

**Meeting:** IESBA  
**Meeting Location:** New York, USA  
**Meeting Date:** March 11-13, 2019

# Agenda Item 6

## Fees

### Objective of Agenda Item

1. To consider the Task Force's proposals to address the various fee-related issues outlined in the [Fees Project Proposal](#) and to provide views on the preliminary fee-changes to the Code.

The Task Force welcomes comments on its proposals in advance of the March 2019 IESBA meeting. Please email [SzilviaSramko@ethicsboard.org](mailto:SzilviaSramko@ethicsboard.org).

### Task Force (TF)

2. The TF comprises:
  - Ian McPhee, Chair, IESBA Member
  - Michael Ashley, IESBA Member
  - Caroline Lee, IESBA Member
  - Alden Leung, IESBA Member

### Background

3. In September 2018, pursuant to the June 2018 final report of the Fees Working Group (Fees Final Report), the IESBA approved [Fees Project Proposal](#). The objective of the project is to review the provisions in the [International Code of Ethics for Professional Accountants \(including the International Independence Standards\)](#) (the "revised and restructured Code" or the "Code") pertaining to fee-related matters. The scope of the project encompasses the following specific areas:
  - A review of the provisions with respect to the level of audit fees for individual audit engagements, including the role of professional accountants in business (PAIB) in approving the level of audit fees;
  - A review of the provisions to fee dependency at a firm, office and partner level for all audit clients, including considering the introduction of a specific threshold for audit clients which are not public interest entities (PIE); and
  - A review of the safeguards in the Code pertaining to the scope of this project.

### Activities since last IESBA Discussion

4. The Task Force met once in person and once via teleconference in to develop the agenda materials for this meeting.

5. The agenda materials for this IESBA meeting will be presented and discussed at the March CAG meeting. The Task Force Chair will inform the Board on the comments of the CAG Representatives.

#### **Coordination with the NAS Task Force**

6. It is anticipated that the timing for the finalization of the Task Force's proposals will coincide with those of the NAS Task Force. Proposals that are intended to address similar or the same issues (e.g. transparency and enhanced auditor communication with TCWG) will be dealt with in a coordinated manner and joint and separate communications will be tailored as appropriate in order to focus and solicit stakeholder input about all NAS and fee-related issues.
7. The Task Force Chair has liaised with the Chair of NAS Task Force and discussed the overlapping issues and proposals. For example, proposed Section 410 (Revised) which is set out in **Agenda Item 6-B**, includes a proposal that was developed by the NAS Task Force in paragraph R410.21. The proposal is to establish a fee-threshold in the Code and is responsive to concerns about the ratio of audit fees and fees for services other than audit.
8. During the meeting, the proposal in paragraph R410.21 will be presented by the NAS Task Force Chair.

#### **Next Steps**

9. IESBA representatives will seek input from:
  - The Forum of Firms (FoF) about the proposals being explored by the Fees Task Force at the FoF meeting in April 2019.
  - The IESBA National Standard Setters Liaison Group (NSS) at the NSS meeting in May 2019.
10. The Task Force will consider the feedback from the both above-mentioned meetings in developing agenda materials for the June 2019 IESBA meeting.

#### **Materials Presented**

##### *For Discussion*

Agenda Item 4-A      Fees – Issues and Task Force Proposals

##### *For Reference and to Demonstrate the Impact of the Task Force's Proposals on the Code*

Agenda Item 4-B      Preliminary Draft to the Proposed Changes to the Code

#### **Action Requested**

11. IESBA members are asked to consider and provide input to the Task Force's proposals and the matters for consideration that are set out in **Agenda Item 6-A**.