

# IESBA Meeting Highlights and Decisions

June 2021

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This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

In response to the [COVID-19 pandemic](#), the IESBA's June 2021 meeting, which was scheduled to be held in person in New York, USA, was changed to a virtual one. An audio recording of the June 2021 meeting is available on the IESBA [website](#).

## QM-related Conforming Amendments

The IESBA unanimously approved for exposure proposed conforming amendments arising from the finalization of the International Auditing and Assurance Standards Board's (IAASB's) [Quality Management Standards](#). The Exposure Draft is expected to be issued by early August 2021 with a 60-day comment period. The proposals were developed in close coordination with the IAASB within the established coordination framework of the two Boards.

## Technology Project

The IESBA discussed the Technology Task Force's proposed technology-related revisions to the Code regarding the focus areas the IESBA has agreed to following the recommendations of the [Phase 1 report](#): Ethical Leadership (R1), Complexity (R2), Transparency (R3), Accountability (R4), Privacy and Confidentiality (R5), Enabling Competencies (R6) and Auditor Independence (R7). The preliminary proposals incorporated the IESBA's feedback on the "strawman draft" tabled for discussion at the December 2020 meeting; responses to the two [technology surveys](#) the Technology Task Force issued in October 2020 and the IESBA's reactions to respondents' feedback; and feedback from targeted stakeholder outreach in 2020-2021.

The IESBA noted the recent coordination activities with the IAASB which has allowed the Task Force to brief the IAASB Technology Working Group on the IESBA's technology workstreams.

The IESBA will consider a first-read draft of the proposed revisions to the Code at its September 2021 meeting.

## Technology Non-authoritative Materials & Fact Finding

The IESBA received an update from the Technology Working Group on the Working Group's efforts relating to the development of non-authoritative material (NAM) and its fact finding activities in identified technology areas. Among other matters, the IESBA was briefed on the [Technology Briefing note](#) the Working Group developed to support its outreach activities, the Working Group's contribution to the development of a thought-leadership paper titled "Complexity and the Professional Accountant," and various targeted stakeholder outreach meetings.

The IESBA also received two external presentations on blockchain: (1) [“Use of Blockchain in Corporate and Financial Reporting, and Regulatory Implications,”](#) and (2) [“Blockchain and Internal Control – Relevant Insights and Perspectives”](#). The IESBA also received an update on the IAASB’s Technology Working Group’s activities and where technology fits within the IAASB’s strategic actions and current work plan.

The IESBA will receive a further update from the IESBA Technology Working Group at its September 2021 meeting.

## Non-Assurance Services & Fees Rollout

The IESBA received an update from the Non-Assurance Services (NAS) & Fees Rollout Working Group on activities to promote adoption and implementation of the NAS and fee-related provisions of the Code following the release of the revised standards in April 2021. The IESBA was briefed in particular on the new [Strengthening International Independence Standards](#) webpage which houses various resources such as Basis for Conclusions documents, mapping tables, fact sheets, overview videos and webinar materials. The IESBA also noted plans for additional resources to be made available soon such as FAQs, articles, regional webinars and a revised summary of prohibitions in the Code relating to audits of public interest entities (PIEs).

The IESBA will receive a further update from the Working Group in September 2021.

## Engagement Team–Group Audits Independence

The IESBA received an update from the Engagement Team – Group Audits Independence (ET-GA) Task Force on its coordination activities with the IAASB’s ISA 600 Task Force during Q2 2021. The IESBA noted plans for IAASB consideration and final approval of ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* in December 2021. Given the close link between these two projects, the ET-GA Task Force recommended aligning the timing of approval of the ET-GA Exposure Draft with the anticipated timing of final approval of ISA 600 (Revised).

Among other matters, the IESBA considered the Task Force’s proposed revisions to the definitions of the terms “engagement team”, “audit team”, “review team”, and “assurance team” in the Code. The IESBA also discussed a more developed draft of a strawman of proposed changes to Part 4A of the Code to address independence considerations in a group audit context.

The IESBA will continue its deliberations of the Task Force’s proposals at its September 2021 meeting.

## Benchmarking

The IESBA received an update from the Benchmarking Working Group on the progress made on Phase 1 of the benchmarking initiative. Among other matters, the IESBA also considered the Working Group’s responses to the matters the IESBA raised on topics discussed at the March 2021 meeting, including an enhanced and clarified objective for the initiative, and presentation of the comparison of US Securities and Exchange Commission (SEC)/Public Company Accounting Oversight Board (PCAOB) provisions and the Code’s provisions in a format that (a) focuses only on topics that are of greatest interest to stakeholders, and (b) highlights the similarities and key differences between the SEC/PCAOB and Code provisions.

The IESBA then considered the proposed focus areas and topics the Working Group identified for Phase 1 of the benchmarking and noted the importance of a final report that is of optimal length in order to prioritize accessibility and ease of navigation.

The IESBA will receive a further update at its September 2021 meeting.

### [Tax Planning & Related Services](#)

The IESBA considered the Tax Planning Working Group's [preliminary report](#) and recommendations to launch a project to address ethical considerations when professional accountants (PAs) provide tax planning and related services to their employing organizations or clients. Among other matters, the IESBA provisionally supported the Working Group's recommendations to develop a principles-based framework in the Code to guide PAs' conduct in their tax planning activities; to explore developing suitable terminology that would facilitate the development and understanding and use of the framework; and to assess in due course the need for non-authoritative material and collaboration with IFAC and others to supplement the relevant provisions in the Code.

The IESBA will consider the Working Group's final report and recommendations at its September 2021 meeting.

### [Definitions of Listed Entity & PIE](#)

The IESBA considered a high level overview of the key issues and comments raised by respondents to the January 2021 Exposure Draft, [Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#) (PIE ED) and the Task Force's preliminary views about how to address them. Among other matters, the IESBA considered respondents' feedback on the overarching objective for PIE requirements in the Code; the approach to developing the PIE definition; the proposed replacement of the term "listed entity" with "publicly traded entity" in the Code; the proposed categories in the PIE definition; and the role of firms with respect to identifying additional entities as PIEs and public disclosure when an entity has been treated as such.

The IESBA will undertake a full review of respondents' comments and a revised draft of the proposed changes to the Code at its September 2021 meeting.

### [Next Meeting](#)

The IESBA's next virtual meeting will be held on September 13-17 & 27, 2021.