The main topics for discussion at the IFAC during the period from January 2022 to February 2022 were with respect to:

**JANUARY 2022**

1. IAASB RELEASES CONFORMING AND CONSEQUENTIAL AMENDMENTS ALIGNING EXISTING IAASB STANDARDS TO NEW, REVISED QUALITY MANAGEMENT STANDARDS

**FEBRUARY 2022**

2. IESBA STAFF RELEASES FAQS ON REVISED FEE-RELATED PROVISIONS OF IESBA CODE

3. NEW IMPLEMENTATION GUIDE AVAILABLE FOR QUALITY MANAGEMENT FOR AUDITS OF FINANCIAL STATEMENTS

4. IESBA TAKES FIRM ACTION TO Respond TO TRANSFORMATIVE EFFECTS OF TECHNOLOGY

5. IFAC WELCOMES EUROPEAN COMMISSION EFFORTS TO ENHANCE CORPORATE REPORTING

6. IFAC AND ICAEW RENEW ANTI-MONEY LAUNDERING EDUCATIONAL SERIES, RELEASE FIRST OF THREE NEW INSTALLMENTS
1. **IAASB RELEASES CONFORMING AND CONSEQUENTIAL AMENDMENTS ALIGNING EXISTING IAASB STANDARDS TO NEW, REVISED QUALITY MANAGEMENT STANDARDS**

The International Auditing and Assurance Standards Board (IAASB) has on 19 January 2022 released further conforming and consequential amendments to the IAASB’s standards resulting from the new and revised quality management standards, which were released in December 2020. The conforming amendments remove actual or perceived inconsistencies between the IAASB’s suite of standards and the quality management standards. This allows the IAASB’s full suite of standards operate in conjunction with each other and without confusion, which is especially crucial given the importance of firm-level quality management to the consistent performance of quality engagements.

The standards covered in today’s release do not include the International Standards on Auditing (ISAs). Conforming and consequential amendments to the ISAs were finalized and released in December 2020 alongside the quality management standards.

The conforming amendments to the IAASB’s International Standards become effective as of December 15, 2022.

2. **IESBA STAFF RELEASES FAQS ON REVISED FEE-RELATED PROVISIONS OF IESBA CODE**

The Staff of the International Ethics Standards Board for Accountants (IESBA) has on 31 January 2022 released a set of frequently asked questions (FAQs) on the recently revised fee-related provisions of The International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code)*. The FAQs have been informed by the extensive discussions and consultations with a wide range of stakeholder groups and the IESBA’s own deliberations during the development and finalization of the standard.

The publication is designed to highlight, illustrate or explain aspects of the revised fee-related provisions in the Code and thereby assist in their proper application. It is intended to complement the Basis for Conclusions for the final standard and assist national standards setters, professional accountancy organizations, and professional accountants in public practice (including firms) as they adopt and/or implement the revised provisions. The publication is also intended to assist regulators and audit oversight bodies, the corporate governance community, investors, preparers, educational bodies or institutions, and other stakeholders in understanding the revised standard and its application.

*The revised standard addresses a number of topics, including threats to independence created by fees paid by an audit client (including fees for services other than audit), fee dependency, and transparency of fee-related information to those charged with governance and to the public from an auditor independence perspective in the case of public interest entities. The revised standard becomes effective for audits of financial statements for periods beginning on or after December 15, 2022.
3. **NEW IMPLEMENTATION GUIDE AVAILABLE FOR QUALITY MANAGEMENT FOR AUDITS OF FINANCIAL STATEMENTS**

The International Auditing and Assurance Standards Board (IAASB) has on 17 February 2022 released *First-time Implementation Guide for ISA 220, Quality Management for an Audit of Financial Statements*. The guide will help stakeholders understand the standard and properly implement its requirements as intended.

Alongside the previously released implementation guides for International Standard on Quality Management (ISQM) 1 and 2, the new Guide will help stakeholders implement the IAASB’s suite of quality management standards. The suite of standards was released in December 2020 and come into effect on December 15, 2022.

These publications do not amend or override ISA 220 or ISQM 1 or 2, the text of which alone are authoritative. Reading these publications are not a substitute for reading the ISQMs. The IAASB has encouraged all practitioners to plan early for appropriate implementation, given the potential impact of the changes to firms’ quality management systems.

4. **IESBA TAKES FIRM ACTION TO RESPOND TO TRANSFORMATIVE EFFECTS OF TECHNOLOGY**

The International Ethics Standards Board for Accountants (IESBA) has on 18 February 2022 released for public comment proposed revisions to the *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The Exposure Draft Proposed Technology-related Revisions to the Code seeks to enhance the Code’s robustness and expand its relevance in an environment being reshaped by rapid technological advancements. The proposed amendments will guide the ethical mindset and behavior of professional accountants in business and in public practice as they deal with changes brought by technology in their work processes and the content of the services they provide.

“Technological innovation is transforming the world of business and professional services in ways we would never have imagined even a decade ago,” said IESBA Chair Ms. Gabriela Figueiredo Dias. “Technology is not neutral, and professional accountants’ working relationship with it must be shaped by ethics. These timely proposals are designed to emphasize and strengthen the ethical principles that should guide them as they navigate the challenges and take advantage of the opportunities created by these developments, recognizing ultimately their responsibility to act in the public interest.”

Among other matters, the proposals:

- Draw special attention to the professional competence and confidentiality imperatives of the digital age.
- Address the ethical dimension of professional accountants’ reliance on, or use of, the output of technology in carrying out their work.
• Further enhance considerations relating to threats from the use of technology as well as considerations relating to complex circumstances in applying the Code’s conceptual framework.

• Strengthen and clarify the International Independence Standards (IIS) with respect to technology-related non-assurance services (NAS) firms may provide to their audit clients or technology-related business relationships they may enter into with their audit clients.

• Explicitly acknowledge that the IIS that apply to assurance engagements are applicable to assurance engagements on non-financial information, for example, environmental, social, and governance (ESG) disclosures.

The development of the proposals has been informed by extensive fact-finding work and outreach to stakeholders.

The proposed revisions build on the role and mindset changes that became effective last December, and the revised NAS provisions that will become effective in December 2022.

How to Comment

The IESBA invites all stakeholders to comment by 30 June 2022 on the Exposure Draft by visiting the IESBA website.

5. IFAC WELCOMES EUROPEAN COMMISSION EFFORTS TO ENHANCE CORPORATE REPORTING

On 22 February 2022, the International Federation of Accountants (IFAC), which comprises 180 member and associate organizations and represents over 3 million professional accountants globally, welcomes the opportunity to provide input into the European Commission’s work to enhance corporate reporting—including a focus on corporate governance, statutory audit, and supervisory aspects of the ecosystem that delivers relevant, reliable, and comparable information to stakeholders.

As the voice of the global accountancy profession, IFAC understands the crucial role that auditors, as well as professional accountants more broadly, play in high-quality corporate reporting. But no matter how skilled or well-resourced, auditors alone cannot overcome significant shortcomings in other key areas of the reporting ecosystem—especially the role of directors, audit committees, and those charged with governance.

IFAC believes that global standards promote global methodologies, which lead to enhanced and more consistent quality in both reporting and assurance. We support high-quality, globally-applicable standards for financial reporting developed by the IASB, sustainability disclosure developed by the ISSB, audit and assurance developed by the IAASB, as well as the IESBA International Code of Ethics. We also believe audit firms are best placed to provide not only audits of financial statements but also assurance on sustainability disclosures.
IFAC CEO Kevin Dancey said, “Corporate governance, audit, and supervision have historically focused on financial statement reporting for investors and other providers of capital. But now that sustainability-related disclosure is becoming mainstream, this information must also be high-quality and trustworthy. The accountancy profession, with its responsibility to act in the public interest, has an essential role to play in this evolution of corporate reporting.”

6. IFAC AND ICAEW RENEW ANTI-MONEY LAUNDERING EDUCATIONAL SERIES, RELEASE FIRST OF THREE NEW INSTALLMENTS

Together with ICAEW, The International Federation of Accountants (IFAC) has on 28 February 2022 released a new installment in its Anti-Money Laundering: The Basics educational series: Installment Seven: Virtual Assets.

The publication is part of a series helping accountants enhance their understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest. Installment seven looks at the broad new class of assets that have emerged over the past decade known as virtual assets, including Bitcoin and NFTs (non-fungible tokens).

Anti-Money Laundering: The Basics is user-friendly, easily accessible, and will be a resource for Small and Medium Practices (SMPs) and accountants less familiar with AML, while also providing guidance for those looking for a quick refresher or reference. Future installments will examine trends in money laundering and tools to fight back illegal activities.

Anti-Money Laundering: The Basics is featured on both the IFAC (landing page) and ICAEW websites and available for download for free. To be globally relevant, the series uses the risk-based approach of the Financial Action Task Force (FATF) – the global money laundering and terrorist financing watchdog – as a starting point.

For further information: http://www.ifac.org

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