

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

Agenda Item

6

Fees

Objectives of Agenda Item

1. To receive a high level overview of the responses received as of February 26, 2018 on the IESBA's [Fees Questionnaire](#) (Questionnaire).

Working Group

2. The Working Group comprises:
 - Ian McPhee, Chair, IESBA Member
 - Michael Ashley, IESBA Member
 - Caroline Lee, IESBA Member
 - Alden Leung, IESBA Member

Background

3. The Working Group, which was established in March 2016, is in the final phase of its fact-finding activities. To-date, the Working Group completed activities include:
 - (a) An analysis of an IESBA commissioned summarization of research on the topic of fees that was performed by an academic, Prof. David Hay. Prof. Hay performed a review of relevant academic and other literature and presented his [final report](#) to the IESBA at its December 2016 meeting.
 - (b) A high level review of the relevant laws, regulations and local codes of G20 jurisdictions as they relate to the topic of fees. The IESBA received an update on the Working Group's findings in December 2017.
4. The last phase of the fee fact-finding involves stakeholder outreach. In this regard, the IESBA released the Questionnaire in November 2017 to explore a number of matters related to fees charged by firms. The Questionnaire included tailored questions aimed at seeking views and information on the topic of fees from all categories of stakeholders (investors and other users of financial statements, the corporate governance community, the regulatory and audit oversight community, preparers, firms, national standard setters, IFAC member bodies, academics and others).

5. It is intended that the responses to the Questionnaire, together with the conclusions drawn from the other fact-finding activities will help inform the IESBA's consideration about how it should respond to the various issues raised about fee-related matters. The final report of the Fees Working Group will include a recommendation about whether there is a need for:
- Further enhancements to the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#); or
 - Additional publications to supplement the material relating to fees in the Code, e.g., FAQs or Staff Publications.

Feedback on Questionnaire – Overview and Preliminary Observations

6. The comment period for the Questionnaire was originally February 1, 2018. The IESBA has extended the deadline to March 1, 2018 to give stakeholders an extra month to respond.
7. As of March 1, 2018, comment letters were received from 56 respondents representing a diverse group of stakeholders from many jurisdictions. The Appendix to this paper includes a list of respondents to the Questionnaire which comprise:

Category of Respondent	Number of Responses
Investors and Other Users of Financial Information	2
Preparers	2
Those Charged with Governance (TCWG)	2
Regulators and Oversight Authorities (Regulators)	2
National Standard Setters (NSS)	2
Firms	30
Public Sector Organizations (Public Sector)	1
IFAC Member Bodies ¹ (MBs)	10
Individuals, Academics and Other Professional Organizations (Others)	5
Total	56

Format for the Board's Session

8. The Working Group Chair will deliver a presentation, summarizing at a high level key observations and themes based on the responses to the Questionnaire.
9. IESBA members will be asked to share their views about the matters addressed in the presentation, and any other comments relevant to the Working Group's development of its final recommendations.
10. The Working Group Chair will also present the high level summary of responses to the Questionnaire to the Consultative Advisory Group's (CAG), and obtain the CAG's input on the questions in the Questionnaire and the matters raised in the presentation. The Working Group Chair will update the

¹ Certain IFAC Member Bodies (e.g., AICPA, JICPA, HKICPA, and WPK), also hold the dual role of ethics standard setter in their respective jurisdictions.

IESBA on the main outcomes of the CAG discussion.

Timing and Anticipated Deliverables

11. The Working Group is planning to meet in April 2018 to consider the significant matters raised by respondents to the Questionnaire. A summary of those matters will form part of the June 2018 IESBA meeting materials. The June 2018 IESBA meeting materials will also include the Working Group's final report on its fact-finding.
12. It is anticipated that the feedback on the Questionnaire will be relevant to the IESBA's Non-assurance Services (NAS) initiative (see Agenda Item 3). Accordingly, the Fees Working Group acknowledges the importance of coordinating its activities with that of the NAS Working Group.

Action Requested

13. The IESBA is asked to consider the presentation, and to:
 - (a) Share preliminary views about whether there are fee-related issues that should be addressed in the Code.
 - (b) Provide suggestions about matters that might require further consideration by the Working Group's during its April 2018 meeting.
 - (c) Provide any other comments that might assist the Working Group develop its final report and recommendations.

List of Respondents to IESBA 2017 Fees Questionnaire
(As of March 1, 2018²)

#	Abbrev.	Respondent (56)
Investors and other users of Financial Information (2)		
1.	BR	BlackRock Asset Management
2.	CII	Council of Institutional Investors
Preparers (2)		
3.	MRC	MJ Raiyari Company
4.	TE	Tarina Els
Those Charged With Governance (TCWG) (2)		
5.	A	Anonymous Audit Committee Member
6.	AM	Alice McChary
Regulators and Oversight Authorities (Regulators) (2)		
7.	UKFRC	Financial Reporting Council (UK)
8.	NASBA	National Association of State Boards of Accountancy
National Standard Setters (NSS) (2)		
9.	APESB	Accounting Professional and Ethical Standard Board (Australia)
10.	NZAuASB	New Zealand Auditing and Assurance Standards Board
Firms, Including SMPs (30)		
11.	AUREN	Auren International
12.	BT (Argentina)	Baker Tilly Argentina
13.	BT (Chile)	Baker Tilly Chile
14.	BT (Columbia)	Baker Tilly Columbia
15.	BT (Venezuela)	Baker Tilly Venezuela
16.	BT (US)	Baker Tilly Virchow Krause, LPP (US)
17.	JF Serval	Constantin Groupe Audit Server & Associate
18.	CHI	Crowe Horwath International
19.	CH (Romania)	Crowe Horwath Romania
20.	DTI	Deloitte Touche Tohmatsu Limited International
21.	Deloitte (Africa)	Deloitte & Touche (Africa)
22.	ES	Ebner Stolz (Member of Nexia International)
23.	EY	Ernst & Young Global Limited

² The deadline for comments is March 1, 2018.

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#	Abbrev.	Respondent (56)
24.	IECnet	International Eurogroup Consult (network of firms)
25.	JCK	James Couper Kreston
26.	KI	Kreston International
27.	KPMG	KPMG IFRG Limited
28.	LKI	Lund & Keck Inc.
29.	MIA	Malaysian Institute of Accountants
30.	MR	Mario Ranarijesy
31.	Nexia	Nexia International
32.	PO	Pretorius Ouditeure
33.	RChoudhary	Rakesh Choudhary
34.	RSM	RSM International
35.	SR	Saholinirina Rabarijohn
36.	SMS	San Martin, Suarez y Asociados
37.	SFAI	Santa Fe Associates International*
38.	SPI	Sheldon & Prinsloo Inc.
39.	SR	Sylvia Rndrianiriana
40.	Zeifmans	Zeifmans LLP
Public Sector Organizations (Public Sector) (1)		
41.	AC	Auckland Coucil
IFAC Member Bodies (MBs) (10)		
42.	AE	Accountancy Europe
43.	IDW	Institut der Wirtschaftsprufer
44.	IBR-IRE	Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren
45.	ICAEW	Institute of Chartered Accountants in England and Wales
46.	IACPA	Iranian Association of Certified Public Accountants
47.	ICAI	The Institute of Chartered Accountants of India
48.	JICPA	Japanese Institute of Certified Accountants
49.	NBA	Royal Netherlands Institute of Chartered Accountants
50.	OEFCM	Ordre des Experts Comptables et Financiers de Madagascar
51.	WPK	Wirtschaftsprüferkammer
Other Individuals, Academics and Professional Organizations (Others) (5)		
52.	GHansen	Gaylen Hansen (NASBA past Chair)
53.	SMPC	IFAC Small and Medium Practices (SMPs) Committe
54.	JNdlovu	Jane Ndlovu, University of the Witwatersran (Academis)

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#	Abbrev.	Respondent (56)
55.	MMI	MMI Holdings Limited (Internal Auditor)
56.	ROthman	Radiah Othman, Massay University (Academic)