feedback received and arrange for the questionnaires to be disseminated to stakeholders in accordance with the proposed timeframe.

6. Professional Skepticism

Ms. Mulvaney, a member of the Professional Skepticism Task Force (PSTF), introduced the topic in the absence of Mr. Fleck, who participated by phone. Ms. Mulvaney, reviewed the history of the initiative, noting that she and Mr. Fleck had participated in the PS Working Group (PSWG) – a joint effort of the IAASB, the International Accounting Education Standards Board (IAESB) and IESBA. The PSWG was formed in 2015 to formulate views on whether and how each of the three Boards' sets of international standards could further contribute to strengthening the understanding and application of the concept of professional skepticism as it applies to an audit. The output of the PSWG's work to date was a paper presented to the Board at this meeting.

Ms. Mulvaney noted two items for the Board to consider: (1) whether there are concerns or objections to the release of the PSWG publication titled *Strengthening the Pillars of Professional Skepticism – Observations of the IAASB-IAESB-IESBA Professional Skepticism Working Group* (PSWG publication), and (2) the PSTF's proposal for progressing a longer term initiative on PS.

It was noted that the PSWG publication summarizes observations and actions to date, as well as intended future actions of the standard-setting Boards (SSBs). During discussion, an IESBA member noted that the publication primarily relates to audits, with no mention of PS applied by PAs not performing audits. Ms. Mulvaney acknowledged that this fact was a focus of robust discussions within the PSWG, and as a result the draft was developed through several iterations. She expressed confidence that IESBA's comments had been taken on board. She commented that the paper was a fair summation of the discussions, and she was comfortable with the views expressed. She added that this publication was only a stop on a longer journey. She also emphasized that the publication was not from any one SSB, but rather the PSWG.

After brief deliberation, the Board noted no fatal flaws to the publication and expressed no fundamental concerns or objections to its release.

Ms. Mulvaney then reported on the short-term activity of the PSTF regarding the linkage of PS with the fundamental principles, and an understanding of professional judgement. She reported that the ED had been released and would be open for comment through July 25, 2017. The PSTF would return to the Board at its September meeting with the feedback from respondents.

Ms. Mulvaney also addressed PS considerations requiring further analysis (i.e., the longer term journey) as these will be the focus of the PSTF going forward. The issues include:

- Identifying the behavioral attribute gaps underlying a lack of sufficient PS.

- Considering the concepts of PS, or aspects of it, and whether it should apply to all PAs.
- Considering the PS implications for non-assurance work.
- Whether there should be a harmonized definition of PS across IAASB, IESBA and IAESB standards, and if so, whether it would be possible to develop such a definition.
- Whether better guidance (e.g., types and impacts of bias, overcoming impediments) would improve the appropriate application of PS.

As a first step in exploring these issues, the PSTF proposed developing a consultation paper to further vet PS issues and obtain views about feasible and pragmatic solutions to enhance application of PS. Mr. Fleck added that the PSTF's aim was to identify the relevant issues and consider any possible ways forward, with no judgments at this stage as to whether those were the right issues or ways forward.

The Board discussed the report presented. Some concerns were voiced about unintended consequences and "scope creep." Specifically, there were questions as to whether a profession-wide definition of PS could be developed, and what unintended consequences such a definition might bring. Mr. Koktvedgaard pointed out that getting too granular with a definition of PS could result in inherent violations of the Code.

An IESBA member suggested that while PS should apply across the profession, scalability of the application might be an appropriate solution – with full scale being in the audit practice. Another IESBA member suggested that "due diligence" might be the right term to use when outside the assurance practice. An IESBA member also wondered why the fundamental principles would not be sufficient to establish boundaries around practice expectations, and whether there was more the Board could do to reinforce these principles.

The Board also discussed the concept of "public interest." There was a view that the term is ill-defined and difficult to deal with because it is unclear how a particular outcome lends itself to public interest. Dr. Thomadakis offered that "public trust" might be a term more in line with what the Board might be envisaging – meaning the public's trust in the profession, not just auditors.

An IESBA member expressed concern that the discussion had gone far beyond PS, and into the purpose of the Code. It was noted that "public trust" is different from "public interest," and that "confidence" might be something to weave into any potential definition.

In summing up the discussion, Mr. Fleck pointed out that the comments made were very much in line with the discussions within the PSTF. He wondered whether the PSTF or the Board had identified all the relevant issues, adding that the purpose of the proposed CP was to achieve just that. Ms. Mulvaney noted that any output from the PSTF's work on those issues would not come until sometime in 2018.

CONCLUSION AND WAY FORWARD

The Board supported the PSTF's proposal to develop a consultation paper and asked that the PSTF provide status updates on its work on this at the September and December 2017 meetings.

7. Part C – Applicability

Ms. Agéllii introduced the topic by explaining the objective of the project, which is to clarify the circumstances in which the provisions in Part C should apply to PAPPs. To achieve this objective, the Board has opted for a holistic approach by proposing to include new provisions in the Code (applicability paragraphs) requiring PAPPs to first consider the circumstances and context and then apply the relevant provisions in Part C of the extant Code.

Ms. Agéllii noted that the ED, [Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice](#) (Applicability ED) was released for comment in January 2017, with a deadline for responses of April 25, 2017. She reported that 39 comment letters were received and that respondents were generally supportive of the objectives of the proposals and the holistic approach. She also noted that a few respondents had raised concerns from an SMP perspective about the perceived increased complexity of the Code and the additional burden on practitioners.

CLARITY AND SCOPE OF THE REQUIREMENT PARAGRAPHS

Applicable Circumstances

Ms. Agéllii noted that a substantial body of respondents did not raise any concern regarding paragraphs R100.4 and R300.5 (the requirement paragraphs). However, some respondents raised various comments or suggestions, including the following:

- The first sentence in the requirement paragraphs may be inaccurate as the phrase “facing an ethical issue” implies that the PA has already encountered a specific issue that needs to be addressed.
- The requirement paragraphs could be improved by stating that PAPPs shall also consider the whole Code, including Part C, and comply with all the requirements applicable in the circumstances.
- The requirement paragraphs did not clearly explain the context of the activity that may trigger the applicability of Part C as all professional activities undertaken by a PA can be understood to be pursuant to the accountant’s employment.
- The proposed wording of the requirement paragraphs did not cover those situations where a PA serves as both a PAPP and a PAIB in multiple roles.

Ms. Agéllii explained the Task Force’s preliminary revisions made to the requirement paragraphs in response to the respondents’ comments.

Many IESBA members supported the preliminary revisions. Others, however, raised a number of comments, including the following:

- If the aim of the revisions to broaden the requirement to professional activities other than client services was to cover all situations, the revised text may be missing some other forms of activities such as business relationships, sub-contracting and other business arrangements. Also, it may be argued that the revisions create overlap with those provisions in the Code that deal with independence matters such as business relationships. It was felt that the text in the ED was more helpful because the professional activity is linked to an employment or ownership relationship with the firm. In contrast, it was unclear in the revised text what the Code would be intended to capture.
- The scope of the revisions was not sufficiently clear as a user may not readily be able to distinguish between professional services and professional activities when reading the applicability paragraphs. It was also unclear that the revisions are intended to cover the situation of a PA in multiple roles.
- The scope of the revisions should align with those for PAIBs when applying Part C of the extant Code.
- By using “are” instead of “might be” in the second sentence, the wording in the revisions had become too strong as the revised text seemed to suggest that a PAPP must follow every provision in Part C.

The Board generally supported removing the phrase “facing an ethical issue” in the first sentence of the requirement paragraphs to avoid any unnecessary limitation to the scope.

Individual PAPPs

Ms. Agélii reported that some respondents had commented that the scope of the Applicability ED may have the unintended consequence of including those individuals who are not PAs working in firms due to the Code's definition of a PAPP. She explained the Task Force's view that such individuals are already excluded from the scope of the Applicability paragraphs given the definitions of "professional accountants" and "professional activity." However, to avoid confusion, the Task Force had agreed to clarify this aspect by expressly stating in the preliminary revisions that Part C is only applicable to *individuals* who are PAPPs.

Mr. Siong clarified that the focus of the applicability paragraphs is on individuals who are PAs. In the context of the NOCLAR provisions, however, firms have a responsibility to ensure that all individuals in an engagement team, including those who are not PAs, are working in such a way as to enable the firms to be compliant with the Code.

An IESBA member noted the increasingly difficulty for PAs to provide professional services exclusively. If Part C is only applicable to PAs, this may lead to varying standards and ethical behavior. There was also some queries about how the definitions of a PA and a PAPP should be interpreted. In response, Mr. Siong advised the Board not to extend the current meaning of the definitions through interpretations, and to focus on how Part C would apply to individuals in firms who are PAs. Ms. Agélii also clarified that Part C is applicable not only to circumstances where a PA who works in a firm is acting in the role of a PAIB but also to circumstances where an individual is dealing with firm-related matters as a PAPP.

Contractors

With regard to the comment that the scope does not appear to include PAs who act as contractors, Ms. Agélii explained that the matter was no longer relevant as the preliminary revisions removed the reference to employment and ownership relationship altogether.

RELEVANCE OF THE EXAMPLE

Ms. Agélii noted that most respondents did not raise concerns with the example set out in the Applicability ED or provide alternatives. However, upon deliberation over the comments raised, the Task Force felt that it would be helpful to replace the specific example in the ED with a list of example situations that covers different ethical dilemmas and provisions from Part C. The Board supported this enhanced approach.

In response to an observation that the examples in the preliminary revisions only relate to employment with a firm, Ms. Agélii noted that these examples are to specifically clarify the applicability of Part C to PAPPs in situations that arise within a firm.

LOCATION OF THE APPLICABILITY PARAGRAPHS

Ms. Agélii explained that the Board had previously considered at length the various options available before agreeing on the locations of the text in the Applicability ED. Upon further deliberation, the Board supported the suggestion to remove the application material in Part 1 of the restructured Code to avoid repetition.

OTHER MATTERS

Definitions of PAPP and PAIB

Ms. Agélii highlighted a number of other matters raised by the respondents. In particular, she noted that a few respondents had noted a perceived lack of clarity in the definitions of PAPP and PAIB. She added that the Task Force was of the view that these concerns are outside the scope of the Applicability project, and

did not impact the Board's achieving the objective of the applicability paragraphs. Ms. Agéllii suggested that the Board review these definitions as part of a future project. The Board concurred with the Task Force.

Applicability of Part B to PAIBs

The Board also discussed the applicability of extant Part B to PAIBs when providing professional activities to their "clients" as these situations are currently not covered by extant Part C, and whether the applicability paragraphs should also address this matter.

Some IESBA participants were of the view that the matter is outside the scope of the current project. Others also noted that the issue may be more complicated than it appears and further considerations need to be given to its enforcement, adoption and implementation.

Whilst acknowledging comments about the need for caution and further work as well as the project's tight timeframe, Dr. Thomadakis recommended the Task Force to consider the matter further and identify whether there is a simple way to address it.

WAY FORWARD

The IESBA asked the Task Force to present the revised Applicability paragraphs for consideration at the September 2017 meeting.

8. IESBA-IAASB Coordination

Dr. Thomadakis briefed the Board on the main outcomes of the joint IESBA Planning Committee (PC) – IAASB Steering Committee (SC) meeting earlier in the week. He found it encouraging that the meeting went well and did justice to the mutual desire on the two sides for closer coordination.

Among other matters, he reported the following:

- The purpose of the meeting was to prepare for the joint IAASB-IESBA meeting in September 2017.
- In addition to the PC and SC, participants included Ms. Soulier in her capacity as Board liaison to IAASB, and the Chair and Deputy Chair of the IAESB.
- There was a presentation from Prof. Annette Köhler, Chair of the PSWG, regarding her experience of coordination on the PSWG, the practical challenges that were encountered, and the areas for closer alignment.
- There was agreement that while the process of coordination has to be more systematic, it should not be over-engineered, and that greater communication will enhance mutual respect.
- Other matters discussed included the possibility of alignment of future strategy periods and specific topics for possible coordination.
- The PIOB observers had been very encouraging regarding the two Boards' efforts on coordination.

Dr. Thomadakis emphasized that the joint PC-SC meeting was for purposes of communication and not to decide on solutions to issues. He added that going forward, identifying what should be the right priorities will be a major focus of the coordination efforts.

Mr. Muis indicated that the PIOB applauds the coordination initiative, and that the potential will manifest itself in due course. He shared a personal reflection that when he joined the PIOB, he was surprised that auditors could sign off on their reports in accordance with ISAs without also asserting compliance with the Code, and that there are differences in terminology between the two Boards. He also noted that there are

perceptions that the SSBs are seen as IFAC organizations. In this regard, he felt that it would be positive to see the SSBs evolve. However, it would be important to first address areas of disconnect between them. He concluded that the joint PC-SC session was a very professional start to a great initiative.

Mr. Koktvedgaard noted that from a CAG perspective, the joint PC-SC session had been a productive meeting and met CAG expectations. He emphasized the importance of coordination being at the right level and not over-engineered, adding that a mutual appreciation of SSB deadlines and milestones will be key.

9. PIOB Observer's Remarks

Mr. Muis thanked the Board for its hospitality. He noted that he had found the discussions intellectually stimulating. He added that a recurring theme was what should be the core philosophy on the issue of the business model of firms vs. taking a piecemeal approach to addressing issues such as fees and NAS. He indicated that he would be taking up the discussion further at the PIOB.

Mr. Muis also observed that the Board had given serious consideration to the input from regulatory stakeholders on the various topics at this meeting, adding that this constructive tension would continue. Finally, he thanked the Board for the opportunity to be on a learning curve.

Dr. Thomadakis thanked Mr. Muis for his constructive remarks.

10. Next Meeting

The next Board meeting is scheduled for September 19-22, 2017 at the AICPA offices in New York, USA.

11. Closing Remarks

Dr. Thomadakis thanked IESBA participants for their contributions to the meeting, and the AICPA for hosting the meeting and providing administrative support. He wished all participants a safe journey home and then closed the meeting.