



The Revised Ethical Standard – Key Reminders for Audit Firms

18 July 2022

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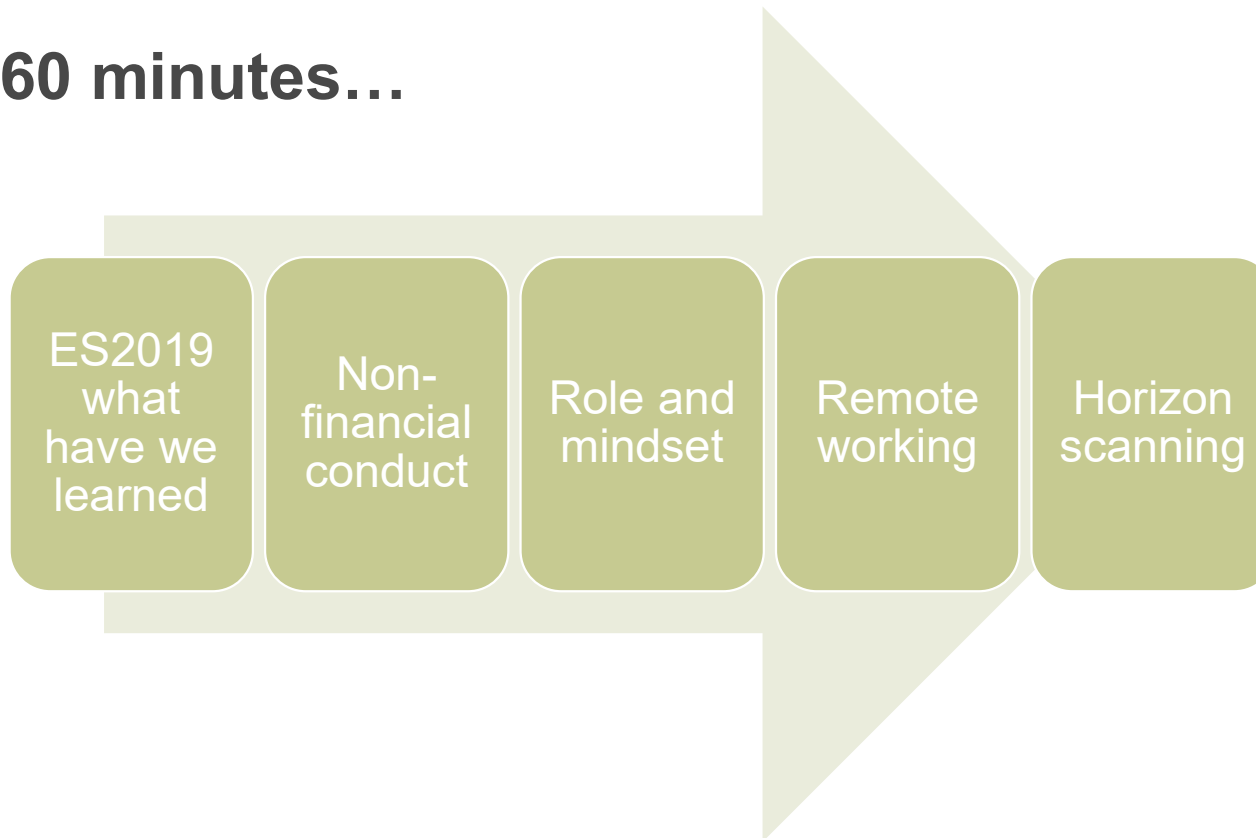
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Ethical Standard 2019

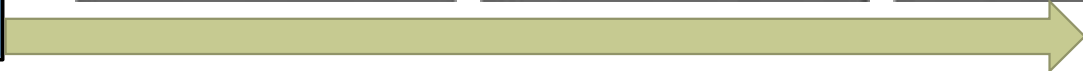
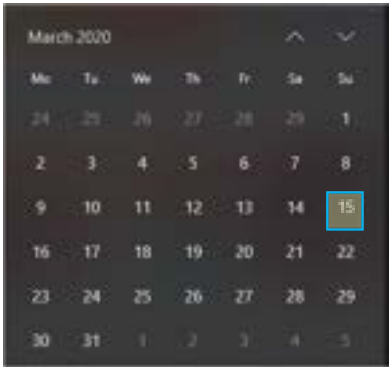
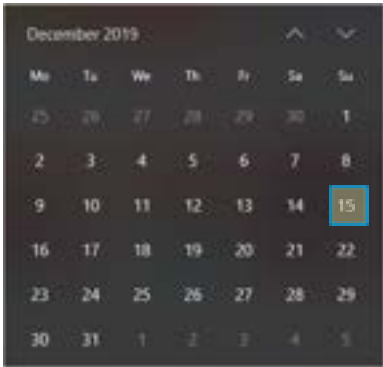
The next 60 minutes...



ES 2019 – What Have We Learned ?



ES2019 – Reminder: How Did We Get Here



Two Years On...What Have We Learned?

All Audit Entities

Supporting Ethical principles

- Foundational

Threats and Safeguard

- Chronology of workflow
- Contemporaneous documentation

Secondments

- Firm-wide controls

Contingent fees

- Definition
- Exiting or conversion

Internal audit

- Importance of definition
- 'Cooling off' periods
- Scope creep

Remuneration services

- Importance of definition
- Scope creep

Two Years On...What Have We Learned?

PIEs & OEPIs

Permitted services

- Importance of a service catalogue
- Scope creep
- Consultations

Tendering

- Importance of planning ahead
- Pre-tendering procedures and analysis
- Importance of 'client-side' procedures
- Network-wide controls and procedures
- Education of the network
- ZERO TOLERANCE REGIME

Two Years On...What Have We Learned?



Objective, Reasonable, Informed Third Party

- Increased importance and usage
- Training
- Proxies
- Continued challenge – demonstrating a third party view

Ethics & Non-Financial Conduct



Ethics & Non-Financial Conduct: Context

██████ faces staff backlash over handling of sexual harassment case

Junior ██████ auditor 'should not lose his home' for misleading regulator, says tribunal

US watchdog fines former ██████ audit boss \$100,000 over tip-off scandal

██████ partners risk losing share of £300mn pot over ethical standards

██████ agrees record \$100mn US settlement over ethics exam cheating

Ethics & Non-Financial Conduct: Context



**Audit Firm Culture:
Challenge. Trust. Transformation.**

A Collection of Perspectives



Guidance on your duty to report misconduct as an ICAEW member

...expect ICAEW Chartered Accountants to maintain the highest standards of practice and professional conduct. All ICAEW members have a duty to report misconduct to the ICAEW Professional Conduct Department (PCD) regardless of the type of organisation they work for. The following guidance (first issued in 1993) on what and how to report misconduct has recently been updated. The new guidance is effective from 1 October 2020.

Under Disciplinary Bye-laws 9.1 and 9.2, members are obligated to report misconduct - either their own, or of another ICAEW member, provisional member or firm, concerning matters that, if unreported, could adversely affect the reputation of the Institute or the profession as a whole.

Examples of cases that require a member to make a report include:

- intentionally providing false or misleading information to a principal, employer, senior manager, client or regulator, among others;
- knowingly (or recklessly) breaching AML requirements;
- abusive or intimidating behaviour directed at employees, managers, clients or other third parties;
- harassment, sexual or otherwise;
- being convicted of a criminal offence (minor motoring offences that do not result in disqualification are an exception);
- inappropriate use of social media.

REPORTING OF NON-FINANCIAL CONDUCT TO THE FINANCIAL REPORTING COUNCIL

24 July 2019

The FRC has written to the six largest audit firms setting out its expectations for reporting of non-financial conduct and Supervision (AFMAS) responsibilities.



Ethics & Non-Financial Conduct: Guidance

CCAB Boundaries of personal and professional life in ethics
Guidance – July 2021

When a member's personal behaviour is of relevance to their professional life

Purpose of guidance

This guidance focuses on the boundaries of professional and private behaviour for members of CCAB accountancy bodies. There are core principles that all bodies would apply when considering if a member of their body had acted in a manner likely to discredit the profession in their non-professional life.

This guidance has been issued by the CCAB Ethics Group which represents all CCAB member bodies.


Each accountancy body may provide more detailed guidance on the specific facts and circumstances an organisation would consider. However, this document summarises the common high-level principles that would be relevant.

Ethical requirements

The International Ethics Standards Board for Accountants (IESBA) Code of Ethics (upon which the CCAB and ICAEW Codes of Ethics are based) includes the following provisions:

1015.1 A professional accountant shall comply with the principle of professional behaviour, which

ICAEW
TECHNICAL ADVISORY SERVICE



USING SOCIAL MEDIA


Issued March 2019
Last Reviewed October 2021

INTRODUCTION

This helpsheet has been issued by ICAEW's Technical Advisory Service to highlight key issues. The helpsheet is available on the ICAEW website.

Without Question[®]

Without Question is ICAEW's second training film. It provides an impactful and interesting way to highlight the challenges of directors and professional advisors seeking assurance on difficult issues. It also explores the underestimated importance of effective communication.



[Register your interest](#)

ICS: Ethics & Non-Financial Conduct

Monitoring

- ICS effectiveness

Control activities

- Prevent
- Detect

Information and communication

- Policies, guidance
- Training
- Internal and external comms

Risk analysis

- Clear objectives
- Gathering information

Control environment

- Governance
- Demonstrate commitment
- 'Do as I do'
- Incentives/disincentives

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Dashboards
MIS
Investigations

Whistleblowing
Informal complaints
Interviews
Surveys

Declarations
Authorisations
Whistleblowing
Informal complaints
Interviews
Surveys

Policies
Training

Role & Mindset



Role and Mindset



Role and Mindset

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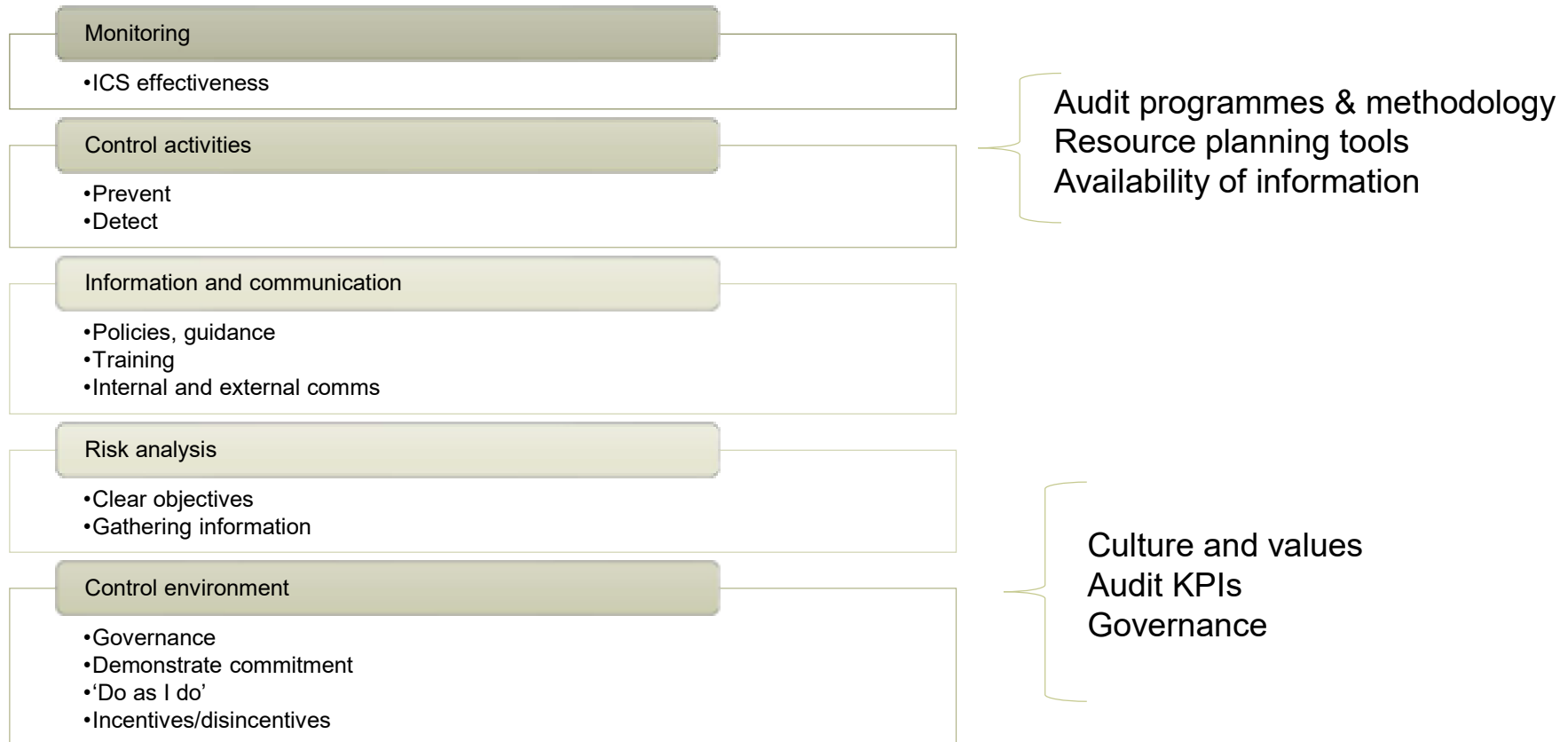
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Role and Mindset



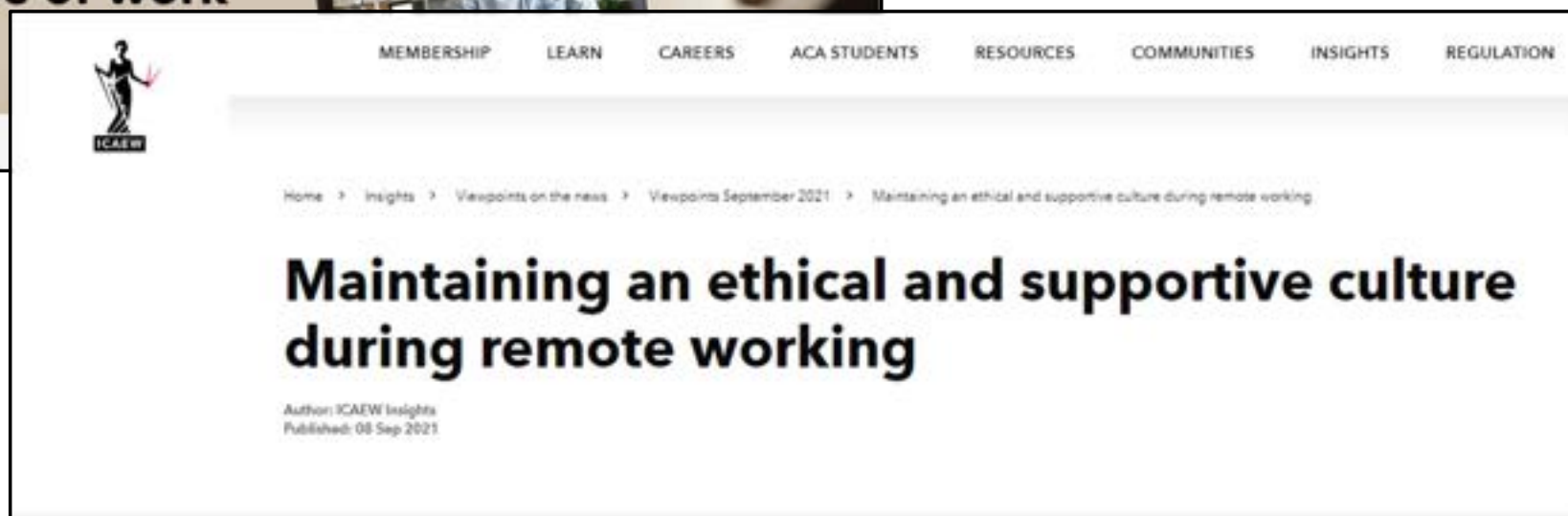
Remote Working



Remote Working – Ethical Considerations



Remote Working – Ethical Considerations



Horizon Scanning



What's Coming Along...



2023 ES revision
Enabling Laws
Focus on Culture

Advance relevance
Expanding influence
Expanding perspectives

What's Coming Along...



What's Coming Along...



Sustainability

NAS / Fees

Engagement
teams

Technology

Tax planning

What's Coming Along...

Stakeholder expectations



Questions



Thank you for attending



Please take the time to fill out our short survey:
[Survey link](#)



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