

Meeting: IESBA
Meeting Location: Virtual
Meeting Date: June 9-11, 14 and 25, 2021

Agenda Item 2

Quality Management-related Conforming Amendments

Objective

1. To consider, with a view to approving for exposure, proposed conforming amendments to the Code arising from the finalization of the IAASB's Quality Management Standards.

IESBA staff welcomes any advance comments and drafting suggestions on the proposed conforming amendments in **Agenda Item 2-B**. Please email comments to carlavijian@ethicsboard.org by the end of **June 11, 2021**.

Work Stream Activities

2. Staff has liaised with the IESBA Member Liaison to IAASB, Ms. Liesbet Haustermans, in developing the material for this agenda item.
3. In addition, staff has liaised with IAASB staff to coordinate the proposed conforming amendments to the Code.

Approach to Board Session

4. During the session, Ms. Liesbet Haustermans will introduce the project proposal. She will then undertake a walk-through of the proposed conforming amendments to the Code. In doing so, she will explain the rationale for the main changes as well as highlight substantive matters for Board consideration.

Other Matter for Board Attention

5. During the review of potential conforming amendments to the Code, the need for an amendment to the Guide to the Code was identified but in relation to the recently finalized Role & Mindset revisions to the Code. Specifically, paragraph 6 of the Guide should be amended to reflect that applying the conceptual framework now requires a professional accountant to have an inquiring mind. The proposed amendments is shown in mark-up as follows:

The Code requires professional accountants to comply with the fundamental principles of ethics. The Code also requires them to apply the conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles. Applying the conceptual framework requires having an inquiring mind, exercising professional judgment, ~~remaining alert for new information and to changes in facts and circumstances~~, and using the reasonable and informed third party test.

Action Requested

Quality Management-related Conforming Amendments

6. IESBA members are asked to:
- (a) Consider and approve the project proposal in **Agenda Item 2-A** for developing amendments to the Code to conform to the IAASB's quality management standards;
 - (b) Consider the proposed conforming amendments in **Agenda Item 2-B** and, subject to any refinements, approve them for exposure; and
 - (c) Consider the substantive matters highlighted during the presentation and agree on the proposed way forward.

Amendment to the Guide to the Code

7. As the Guide to the Code is non-authoritative, changes do not require due process. IESBA members are therefore asked to agree the amendment noted above.

Next Steps

8. Subject to Board approval of the Exposure Draft (ED), the proposed conforming amendments will be issued for public comment by the end of July 2021 for a 60-day comment period.
9. The Board will then consider the significant comments received on the ED at the December 2021 meeting and any refinements to the conforming amendments prior to their final approval.

Material Presented

For Discussion

Agenda Item 2-A	Proposed Conforming Amendments Arising from IAASB's Quality Management Standards – Project Proposal
Agenda Item 2-B	Proposed Conforming Amendments Arising from IAASB's Quality Management Standards (Mark-up)