

**Meeting:** IESBA  
**Meeting Location:** New York  
**Meeting Date:** December 12-15, 2016

## Agenda Item

# 6

### Fees

#### Objectives of Agenda Item

1. To receive the final report on the review of academic and other relevant literature the Board has commissioned as part of the fact-finding initiative aimed at identifying whether there are trends or other factors that indicate a relationship between fees charged by firms and threats to compliance with the fundamental principles and to independence.
2. To receive an update on other fact finding efforts.
3. To exchange views about next steps for the Fees Working Group.

#### Working Group (WG)

4. The WG comprises:
  - Chishala Kateka, Chair, IESBA Member
  - Michael Ashley, IESBA Member
  - Michael Dorfan, IESBA Technical Advisor
  - Colleen Dunning, KMPG Canada
  - Lisa Snyder, IESBA Member

#### Background

5. The IESBA established the WG in July 2015 to initiate fact finding on fee-related matters in various jurisdictions. At its March 2016 meeting, the IESBA:
  - (a) Approved the WG's Terms of Reference;<sup>1</sup> and
  - (b) Agreed the scope and focus of, and approach to, the WG's fact finding.
6. Pursuant to the above, the IESBA has commissioned an academic, [Prof. David Hay](#), to undertake a review of relevant academic and other literature for purposes of informing the IESBA's future actions on the topic.
7. As part of the fact finding, the IESBA has also agreed to engage with key stakeholders, in particular investors, regulators and audit oversight bodies, firms and the corporate governance community to

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<sup>1</sup> The WG's Terms of Reference are included in the [Appendix](#) to the minutes of the March 2016 IESBA public session.

obtain an understanding of their respective perspectives on the fee-related matters the IESBA has identified.<sup>2</sup>

### **Activities Since Last IESBA Discussion**

8. The WG met via teleconference in November 2016 to consider Prof. Hay's final report and to develop the agenda materials for this meeting. The WG subsequently liaised via email to finalize the materials for the Board meeting.

### **Approach to the Session**

9. The IESBA will receive two presentations. First, Prof. Hay will present his final report and explain the scope of, approach to, his review of the relevant literature, and his findings (see **Agenda Item 6-A**). Second, the Chair of the WG will update the Board on the other activities of the WG, including the review of relevant laws and regulations in G20 jurisdictions as these relate to fees.
10. Given timing constraints, the WG has not had the opportunity to fully discuss the detailed findings with Prof. Hay. Accordingly, the WG has not developed recommendations at this stage for the Board's consideration.

### **Material Presented**

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|-----------------|---|
| Agenda Item 6-A | Fees – Summary of Research Final Report: Audit Fee Research on Issues Related to Ethics |
| Agenda Item 6-B | Fees – Slide Presentation, Including Final Report of Prof. David Hay                    |

### **Actions Requested**

11. IESBA members are asked to consider matters arising from the presentations and agree on next steps.

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<sup>2</sup> The fee-related matters the IESBA has identified are set out in paragraph 2(a) of the WG's Terms of Reference.