

Global Ethics Board Proposes Changes to Promote Role, Mind-set Expectations

The International Ethics Standards Board for Accountants (IESBA) has proposed changes to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) to promote the role and mind-set expected of all professional accountants. The Exposure Draft, *Proposed Revisions to Promote the Role and Mind-set Expected of Professional Accountants*, puts forward changes that further strengthen the Code. The proposed revisions respond to stakeholder calls for the IESBA to explore whether and how the Code could contribute to strengthening the application of concepts underlying professional skepticism by all professional accountants.

Among other matters, the proposals:

- Highlight professional accountants' wide-ranging role in society and the relationship between compliance with the Code and a professional accountant's responsibility to act in the public interest;
- Include enhancements to the robustness of the fundamental principles of integrity, objectivity and professional behaviour;
- Further strengthen the Code through requiring professional accountants to have an inquiring mind when applying the conceptual framework; and
- Highlight the importance of being aware of bias and having the right organizational culture.

The proposals were developed in coordination with the International Auditing and Assurance Standards Board and the International Accounting Education Standards Board. The IESBA will host a webinar in September 2019 to provide an overview of the proposed revisions. Follow the IESBA on Twitter ([@Ethics_Board](#)) for updates on how to register for this event.

The IESBA invites all stakeholders to comment on the Exposure Draft by visiting the [Ethics Board's website](#). Comments are requested by October 31, 2019.

IAESB's Illustrative Example: Designing Learning Outcomes for Curricula that Meet Public Sector Accountancy

The IAESB has developed this guidance to illustrate how the International Education Standards implementation may be adapted to create curricula that cater to the

needs of professional accountants in the public sector. It is grounded in the Learning Outcomes approach that "embodies the idea that learning and development experiences are most effective when based on what the individual needs to demonstrate." It uses IES 2, Initial Professional Competence – Technical Competence, as a base as that helps establish the common ground. However, significant differences also exist between the private sector and the public sector in regard to technical competence. Therefore, the document also identifies enhancements that may be considered in the preparation of related public sector curricula that may either be integrated into existing qualification frameworks or used towards stand-alone qualifications or post-qualification specialization). As such, it addresses the design element of the Learning Outcomes approach in the context of public sector accountancy.

ED 68, Improvements to IPSAS, 2019

ED 68, Improvements to IPSAS, 2019, was approved by the International Public Sector Accounting Standards Board (IPSASB) in June 2019. ED 68 proposes minor Improvements to IPSAS in order to address issues raised by stakeholders. The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. Comments are requested by September 30, 2019.

IFAC Issues Comment Letter on IAASB Audit of Less Complex Entities Discussion Paper

IFAC has [submitted a comment letter](#) to further highlight the importance of the issues covered in the IAASB's Discussion Paper, Audits of Less Complex Entities. Notwithstanding significant efforts by many stakeholders, including the IAASB and IFAC, concerns remain about the application of International Standards on Auditing (ISAs) to less complex entities (LCEs). These concerns have grown in tandem with the ISAs, and local initiatives to address these concerns have recently emerged. IFAC applauds the IAASB's initiative to consider the situation holistically and chart the best way forward, and believes that these challenges will be best resolved through thoughtful and constructive input and engagement from the largest possible number of diverse global stakeholders. IFAC strongly encourages all stakeholders to respond directly to the Discussion Paper or to participate in IFAC's [Audits of Less Complex Entities Survey](#) by September 12, 2019. The survey is available in English, French and Spanish.

International Update

IFAC strongly agrees that small- and medium-sized enterprises (SMEs) make a critical economic and social contribution. SMEs represent over 85% of the business population, accounting for more than half of the value added by the private sector and two-thirds of employment. SMEs are heterogeneous in size, growth intentions and business goals, with a significant proportion of SMEs being family enterprises.¹

IFAC also recognizes that the ISAs support strong economies and businesses of all sizes, from the largest publicly traded companies to the smallest SMEs. Widespread ISA acceptance—129 jurisdictions are currently using or are committed to implementing the ISAs—reflects their value and quality.

IFAC SMP Committee Comment Letter on the IAASB Exposure Draft for Proposed International Standard on Quality Management 1

The SMPC generally supports the new quality management approach using a risk management lens. However, the Committee also believes that the IAASB needs to consider the cost/benefit of the proposed changes in terms of anticipated quality increase from International Standard on Quality Management 1 (ISQM 1). The SMPC believes that making the standard less complex to apply would go a long way in addressing the practical issues many SMPs would otherwise face and, simultaneously, resolve many of the scalability issues. Specifically by:

1. determining a more appropriate (i.e., higher) threshold for risk identification and assessment (instead of “more than remote likelihood of occurrence”) – preferably one that takes both the likelihood of occurrence and likely magnitude of impact into account, and
2. setting far fewer and less granular objectives – in other words, setting a more appropriate objective for the standard as a whole, aligning quality to the firm’s individual strategy with just a single objective, preferably for each relevant area that drives quality (i.e., personnel, IT applications etc.).

It is also likely that many smaller firms will benefit from assistance from their PAOs and other third parties for QM system support and methodologies. The SMPC is available to support implementation initiatives and IFAC will coordinate with the IAASB when revising the previous QC Guide as the standard progresses to its approval stage.

IPSASB Summarises Key Achievements in Biennial Review

The International Public Sector Accounting Standards Board (IPSASB) has published its Biennial Review, *Delivering for the Future*, which summarises the Board’s successes, challenges, and key outputs during 2017 and 2018. The majority of the Board’s projects during the review period were public sector-specific in nature and aimed at closing perceived gaps in the IPSASB’s suite of standards, while maintaining alignment with International Financial Reporting Standards, when appropriate. During 2017 and 2018, the IPSASB finalised IPSAS 40, Public Sector Combinations; IPSAS 41, Financial Instruments; and the landmark standard, IPSAS 42, Social Benefits. In addition, the Board approved two major Exposure Drafts (ED) 64, Leases, and ED 67, Collective and Individuals Services and Emergency Relief (Amendments to IPSAS 19).

“After celebrating the twentieth anniversary of the IPSAS program in 2017, these are exciting times for the IPSASB, with significant increases projected in the global adoption and implementation of IPSAS by governments in the short to medium term,” said IPSASB Chair Ian Carruthers. “The hard work, dedication, and commitment of my fellow IPSASB members and their technical advisors, all of whom are volunteers, together with the support of IPSASB staff, have been critical to the Board’s notable achievements during 2017 and 2018.”

The IPSASB *Strategy and Work Plan 2019-2023* was also developed during the review period, which will guide the Board’s future activities toward its strategic objective.

To ensure it delivers in the public interest, the IPSASB’s strategic objective is: strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.

This will be delivered through two main areas of activity, both of which have a public interest focus:

- Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector; and
- Raising awareness of IPSAS and the benefits of accrual adoption.

The International Public Sector Accounting Standards Board (IPSASB) works to strengthen public financial management globally through developing and maintaining accrual-based International Public Sector Accounting Standards® (IPSAS®) and other high-quality financial reporting guidance for use by governments and other public sector entities. It also raises awareness of IPSAS and the benefits of accrual adoption.