

IESBA Meeting Highlights and Decisions

March 2021

Contact: Ken Siong, IESBA Senior Technical Director (KenSiong@ethicsboard.org)

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 March 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 March 2021 meeting is available on the IESBA [website](#).

Non-Assurance Services & Fees Rollout

The IESBA received its first briefing from the Non-Assurance Services (NAS) & Fees Rollout Working Group on proposed rollout initiatives to promote awareness and support the global adoption and implementation of the revisions to the NAS and fee-related provisions of the Code. Subject to the Public Interest Oversight Board's (PIOB's) approval, the final pronouncements will be released by the end of April 2021 and will be effective for audits of financial statements for periods beginning on or after December 15, 2022.

The IESBA noted the Working Group's plan to coordinate its rollout activities with IFAC and to develop tools and other resources as part of the rollout. The IESBA was also briefed on the Working Group's proposal to transition its activities to IFAC once the pronouncements come into effect in December 2022.

The IESBA will receive an update from the Working Group in June 2021.

Benchmarking

The IESBA considered the Benchmarking Working Group's recommendation on the timeline for Phase 1 of the initiative, including the proposed timing with respect to comparing the various sections in the International Independent Standards (IIS) against the rules and standards of the US Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB). It also discussed the proposed format of the deliverables, comprising:

- (a) A summary report highlighting the Working Group's overall conclusions from its comparative analysis; and
- (b) A detailed report comparing the overarching IIS provisions for audit clients that are PIEs against the SEC and PCAOB provisions, as well as detailed mapping tables comparing the topic-specific provisions in the IIS against the relevant US SEC and PCAOB provisions.

The IESBA also discussed the proposed terminology to describe the observations and conclusions on the extent of similarities and key differences between the IIS and the US SEC/PCAOB provisions.

The IESBA will receive an update at its June 2021 meeting.

Technology

The IESBA considered and agreed to the Technology Task Force and Planning Committee's recommendation for a short-term deferral of the approval of a technology-related Exposure Draft (ED) from June to December 2021. The deferral will provide stakeholders a period of stability to support awareness raising and adoption of the recently approved NAS and Fees revisions, subject to their approval by the IOB. It will also allow stakeholders more time to fully consider both the Role and Mindset and NAS revisions as the Technology ED will build on those revisions. The deferral additionally will allow a greater focus on the development of non-authoritative guidance material (NAM) to respond in an agile way to stakeholder requests for, expectations of IESBA leadership in, the provision of guidance. Finally, this short-term deferral recognizes the increased burdens on stakeholders as a result of the COVID-19 pandemic.

The IESBA also considered and approved the [Terms of Reference](#) for its new Technology Working Group. Among other matters, the Working Group will develop, or facilitate the development of, NAM on technology-related topics. It will also undertake research into the impact of technology developments in areas beyond Artificial Intelligence (AI) and Big Data/Data Analytics, such as Blockchain, Cybersecurity and Cloud Computing, on the behavior of professional accountants in both business and public practice. Findings from the research will inform the development of the ED as appropriate.

Finally, the IESBA received a report on and discussed the key messages heard on the two technology [surveys](#) undertaken in Q4 2020.

The IESBA will receive a further update from the Task Force and Working Group at its June 2021 meeting.

Engagement Team–Group Audits Independence

The IESBA received an update from the Engagement Team – Group Audits Independence (ETGA) Task Force on its coordination activities with the International Auditing and Assurance Standards Board's (IAASB's) ISA 600 Task Force during Q1 2021. Among other matters, the IESBA also considered the Task Force's responses to the matters the IESBA raised on topics discussed at the December 2020 meeting, including a revised approach to the definition of "engagement team," independence considerations for engagement quality reviewers (EQRs) engaged by the firm, and breaches of independence requirements at a component auditor in the context of group audits.

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

Emerging Issues and Outreach Committee

The IESBA received an update on the activities of its Emerging Issues and Outreach Committee (EIOC) since December 2019. Among other matters, the IESBA received presentations on key regulatory and audit market developments in the United States, United Kingdom, Europe and Australia.

The IESBA will receive its next update from the EIOC in September 2021.

Long Association Post-Implementation Review – Phase 1

The IESBA received its first update from the Long Association Post-Implementation Review (LAPIR) Working Group. The IESBA's Strategy and Work Plan 2019-2023 sets out two phases of the LAPIR. Phase 1 began in Q1 2021 and will review the implementation status of the five-year cooling-off

requirement for engagement partners on audits of PIEs, and any potential challenges from the expiry of the [“jurisdictional provision”](#) for audits of financial statements for periods beginning on or after December 15, 2023. Phase 2 will commence in Q2 2023 and will review how effectively the other revised long association provisions in the Code have been implemented in practice, taking into account developments in regulatory regimes around the world addressing long association.

The IESBA provided input to the Working Group’s proposed scope of, and approach to, Phase 1. This phase will focus on the use of the jurisdictional provision and how jurisdictions will transition to the five-year cooling-off requirement for engagement partners with respect to PIE audits. To inform its work, the Working Group released a [questionnaire](#) in April 2021 seeking input from stakeholders and will undertake targeted outreach activities between April-September 2021 with global, regional and local stakeholders.

The IESBA will receive an update at its June 2021 meeting.

[IAASB-IESBA Coordination](#)

The IESBA received an update on the coordination activities with the IAASB during Q1 2021. Among other matters, the IESBA was briefed on the status of some of the current IAASB projects and initiatives; the projects and initiatives for which there is ongoing coordination between the IESBA and IAASB; and the IAASB initiatives that may require potential coordination in the near to medium term.

The IESBA will continue discussion of the issues at its September 2021 meeting.

[Tax Planning & Related Services](#)

The IESBA received an update on the Tax Planning Working Group’s information gathering activities and the Working Group’s preliminary observations from its analysis and stakeholder outreach to date. Among other matters, the IESBA considered the Working Group’s reflections, including the lack of authoritative literature that clearly defines “aggressive tax planning;” whether it would be more appropriate to refer to the notion of “unacceptable tax planning” versus “aggressive tax planning;” and the need for adequate and timely education and training for PAs to enhance their ethical awareness when faced with real-world dilemmas in the area of tax planning.

The IESBA also briefly discussed the three options the Working Group has identified to address the inter-related nature of the impact of tax planning on the fundamental principles.

The IESBA will consider the Working Group’s preliminary report at its June 2021 meeting.

[Next Meeting](#)

The IESBA’s next virtual meeting will be held on June 9-11, 14 and 25, 2021.