

## Agenda Item

# 1-E

**Meeting:** IESBA  
**Meeting Location:** New York, USA  
**Meeting Date:** March 12-14, 2018

**Draft Minutes of the Public Session of the Meeting of the  
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS CONSULATIVE  
ADVISORY GROUP (CAG)**

**Held on September 12-13, 2017 in Madrid, Spain**

**PRESENT**

Kristian Koktvedgaard (Chair)

Myles Thompson

Noémi Robert

Vânia Borgerth

Nicolaas van der Ende

Mohini Singh

Conchita Manabat

Jean-Jacques Dussutour

Atsushi Inuma

Huseyin Yurdakul

Jim Dalkin

Gaylen Hansen

Henri Fortin

Wei Meng

Dawn McGeachy-Colby

Simon Bradbury

**Member Organizations**

BusinessEurope

Accountancy Europe (AE)

AE

Associação Brasileira de Instituições Financeiras de  
Desenvolvimento

Basel Committee on Banking Supervision (Basel  
Committee)

CFA Institute

International Association of Financial Executives Institutes –  
Europe, Middle East, and Africa Region (IAFEI-EMEA)

International Association of Insurance Supervisors (IAIS)

International Organization of Securities Commissions  
(IOSCO)

IOSCO

International Organization of Supreme Audit Institutions  
(INTOSAI)

National Association of State Boards of Accountancy  
(NASBA)

World Bank (WB)

World Federation of Exchanges (WFE)

**Observer Organizations**

IFAC Small and Medium Practices (SMP) Committee

International Monetary Fund (IMF)

Martin Baumann

U.S. Public Company Accounting Oversight Board

**IESBA Members, Representatives and Staff**

Dr. Stavros Thomadakis

IESBA Chairman

Richard Fleck

IESBA Deputy Chair Professional Skepticism Task Force Chair

Helene Agélie

IESBA Member and Part C Task Force Chair

Gary Hannaford

IESBA Member and Safeguards Task Force Chair

Sylvie Soulier

IESBA Member and IAASB Coordination Liaison

Don Thomson

Structure Task Force Chair

James Gunn

Managing Director, Professional Standards

Ken Siong

Technical Director

Diane Jules

Deputy Director

John Morrow

Manager, Standards Development and Technical Projects

Geoffrey Kwan

Manager, Standards Development and Technical Projects

**Public Interest Oversight Board (PIOB)**

Michael Holm

**APOLOGIES**

Marie Lang

Erik Bradbury

Obaid Saif Hamad Ali Al Zaabi

Sanders Shaffer

Anne Molyneux

Nigel James

Paul Sobel

Jaseem Ahmed

Lucy Elliott

Gayani Perera

**Member Organizations**

European Federation of Accountants and Auditors for SMEs (EFAA)

Financial Executives International (FEI)

Gulf States Regulatory Authorities (GSRA)

IAIS

International Corporate Governance Network (ICGN)

IOSCO

Institute of Internal Auditors (IIA)

Islamic Financial Services Board (IFSB)

Organisation for Economic Cooperation and Development (OECD)

Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)

## **A. Opening Remarks**

Mr. Kokvedgaard welcomed all participants to the meeting. He welcomed, in particular, Mr. Holm as the PIOB Observer, and the new Representative for the IAFEI, Dr. Manabat. Mr. Kokvedgaard bid farewell to Messrs. Arteagoitia and Bradbury and thanked them for their contributions to CAG.

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

## **B. Professional Skepticism (PS) and Professional Judgement (PJ)**

Mr. Fleck introduced the topic, recapping the objective of the project to develop new application material to:

- (a) Describe how compliance with the fundamental principles in the Code supports the exercise of PS in the context of audit and other assurance engagements; and
- (b) Emphasize the importance of professional accountants (PAs) obtaining a sufficient understanding of the facts and circumstances known to them when exercising PJ in applying the conceptual framework to comply with the fundamental principles and where applicable, be independent.

Representatives noted and had no comments on the report-back on the March 2017 CAG discussion.

### SHORT-TERM PROJECT

Mr. Fleck then summarized respondents' feedback on the May 2017 Exposure Draft, [Proposed Application Material Relating to Professional Skepticism and Professional Judgment](#) (PS-PJ ED) and the Task Force's related responses.

Representatives expressed general support for the Task Force's proposed revisions to the text of the PS-PJ ED. Among other matters, the following were raised:

- Mr. Kokvedgaard questioned the appropriateness of the word "commensurate" as used in the second sentence of paragraph 120.5 A1<sup>1</sup> which reads "Professional judgment in turn involves the application of professional knowledge, skill and experience, commensurate to the nature and scope of the professional activity..."
- Mr. Dalkin questioned whether the new applicable material relating to PJ in the Code was consistent with the material relating to PJ in the IAASB's International Standards.
- Mr. Hansen wondered about the word "supports" in the statement describing the relationship between the fundamental principles and PS in paragraph 120.13 A1, noting that it can be confusing which way it should work. Mr. Fleck explained that there are broader issues relating to PS that will be addressed as part of a longer-term project. He noted that as an interim step, the focus of the short-term project is on explaining the relationship between PS and the fundamental principles in terms of how the latter support the former in the context of audits and other assurance engagements.
- Mr. Iinuma noted that the Code establishes the expectations of PAs regarding compliance with the fundamental principles. Firms' role in that regard is essential in that it is important for them to establish a quality control system to enable all their professional staff to comply with the Code. Accordingly, he hoped that the IESBA would coordinate its work on the longer-term with the

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<sup>1</sup> Part 1 – Complying with the Code, Fundamental Principles and Conceptual Framework, Section 120, *The Conceptual Framework*

IAASB's Quality Control project. Mr. Fleck noted that the way firms establish a quality control system to enable compliance with independence and other ethical requirements is a separate issue not within the scope of this project. Whether there should be an equivalent of an ISQC 1 for ethics has not been discussed by the IESBA.

- Mr. Fortin wondered about the merit of establishing the linkage between the fundamental principles and PS in the short-term project when the definition of PS will not be reviewed until the longer term initiative. Mr. Fleck responded that the starting point is PS as clearly defined in the IAASB's standards.
- Mr. Fortin noted that PS is precisely about being concerned about a matter and acting on it. He added that he would have an issue if the auditor was concerned about a matter but failed to take appropriate action knowing that something was not right. He therefore perceived a disconnect between the fundamental principle of integrity and PS. Mr. Bradbury concurred, noting that the example which explains how the fundamental principle of integrity supports the exercise of PS in an audit should capture this point more crisply. Mr. Fleck acknowledged the point, noting that the Task Force would revisit the example.

Mr. Koktvedgaard asked CAG Representatives whether they had any concerns to the short-term PS project being taken forward to its final stage. No concerns were raised.

#### LONGER-TERM PS INITIATIVE

As a follow-up to the joint IAASB and IESBA CAG session on the topic of PS, Mr. Fleck updated the CAG on the IESBA's longer-term initiative in relation to PS. He explained that at its June 2017 meeting, the IESBA had considered a tentative approach to respond to stakeholders' concerns about the applicability of the concept of PS to all PAs, and that it had agreed to develop a consultation paper to address the longer term considerations. He noted that the IESBA was sensitive to the concerns expressed at the IAASB and by some stakeholders about not diluting the concept of PS as it applies to audits. At the same time, it was necessary to respond to the concerns of the PIOB and other stakeholders regarding the applicability of PS to all PAs. He added that a draft of the consultation paper would be discussed at the March 2018 CAG meeting.

Dr. Thomadakis noted that the longer term initiative represents an outcome of the work of the joint IAASB-IESBA-International Accounting Education Standards Board (IAESB) Working Group. Accordingly, there will be further consultation with the other two standard-setting Boards as the initiative moves forward.

Mr. Holm wondered about the timeline for this initiative. Dr. Thomadakis responded that the Board intended to proceed cautiously and that the consultation paper would be important in this case as the Board was aiming to break new ground on the issues. He added that while many stakeholders believe the IESBA should address the question of the applicability of PS to all PAs, he would not prejudge the outcome of the longer term initiative. Mr. Fleck added that the Board's previous experience indicated that a consultation paper would help accelerate a project.

No comments were made by the Representatives.

#### **C. Structure of the Code**

Mr. Thomson introduced the topic covering the session's objectives, the current status of the project, the features of the restructuring, and the project timeline. He explained that this session would serve as the final CAG discussion of the Structure project prior to its anticipated completion in December 2017. Mr.

Thomson then invited Representatives to comment on the significant matters arising from the feedback on the January 2017 Exposure Draft: [Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2](#) (Structure ED-2) and the Task Force’s related responses.

Among other matters, the following were raised:

#### STAKEHOLDER PARTICIPATION IN RESPONDING TO EDS

Ms. Manabat noted that there were 40 respondents to Structure ED-2, and inquired about whether there was a process in place to engage with all stakeholders in order to ensure that the IESBA achieved a good balance in the representation of stakeholders who comment on its EDs. Mr. Thomson explained that the responses were quite extensive because a number of the respondents represent collective views. He noted in particular that:

- The members of IOSCO regulate more than 95 percent of the world’s securities markets in more than 115 jurisdictions. He also noted that the Task Force held a teleconference with representatives of IOSCO Committee 1 in July 2017 to further understand its comments.
- The IESBA routinely seeks input on its projects from all stakeholders, including:
  - National standard setters (NSS), who are very engaged in the process through the annual IESBA-NSS liaison meeting; and
  - Firms (meetings at least twice a year with each of the Forum of Firms and the IFAC SMP Committee).

In addition to project outreach, he noted that the IESBA had issued a consultation paper as well as two EDs, and conducted stakeholder interviews for purposes of the project research. Accordingly, the input that the IESBA had received from stakeholders was very comprehensive.

Reflecting on Mr. Thomson’s response, Mr. Koktvedgaard added that in his view, Ms. Manabat’s comment suggested the need for a broader consideration about the actions that might be taken by the IESBA and the CAG to solicit input on the IESBA’s EDs from stakeholders who do not typically respond. Acknowledging Mr. Koktvedgaard’s comment, Dr. Thomadakis observed that the challenge in obtaining input from certain stakeholders (specifically investors and those charged with governance) is not unique to the IESBA. He added that the IESBA welcomes suggestions about how best to encourage those stakeholders to respond to its EDs, in particular on technical projects such as Structure. Ms. Singh explained that due to resource limitations and the current pace of changes in standards relating to financial reporting more broadly, investors are forced to be selective in determining which consultations they respond to. She further explained that in the case of Structure ED-2, the CFA Institute did not submit a response simply because it prioritized its resources on responding to the IAASB’s Exposure Draft relating to [Accounting Estimates](#).

#### NATURE OF CHANGES TO EXTANT CODE

- Mr. Hansen expressed support of the compilation of the restructured Code, noting that he believed it was more logically organized, and that it had clarified the provisions of the Code.
- Ms. Manabat questioned the nature of the revisions being made to the extant Code, wondering in particular about the meaning of the word “restructuring.” She also asked for clarification about the process that the IESBA used to ensure that the current provisions in the Code were not weakened

or inadvertently changed. Mr. Baumann inquired whether any of the extant Code's requirements had been demoted to application material.

- In response to Ms. Manabat and Mr. Baumann, Mr. Thomson summarized the nature of the restructuring changes made to the Code. He explained in particular that:
  - The objective of the Structure project was to improve the structure and drafting convention for the Code to make it clearer and more understandable, and that a key objective of the project was to not weaken the extant Code. In this regard, he noted that the Task Force had compared each paragraph of the extant Code to those in the restructured Code and published mapping tables and tables of concordance to enable stakeholders to satisfy themselves about the nature of the changes.
  - The restructured Code also include safeguards-related revisions developed by the Safeguards project and that some of those revisions are to clarify the application of the conceptual framework and improve the clarity, appropriateness and effectiveness of the examples of safeguards throughout the Code.
- Ms. Manabat questioned whether, even though there were no changes in principles, the restructured Code was now more rules-based rather than principles-based. Mr. Thomson explained that similar to the extant Code, the restructured Code is “principles-based.” He explained that the restructured Code, however, includes more robust, prominent and explicit requirements relating to:
  - Complying with the fundamental principles of ethics;
  - Being independent when performing audits, reviews and other assurance engagements; and
  - Applying the conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles and independence.

Mr. Thomson noted that the improvements to the restructured Code would make its implementation by professional accountants easier and more enforceable.

#### MATTERS OUTSIDE THE SCOPE OF THE PROJECT

Ms. Meng inquired about the IESBA's plans for dealing with matters that are determined to be outside the scope of the project (e.g., requests for clarification about the concept of “close and immediate family”). Mr. Thomson explained that the IESBA will consider these matters as part of the development of its future Strategy and Work Plan which the IESBA anticipates finalizing by the end of 2018.

#### OTHER MATTERS

- Mr. Hansen inquired at what point pilot testing would be undertaken as this would provide valuable input. Mr. Thomson explained that the Board had explored this in Phase 1 of the project in that it had encouraged firms and NSS to consider the proposals and flag any potential implementation challenges. The IESBA has not labeled this as pilot testing per se but it provided a basis for the Board to be made aware of potential implementation issues. He also explained that the Board planned to undertake a post-implementation review of the restructured Code, and in this regard it anticipates having to work closely with all stakeholders, in particular firms, regulators and audit oversight authorities.
- Mr. van der Ende noted that local jurisdictions have different approaches to the level of prescriptiveness in their local codes. For example, he noted that some jurisdictions have local

codes that are more prescriptive and “rules-based” in comparison to the Code’s “principles-based” provisions. He then asked about whether and how the Board planned to deal with this issue in considering the rollout and implementation activities for the restructured Code. Mr. Thomson highlighted that the new architecture for the Code emphasized the provisions relating to compliance with the fundamental principles, juxtaposed with specific requirements where appropriate. This approach helps achieve the right balance between principles and rules. He believed that this would lead to a change in practice as PAs would no longer be able to consider a requirement in isolation. Dr. Thomadakis added that the Structure project was informed by global outreach involving all categories of stakeholders. He noted that stakeholders had expressed consistent support for a principles-based Code.

#### PROPOSED EFFECTIVE DATE

Mr. Hansen inquired about the effective date for the restructured Code. Mr. Thomson explained that the IESBA would consider respondents’ feedback on this matter during its September 2017 meeting and the Task Force’s recommendation. Mr. Siong explained that the provisions relating to inducements are being revised as part of a separate project, and that the IESBA expects to finalize these provisions by June 2018. He also explained that the Task Force would propose to the IESBA that the revised inducements provisions have the same effective date as that of the restructured Code. Mr. Koktvedgaard expressed support for the Task Force’s recommendation.

Mr. Koktvedgaard asked CAG Representatives whether they had any concerns to the Structure project being taken forward to its final stage. No concerns were raised.

#### **D. Review of Part C of the Code**

Ms. Agélii introduced the topic, explaining that the aim of the session was to (i) discuss with the CAG the significant comments raised by respondents to the January 2017 Exposure Draft, [Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice](#) (Applicability ED), and (ii) report back on the March 2017 CAG discussion relating to the revision of the inducements provisions in the Code.

#### APPLICABILITY PROJECT

Ms. Agélii recapped the objective of the project, i.e., to clarify the circumstances in which the provisions in Part C should also apply to professional accountants in public practice (PAPPs) as they may face ethical issues similar to those encountered by professional accountants in business (PAIBs). She explained that the Board would consider respondents’ feedback and the Task Force’s revised proposals during the September 2017 IESBA meeting with a view to finalizing the proposed text in December 2017.

Dr. Manabat asked whether, on the whole, the proposed changes to the Code were substantive or editorial in nature. Ms. Agélii explained that the aim of the project was to clarify the statement in the extant Code to the effect that PAPPs may in some circumstances find the provisions in Part C relevant. So, in that regard, the proposed changes were more of a clarification. Dr. Thomadakis noted that the Board had already revised Part C substantively over the last three years. Mr. Siong added that the proposed text in the Applicability ED went beyond clarification because it introduced a new requirement for PAPPs to consider and apply the relevant provisions in extant Part C, for example, the provisions relating to NOCLAR and pressure to breach the fundamental principles.

Mr. Koktvedgaard asked CAG Representatives whether they had any concerns to the Applicability project being taken forward to its final stage. No concerns were raised.

#### INDUCEMENTS PROJECT

Ms. Agélii introduced the topic, explaining the key milestones for the project since the March 2017 CAG meeting, including the release of the Exposure Draft [Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements](#) (Inducements ED) on September 8, 2017. CAG Representatives noted and had no comments on the report-back on the March 2017 CAG discussion. Ms. Agélii then explained the key features of the Inducements ED.

Among other matters, the following were raised:

- Mr. Fortin sought further clarification about the reason for not specifically addressing cultural differences in the proposed text. Ms. Agélii noted the IESBA had determined that it is important to deal with issues relating to culture in a “principles-based” manner. Accordingly, the IESBA had established a list of factors aimed at assisting PAs determine the intent behind an inducement. The IESBA believes that the intent test and the provisions in the conceptual framework provide sufficient guidance to assist PAs to deal with different cultural influences that might exist across jurisdictions.
- Mr. Hansen asked whether, in addition to the requirement to comply with laws and regulations, the Code should also require PAs to comply with internal policies and procedures of the employing organization. Ms. Agélii explained that it may not be appropriate for the Code to have a general requirement to comply with an employing organization’s internal policies and procedures given that they may not be consistent with the Code. Mr. Dalkin expressed a view that non-compliance with internal policies and procedures should be dealt with by the PA’s employing organization rather than through the mechanism of professional ethics. He also questioned whether establishing such a requirement would be within the IESBA’s remit. Mr. Siong concurred with Mr. Dalkin, noting that the Code already sets out clear expectations for senior-level PAIBs to establish the right tone at the top. Mr. Hannaford added that the enhanced conceptual framework includes application material to explain that the existence of conditions, policies and procedures, including those of the PA’s employing organization, might have an impact on the identification and evaluation of a threat.

Ms. Agélii thanked the CAG Representatives for their input.

#### **E. Safeguards**

Mr. Hannaford introduced the topic, noting the objectives of the session. He indicated that the IESBA had considered respondents’ feedback on the Exposure Draft [Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments](#) (Safeguards ED-2) and the Task Force’s preliminary proposals during its June 2017 meeting. Mr. Hannaford then summarized the respondents’ feedback and the Task Force’s revised proposals incorporating the IESBA’s input. He then reminded the CAG that certain proposals in Safeguards ED-2 were developed jointly with the Structure Task Force and that the two Task Forces had worked very closely in progressing their work.

Among other matters, the following were raised:

#### NON-ASSURANCE SERVICES (NAS) INITIATIVE

- Mr. Holm wondered about the timing for the IESBA’s NAS project given that the PIOB had flagged the need for such a project when it approved the limited changes to the NAS provision in 2015. Mr.

Hannaford explained that the IESBA had already agreed to a pre-commitment on NAS as flagged in the IESBA's April 2017 strategy survey, and that commencement of this work is anticipated in 2018. Dr. Thomadakis added that the NAS initiative is an important priority for the IESBA once current work streams are completed.

#### APPROPRIATENESS AND EFFECTIVENESS OF NAS SAFEGUARDS

- Mr. Dalkin questioned whether the reasonable and informed third party test is relevant to a PA's determination about whether a safeguard is effective. Mr. Hannaford responded that it is.
- Messrs. Ilnuma and Yurdakul re-emphasized IOSCO's comments on Safeguards ED-2 relating to the need for more guidance in the Code to explain how PAs should determine the effectiveness of safeguards. Mr. Hannaford explained that the Task Force believes that PAs' determination of the effectiveness of safeguards requires the exercise of professional judgment based on an understanding of specific facts and circumstances. Mr. Gunn suggested that the Task Force consider providing further context or guidance to help PAs better understand and apply the concept of an "appropriate professional" as used in many examples of safeguards involving a review.
- Mr. Dalkin noted that Mr. Gunn's suggestion gave rise to a documentation question in terms of whether documentation would help another professional review the relevant work. Mr. Hannaford noted that the Code includes documentation provisions relating to certain topics, for example, independence, conflict of interest and NOCLAR. He explained that some stakeholders have called for additional documentation provisions in the Code in light of the enhancements made to the conceptual framework. Mr. Hannaford noted that responding to those calls is outside of the Safeguards project scope and will require coordination with the IAASB.
- Mr. Hansen wondered about the concept of using an "appropriate professional" to review NAS work performed. Mr. Hannaford explained that this individual could be someone external to the firm and that this would be a matter for the firm to decide depending on the specific facts and circumstances. Mr. Hansen noted that he would have difficulty with a firm providing bookkeeping services to an audit client and the firm then engaging an external professional to review that work. Mr. Hannaford explained that the Code already prohibits bookkeeping services for public interest entities (PIEs) except in relation to administrative services that are of a routine and mechanical nature.
- Mr. Dalkin expressed concern about the concept of "routine and mechanical" as he believed that it is subject to abuse. He noted that auditors can prepare financial statements and that in the GAO's experience, they are best placed to implement changes in financial reporting standards. He was of the view that it would be difficult to mitigate the self-review threat in such a case. Mr. Hannaford responded that preparing financial statements is not a routine and mechanical service.

#### RECRUITING SERVICES

- Mr. Hansen expressed support for the prohibition relating to certain recruiting services as he does not support exceptions. However, he suggested that the Code be clearer about which recruiting services are permissible. Ms. McGeachy-Colby agreed and noted that the prohibition of certain recruiting services continues to be an issue for some SMPs.

#### OTHER MATTERS

- Ms. Manabat questioned whether there is a need for having an explicit overarching statement in the Code indicating that independence is the responsibility of the individual PA. Mr. Hannaford

noted that the issue of responsibility for independence was dealt with as part of the Structure project and is addressed in paragraph 400.4<sup>2</sup> of the restructured Code.

Mr. Koktvedgaard asked CAG Representatives whether they had any concerns to the Safeguards project being taken forward to its final stage. No concerns were raised.

## **F. Strategy and Work Plan**

Dr. Thomadakis and Mr. Siong introduced the session by providing background and contextual information about the process for establishing the IESBA's 2019-2023 Strategy and Work Plan. They then summarized the feedback received on the IESBA's April 2017 [Strategy Survey](#) and the Planning Committee's preliminary views.

### STAKEHOLDER ENGAGEMENT

Some CAG Representatives expressed concern that respondents to the strategy survey appeared dominated by firms and IFAC member bodies. There was a lively discussion about the actions that the IESBA might take to encourage investors, preparers and corporate governance organizations to respond to its consultation documents. Dr. Thomadakis noted that the IESBA actively seeks to obtain responses from all stakeholder groups. He welcomed assistance from the CAG to encourage their organizations and others in their networks to respond to the IESBA's consultation documents. Mr. Koktvedgaard suggested the need for establishing innovative approaches to obtain input from certain stakeholders. For example, he suggested that the IESBA consider:

- Targeting certain stakeholders about specific aspects of each consultation document.
- Tailoring the message in the first ten lines of each document in a manner that is responsive to the basic question of "why this is important to you."
- Using various technology solutions to generate interest, for example, webinars, webcasts, video conferences, and other social media.

### PRIORITIZATION OF PROJECTS AND INITIATIVES

Mr. Koktvedgaard asked each Representative for indications about his or her top four or five priorities among the list of possible standard-setting initiatives for the next strategy period as set out in the strategy survey. Representatives provided their views for the IESBA's further consideration.

Among other matters, the following also were raised:

- Mr. Dalkin noted that some of the topics such as tax planning and related services could potentially break new ground. Other topics, such as documentation, did not appear to be significant projects and could perhaps be considered as part of another project. On the distinction between PIEs and non-PIEs, he was of the view that there is a need for some consistency, at least from an ethics perspective.
- Mr. Hansen noted that the PCAOB was focused on the topic of tax planning in the context of listed audits. On the topic of materiality, he also noted that the question was whether materiality should be a relevant consideration in the context of independence, as the auditor is either independent or not.

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<sup>2</sup> Part 4A, Section 400, *Applying the Conceptual Framework to Independence for Audit and Review Engagements*

- Messrs. Hansen and van der Ende expressed interest in the fees initiative and questioned why it was not one of the thirteen to be ranked. Mr. Siong noted that this initiative is a pre-existing commitment for the IESBA.
- Mr. van der Ende noted that for the Basel Committee's Audit Subgroup, the pre-commitment on professional skepticism is very important. In his view, the Code seems to focus more on the negative (i.e., what the PA cannot do). The Audit Subgroup had discussed what could instead be done to encourage new entrants to the profession to do.
- Ms. McGeachy-Colby highlighted the importance of a cost-benefit analysis for any project that the IESBA decides to undertake.

#### WAY FORWARD

The CAG will be provided an opportunity to provide input on the draft 2019-2023 IESBA Strategy and Work Plan consultation paper in March 2018.

#### **G. PIOB Observer's Remarks**

Mr. Holm congratulated the Mr. Koktvedgaard on his leadership of the CAG discussions in which many good ideas were shared. He also thanked the Representatives for their active participation and contributions.

#### **H. Closing Remarks**

Mr. Koktvedgaard thanked all CAG participants for their engagement in the discussions. He also thanked the PIOB for hosting the meeting. Mr. Koktvedgaard noted that the next IESBA CAG meetings will be held in New York, USA, on March 5, 2018 and September 10, 2018 respectively. He then closed the meeting.