

Ethics, Independence and NOCLAR

Presenter: Caryn Maitland CA(SA)

A reflection on your practice

Ask Questions

To ask questions and interact during the webinar please use the chat sidebar to the right of the video / presentation on the screen.

Feel free to ask your questions during the webinar in the chat, these will be address in the formal Q & A at the end of the presentation.

Presenter

Caryn Maitland

Caryn is a qualified CA(SA and RA, who has lectured extensively at UKZN (and other institutes) where she lectured Advanced Financial Accounting up until 2011 as well as co-ordinating the module on the Pietermaritzburg campus and was appointed Section Head of Financial Accounting and Deputy Head of the School of Accounting (managing the Pietermaritzburg campus) prior to leaving UKZN.

She has conducted independent workshops and seminars for professional accountants since 2006 on various topics and has consulted on a number of technical issues. Since January 2011, she has focused on her own business as technical freelance consultant and trainer to those working within the accounting profession. Caryn is a technical advisor to the SAICA Eastern Region Midlands District, Northern District and Southern District Associations, as well as the Small Practice Interest Group in Durban – specialising in financial reporting (IFRS, IFRS for SME's and general accounting), assurance, legislation and ethics. Caryn has a passion for Corporate Governance, which together with her Companies Act specialism and Financial Management for Non Financial Management lecturing background, has served her well in consulting and advising various Boards of Directors in recent years.

Caryn is also a platform presenter for various institutes as well as many small to medium accounting practices across the country and into Southern Africa. Maitland was appointed as a visiting Associate Professor to the University of Limpopo tasked with mentoring their Financial Accounting staff (Aug 2011 to Dec 2013).

Maitland's passion is IFRS and IFRS for SME's and was delighted at the opportunity granted in 2013 to serve on the APC subcommittee constituted to investigate the need for Micro GAAP and the role of IFRS for SME's for small and medium sized practitioners. Caryn, also serves on the Joint Accountants, Auditors and Attorneys Committee of SAICA, and is part of the School Governing Body project initiated by SAICA in KwaZulu-Natal, and has been appointed as an alternative member to the APC in June 2020

Caryn was elected as the first woman Chairperson for the Midlands District Association for SAICA in 2018 and also serves on the Eastern Region SMP Committee as well as the Local Subvention Committee for SAICA. In 2019 Caryn was appointed to the SAICA Eastern Region Council. As someone who is committed to environmental affairs, Caryn serves as a non-executive director for the Institute of Natural Resources, a Non Profit Company focusing on research. Since 2018 Caryn has worked extensively with commerce and industry, assisting analysts, directors and other users of financials to interpret, prepare, analyse and forecast based on the results of financial statements.



My question for 2022

- Why is it so important to do the right thing?
- In our personal lives, business lives and professional lives?

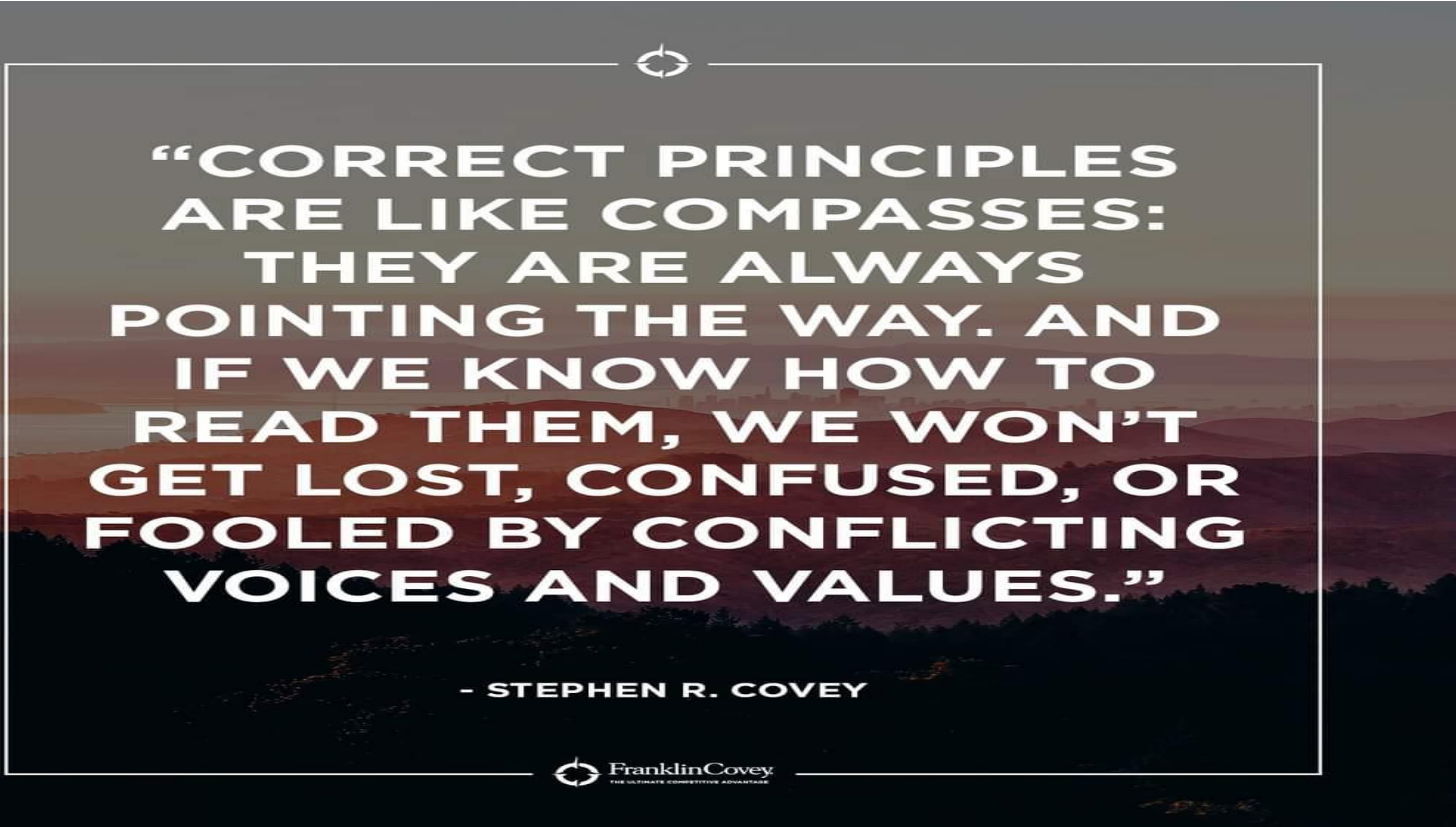
What does doing the right thing look like?

- In our personal lives, business lives and professional lives?

What is the impact of doing the right thing?

- In our personal lives, business lives and professional lives?

Why are Ethics Important?



**“CORRECT PRINCIPLES
ARE LIKE COMPASSES:
THEY ARE ALWAYS
POINTING THE WAY. AND
IF WE KNOW HOW TO
READ THEM, WE WON'T
GET LOST, CONFUSED, OR
FOOLED BY CONFLICTING
VOICES AND VALUES.”**

- STEPHEN R. COVEY



2022 Check in

CONFORMITY

is doing what everyone
else is doing, regardless of
what is right.

MORALITY

is doing what is right,
regardless of what
everyone else is doing.

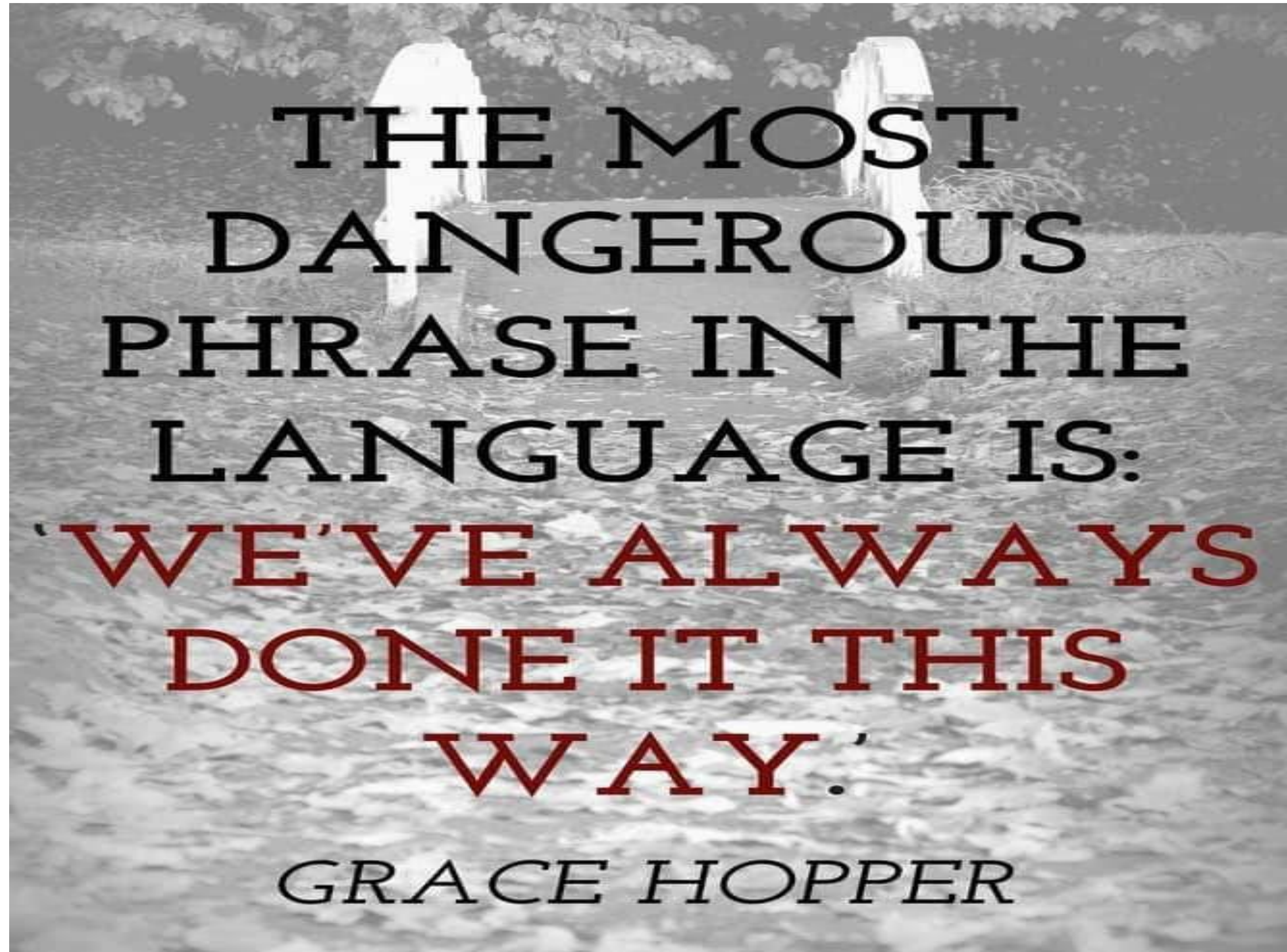
2022 Check in



People do not seem to realize that their opinion of the world is also a confession of their character.

Ralph Waldo Emerson

2022 Check in



THE MOST
DANGEROUS
PHRASE IN THE
LANGUAGE IS:

'WE'VE ALWAYS
DONE IT THIS
WAY.'

GRACE HOPPER

2022 Check in



The primary ingredient for progress is optimism. The unwavering belief that something can be better drives the human race forward.



SIMON SINEK

Happiness is when what you think, what you say, and what you do are in harmony.

— Mahatma Gandhi

Photo by Albed Bonchard

Challenge yourself

YOU MUST ALWAYS BE WILLING TO TRULY CONSIDER EVIDENCE THAT CONTRADICTS YOUR BELIEFS, AND ADMIT THE POSSIBILITY THAT YOU MAY BE WRONG.

INTELLIGENCE ISN'T KNOWING EVERYTHING, IT'S THE ABILITY TO CHALLENGE EVERYTHING YOU KNOW.



Stay alert to your people

When your most passionate employees become quiet, it signals that something is wrong with the person or the organization. As a leader, this is something you must be aware of and act on immediately.

Keep pushing forward

 quotesing.com

**More leaders
have been made by
accident, circumstance,
sheer grit, or will than
have been made by all the
leadership courses put
together.**

~ Warren Bennis

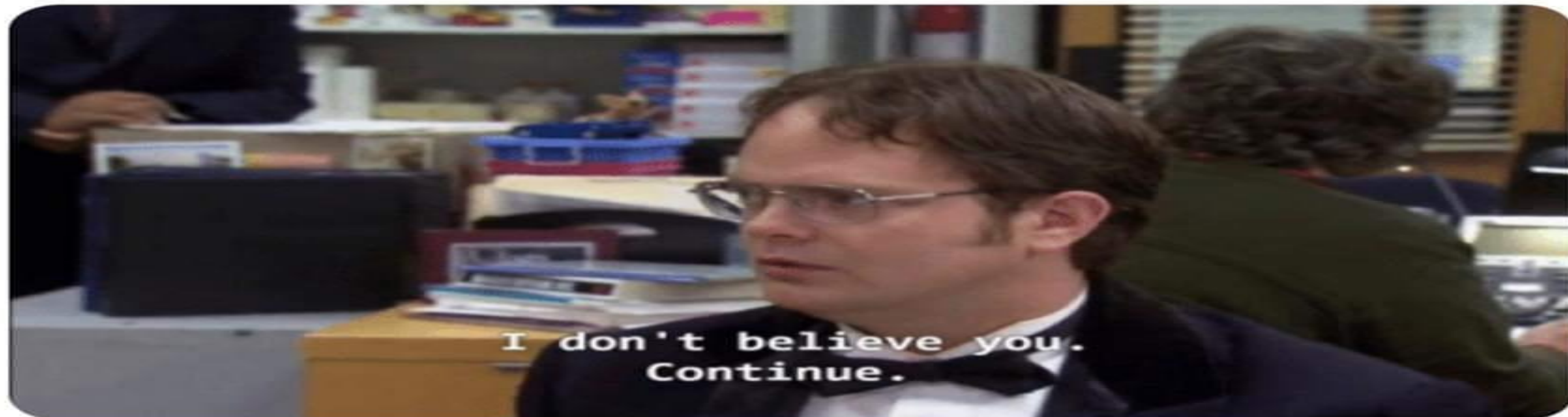
Stay skeptical



TB4A
@TheBig4Tweets



practicing professional skepticism

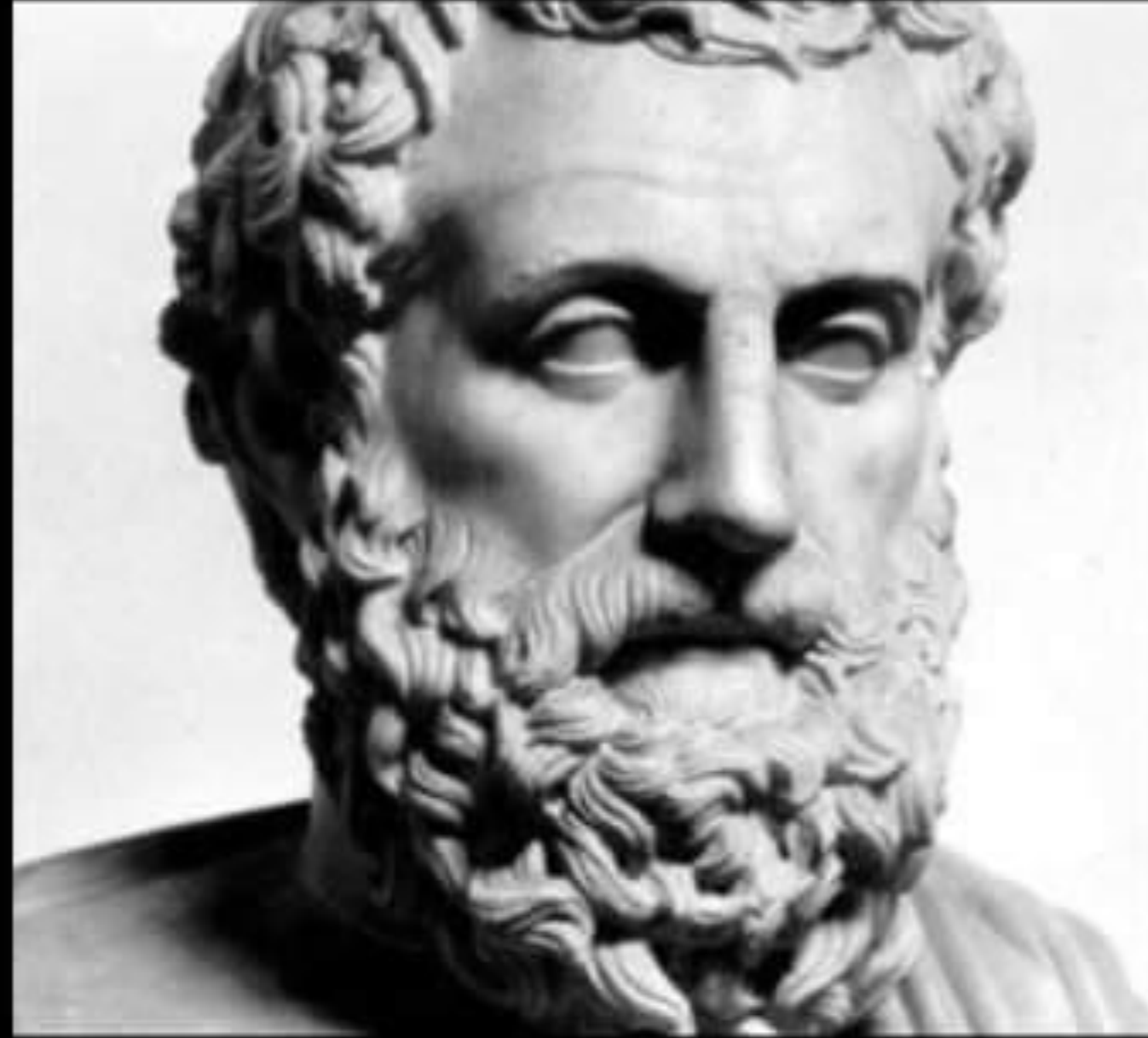


Personal Ethics



**“IT TAKES A LOT OF
COURAGE, HUMILITY,
AND SELF-AWARENESS
TO LOOK AT OURSELVES
CLOSELY AND WITH
HONESTY.”**

- TODD DAVIS



It is the mark of an educated mind to be able to entertain a thought without accepting it.

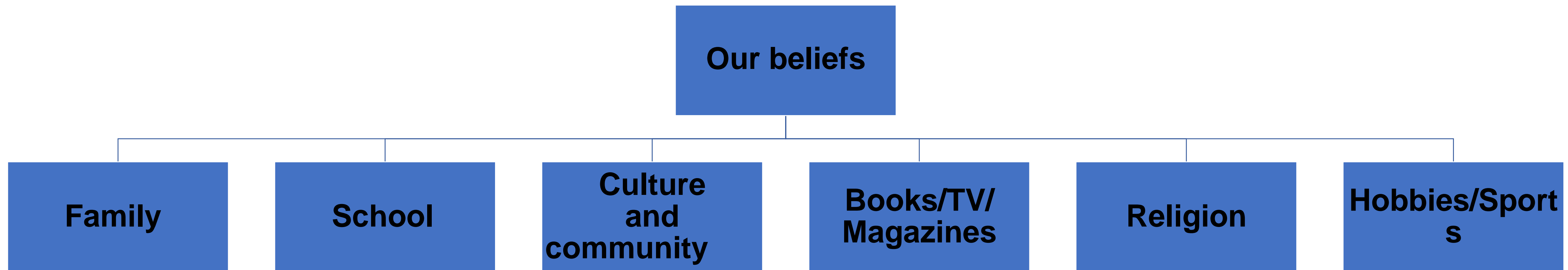
Our Ethical Beliefs and System

- It is not the things themselves which trouble us, but the opinions that we have about these things”
- Opinions and values (often uncritically held) handed down from generation to generation
- Developed to the point where their validity isn't questioned
- Values are the building blocks of our belief systems and are developed over time.
- Help us to judge situations quickly without the need for time-consuming consideration of alternative views and actions.

Impact on behaviour

- Belief systems affect our behaviour.
- Can lead to anxiety, fear and conflict
- Can turn into 'automatic' thinking that can cause us to act impulsively, as if operating unconsciously.
- Emotional and reactive
- Automatic thoughts believed as ultimate truth.
- Don't consider other frames of reference

Where do our Ethics come from?



- Learn about the world in terms of what situations and actions produce physical pleasure (good) or pain (bad).
- Become socialised through commonly-held socially prescribed value sets

Why bother?

“ Between stimulus and response there is a space. **In that space is our power to choose our response.** In our response lies our growth and our freedom.

Victor Frankl

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- We aren't walking impulses
- Can rise above the impulsive thoughts and automatic urges and think our lives through.
- Need to question - become aware of other perspectives
- "Don't believe everything you think"!!

Why bother?

- Good for a cohesive productive society
- Concern for something/someone other than ourselves and our own desires and self interests
- Concerned with other people, interests of society, God's interests, with ultimate goods and so on
- Personal benefits:
 - Happier life
 - Successful
 - Sleep at night
- INTEGRITY
- It's the right thing to do

Value Ethics

- Consequentialist vs Non Consequentialist
- Golden Rule
-

**WHAT YOU DO
HAS FAR
GREATER
IMPACT THAN
WHAT YOU
SAY.**

STEPHEN COVEY

Ethics 2022

Easy to spot a yellow car when you are always thinking of a yellow car.

Easy to spot opportunity when you are always thinking of opportunity.

Easy to spot reasons to be mad when you are always thinking of being mad.

You become what you constantly think about. Watch yourself.

Respect yourself enough to
hold yourself accountable to
a **high standard.**

- *Tom Bilyeu*

A photograph of a winding asphalt road through rolling green hills under a cloudy sky. The road curves from the bottom center towards the left and then back towards the center. The hills are covered in lush green grass. The sky is overcast with grey clouds. The overall mood is serene and contemplative.

**“I TEACH PEOPLE
HOW TO TREAT
ME BY WHAT I
WILL ALLOW.”**

- STEPHEN R. COVEY

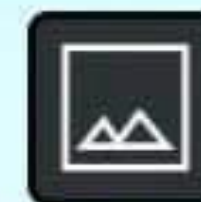
Ethics 2022



“

**Strive not to be a success,
but rather to be of value.**

Albert Einstein



Business Ethics

What are Business Ethics?

- Our business ethics guide us with respect to the people we surround ourselves with and the organisational culture we create.
- “The culture of any organization is shaped by the worst behaviour the leader is willing to tolerate” Steve Gruenert and Todd Whitaker
- Business Ethics: operational character of a business as a whole.
- Human behaviour in the organisational context
- Application of moral systems to a particular set of questions or a specific environment.

What is Business Ethics?

- **Business ethics is the study of**
 - appropriate **business** policies and practices
 - regarding potentially controversial subjects
 - including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities.
- **Affects conduct and decision making**

Be vigilant with the little things...

- **Health and Racquet example**

Creating a healthy environment

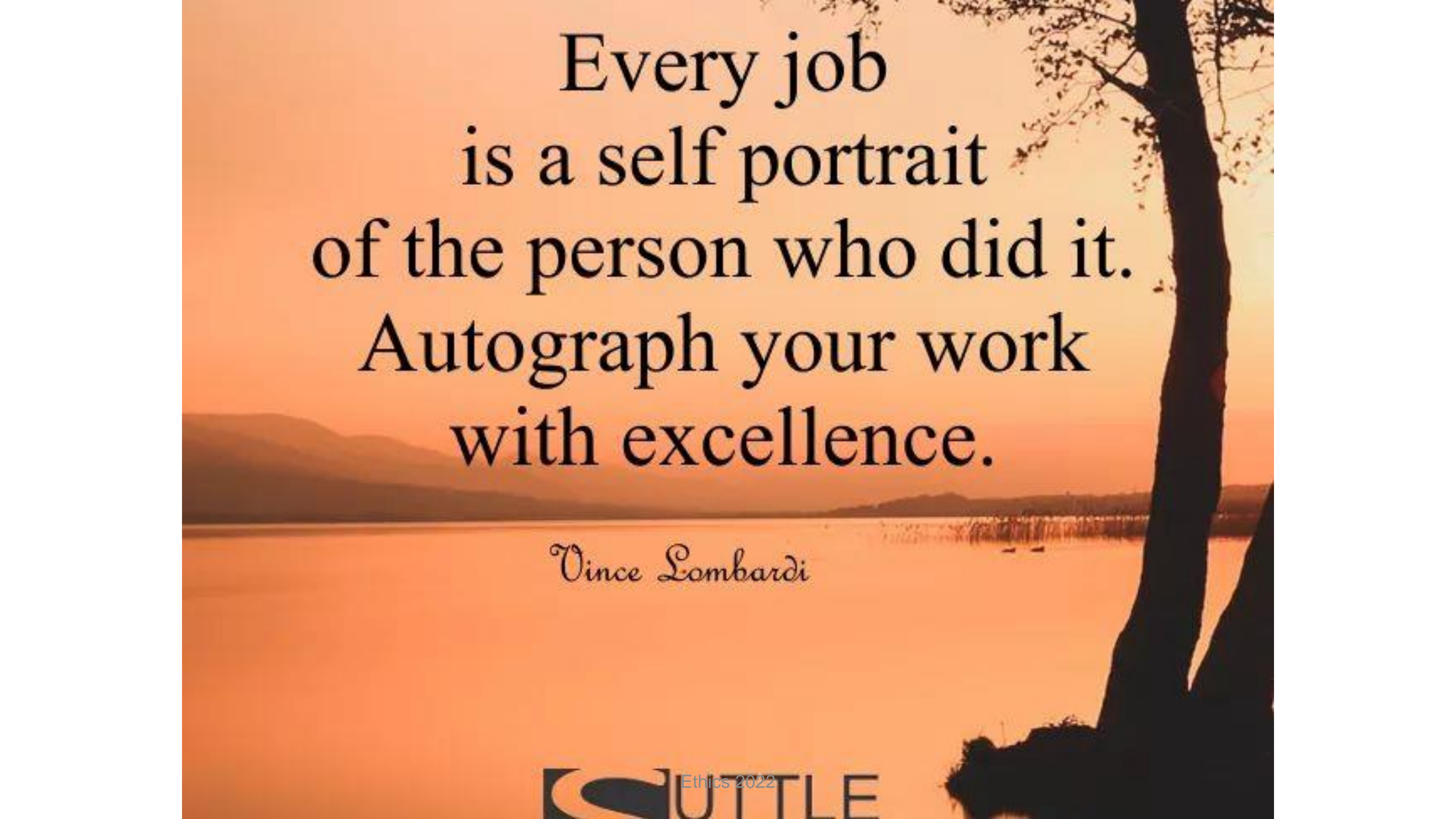
- The characteristics of leadership create the organisations character -
Tone from the top
- Who are you as a person affects your behaviour in your business
- What behaviour do you tolerate?
- Accountability
- Taking responsibility
- Effective communication
- Ethical leadership
- Empathy

What do you as an organisation believe in.....

- How do your beliefs translate into your business decisions?
- Environmental issues (sustainability)
- Lifestyle choices (vegan example)
- Striving for excellence (Life long learning)
- Respecting others beliefs
- **What is your personal line in the sand**

Honey Farming in KZN example





Every job
is a self portrait
of the person who did it.
Autograph your work
with excellence.

Vince Lombardi

Who do you surround yourself with?

- Who do you do business with?
- Who do you employ?
- Who do you associate with?

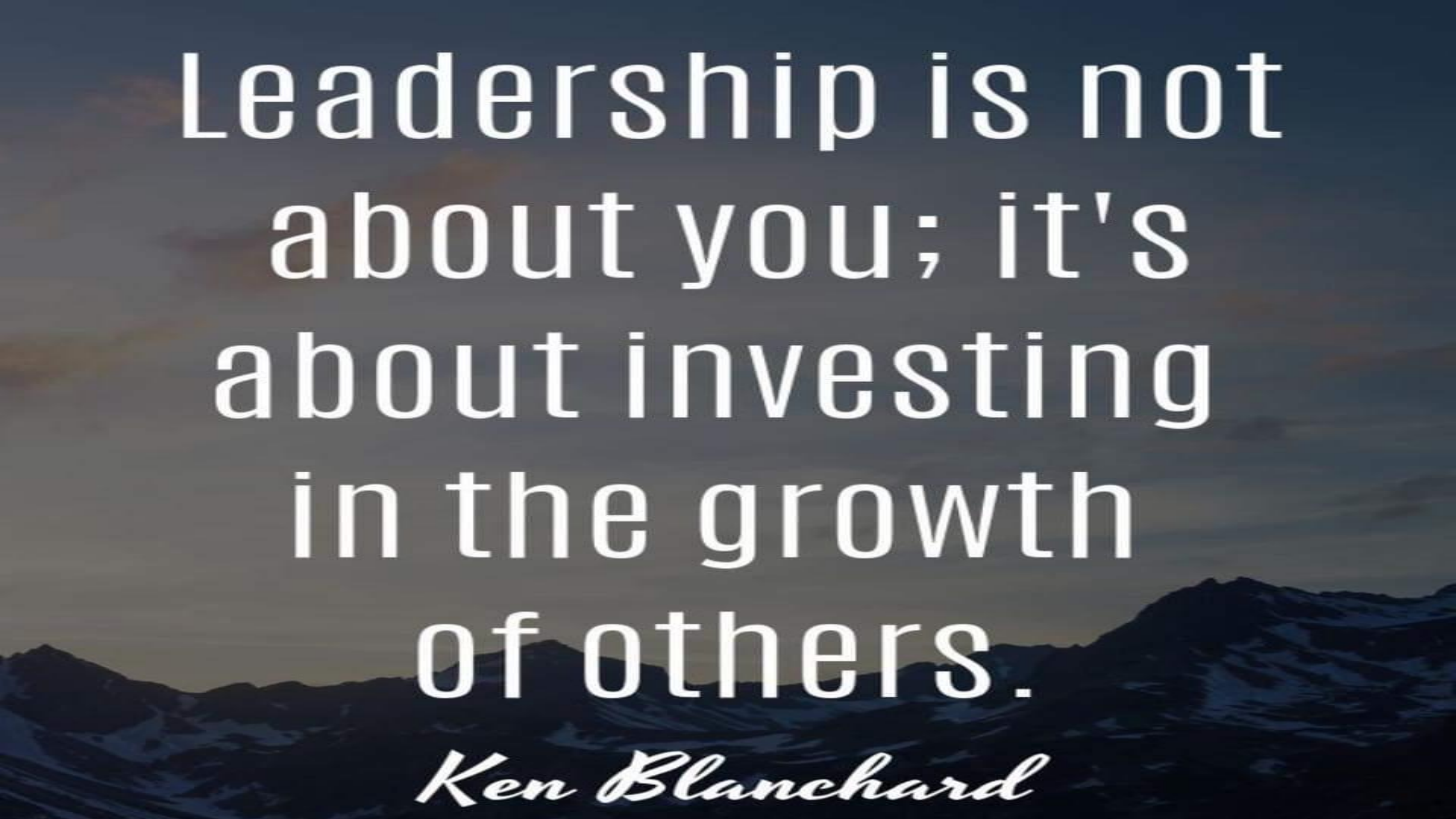


**“LEADERSHIP IS
COMMUNICATING
TO PEOPLE THEIR WORTH
AND POTENTIAL SO
CLEARLY THAT THEY COME
TO SEE IT IN THEMSELVES.”**

- STEPHEN R. COVEY



FranklinCovey
THE ULTIMATE COMPETITIVE ADVANTAGE

The background of the image shows a sunset or sunrise over a range of mountains. The sky is a mix of soft orange, yellow, and blue, with the sun's glow creating a hazy atmosphere. The mountains in the foreground are dark and silhouetted against the lighter sky. The overall mood is serene and contemplative.

Leadership is not
about you; it's
about investing
in the growth
of others.

Ken Blanchard

Importance of Role Modelling

- Consider the impact of your actions
- What does ethical behaviour and respect look like?
- Consider the cost of staff working in a disrespectful workplace...
- - Break down in working relationships, lowers productivity, high employee turnover, low staff moral
- Lack of respect looks like:
- - Shouting and swearing in the office, insubordination, gossiping and spreading rumours, trying to pull colleagues into your fights, doing the bare minimum

The goal is not to do
business with everybody
who needs what you have.
The goal is to do business
with people who
believe what you believe.

- SIMON SINEK

Ethical Challenges in Business

- Gifts
- Ambition...
- Loyalty
- Toxic personalities
- Harassment
- Use of business assets –
- Commercialism vs Professionalism
- Deadlines and Overpromising – unrealistic pressure on staff
- Staying in your lane
- Personal interest
- Fiduciary care
- Independence
- Personal views/Social media
- Diversity

Real world challenges

- Gifts
- Looting and looters – are they your staff??
- Decisions at the Board room table..
- Covid-19
- Companies that you do business with
- Impact on the country

Simon Sinek

- Concept of Ethical Fading/Moral Disengagement
- Rise of Selfishnes..
 - Milton Friedman

Leo Tolstoy

- *“Everyone thinks of changing the world, but no one thinks of changing himself”*

“
**WHEN YOU BECOME
ACCOUNTABLE, YOU START
TO FEEL IN CHARGE AND IN
CONTROL.**”

Gary

The Potjie Pot Model



The 4 Step Process

Ethical Sensitivity

- What strikes you?
- Raise your awareness and attention to detail, what is being said and what is left unsaid?
- Consider the people involved
- What is it about the situation that makes you feel uncomfortable?
- Look for your sense of what feels good in this context.
- Consider diversity and your own blind spots
- Widen your perspective and extend your empathetic powers

Ethical Thought Process

- What are the facts?
- What else might I need to find out?
- What do ethical codes & regulations say and are there any legal issues here?
- What does my contract with the client say?
- Who should I consult within the profession?
- Ask the client for their ethical perspective
- If you were a client what would you want from your CA(SA)?

Ethical Motivation and Competing Values

- What are the conflicts inside yourself?
- What are the costs and benefits of a particular course of action for each individual involved?
- Which of your personal and professional values are being challenged and which are being championed?
- What is the impact on the client, your organisation, your professional reputation and other stakeholders?
- Discuss your values with trusted colleagues, peers or mentors

Ethical Follow-Through

- Who do I chose to hold me to account?
- Who will champion me?
- What core values can I feel most secure in?
- What do I need to let the client know?

How will this case/ reflection process influence your practice in the future?

What changes will you make in the way you practice?

What new awareness do you have?

Professional Ethics

- The Code of Conduct and Public Interest

Objective

- A distinguishing characteristic of the accounting profession is the acceptance of the responsibility to act in the public interest
- Public Interest
 - Client
 - Self

Why is independence important?

More User Friendly – to use

- Completely rewritten
- Considered easier to use, navigate and **enforce**
- Increased focus on compliance with
 - Fundamental principles
 - Independence
- Enhanced Conceptual Framework
 - More robust safeguards
 - More tightly integrated into sections

Included in the Updated Code

- All substantive advances from the last 4 years
- Enhancements to Conceptual Framework
- Enhanced safeguards
- Long Association
- Preparing and Presenting Information
- New provisions wrt to pressure to breach principles
- PAIB vs PAPPs
- Professional judgement and professional scepticism
- Inducements

Public Interest Entity

- A listed company, and
- An entity
 - Defined by regulation or legislation as a PIE, or
 - For which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities
 - Promulgated by any relevant regulator including IRBA
 - Other entities set out in para R400.8a and R400.8b

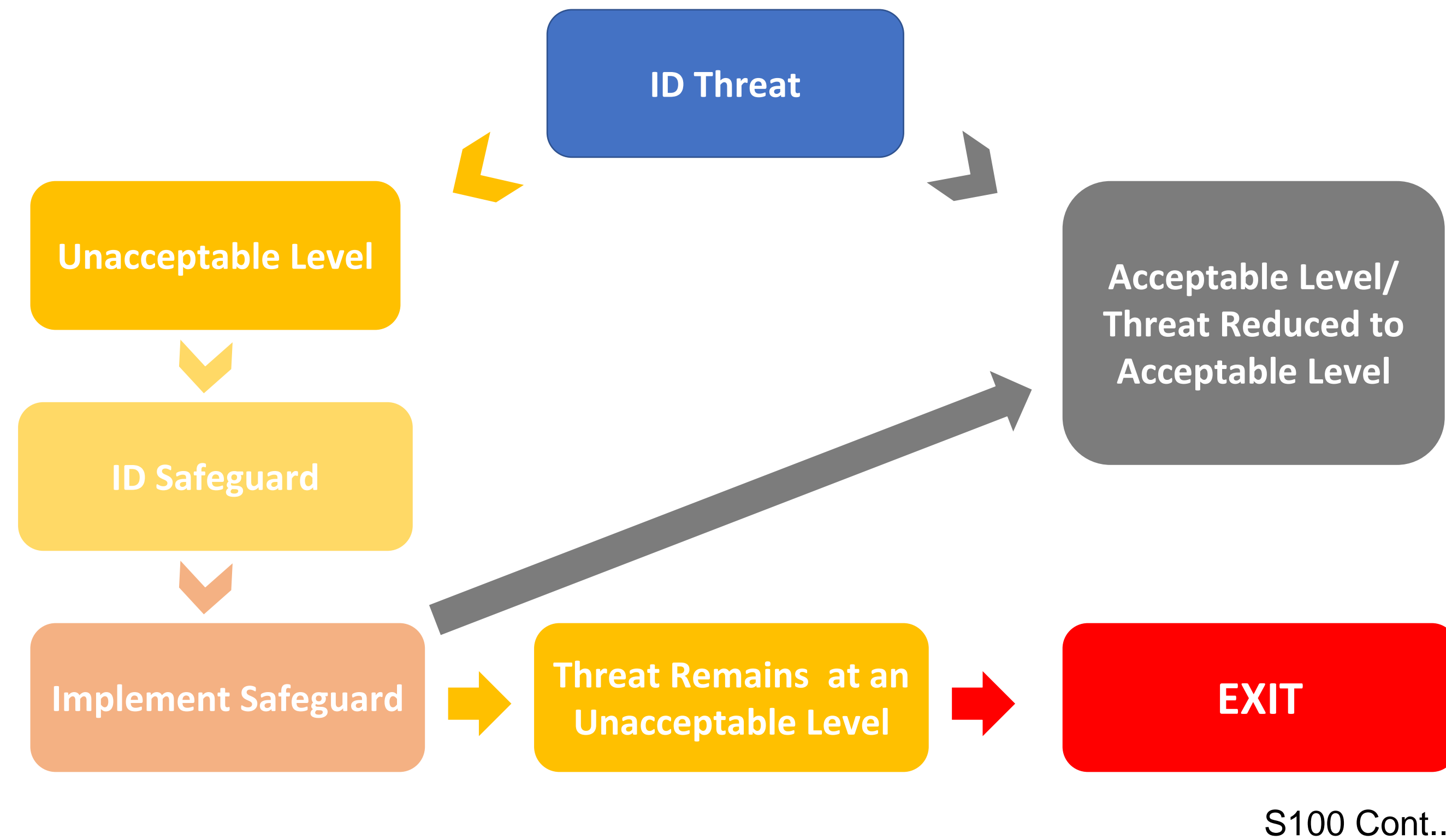
Key Enhancements

- Threats that are not acceptable
 - Eliminate circumstances causing the threat
 - Apply safeguard
 - Decline or the specific professional activity/service (Emphasis if threat cannot be addressed)
- Safeguards, RITP and other key concepts clarified
 - Safeguards now more clearly aligned to identified threats
- **New Requirement** – Step Back in forming overall conclusions

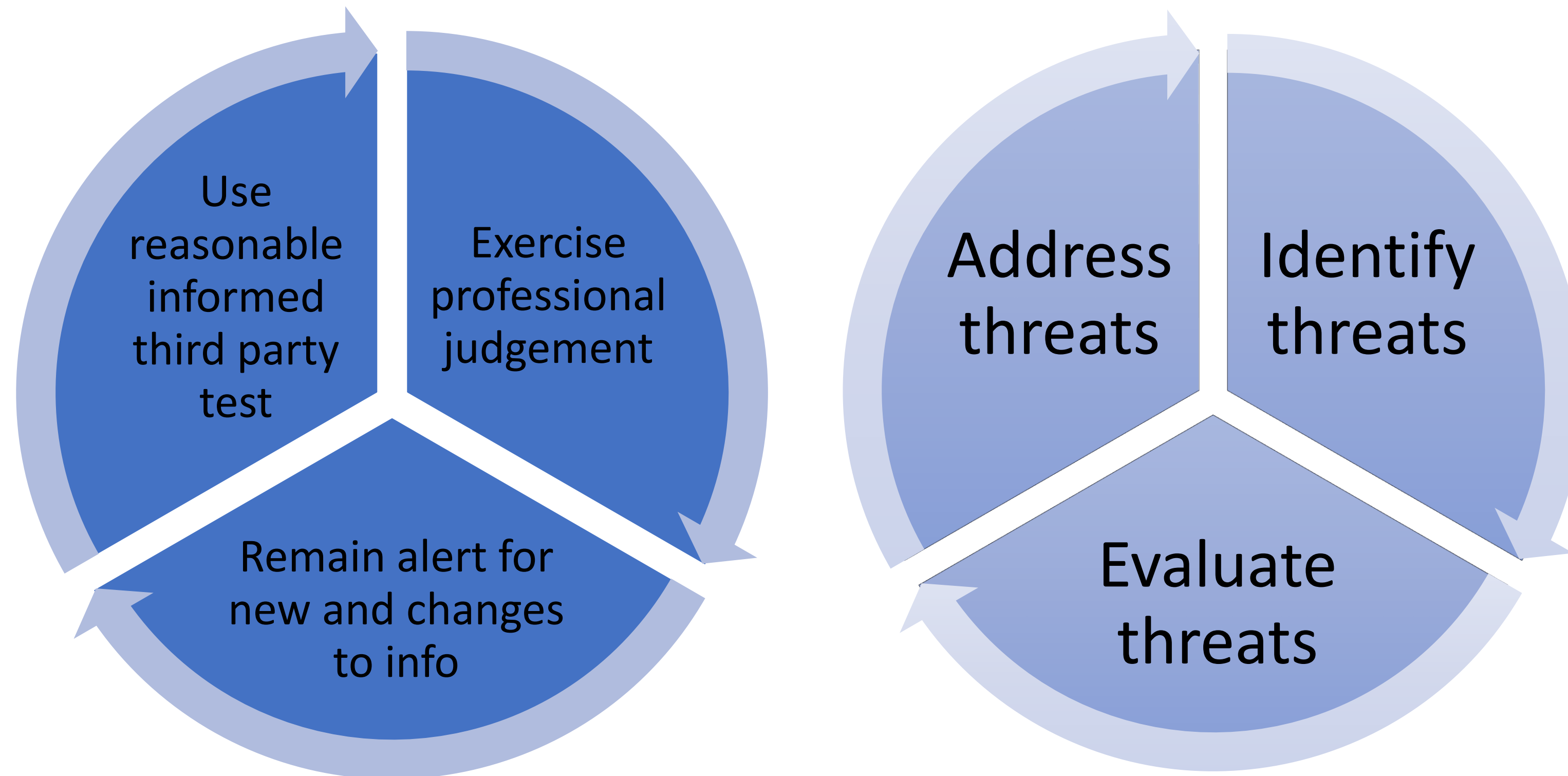
5 Principles vs 5 Threats

	Integrity	Objectivity	Due Care	Confidentiality	Professional Behaviour	INDEPENDENCE				
Self Review							INDEPENDENCE			
Personal Interest								INDEPENDENCE		
Intimidation									INDEPENDENCE	
Advocacy										INDEPENDENCE
Familiarity										

Threats and Safeguard Decision Flow Chart



The Enhanced Conceptual Framework



Impact of Fees....

Emphasis on Non Assurance Services

Presenting and Preparation of financial information

- Prohibition on exercising discretion when P&P info with intent to mislead or inappropriately influence contractual and regulatory outcomes

Due Care and Professional Competence***

Intimidation

Advocacy

Corruption and its impact

Decisions at the Boardroom table

Practical tools

- Knowledge
- Pre engagement
- Independence
- Fees
- NOCLAR and RI's

What is NOCLAR?

- NOCLAR and Reportable Irregularities

NOCLAR - definition

- Acts of omission or commission,
- intentional or unintentional,
- committed by
 - a client or
 - the PA's employing organisation, or
 - by TCWG, by management or by other individuals working for or under the direction of a client or employing organisation
- which are contrary to the prevailing laws or regulations

Reasonable expectations of a Professional Accountant

- To recognise NOCLAR, having regard to what should be within the scope of his/her training and experience
- No additional responsibilities to detect NOCLAR
- No increase in the range of laws and regulations (L&Rs) the PA is required to have knowledge of for purposes of
 - performing a given engagement; or
 - the PA's role within the employing organisation
- Not trained lawyers
 - L&Rs that generally relate to a PA's professional training and expertise
 - L&Rs linked to a PA's knowledge in a particular field
 - Not required to have specialised legal knowledge and skills

Per standards – Reasonably expected to know

- Laws and regulations generally recognised to have
 - a direct effect on the determination
 - of material amounts and disclosures
 - in the financial statements
- Other laws and regulations with
 - no direct effect but compliance with which
 - may be fundamental to the entity's business and operations, or
 - to avoid material penalties

Examples of Laws and Regulations

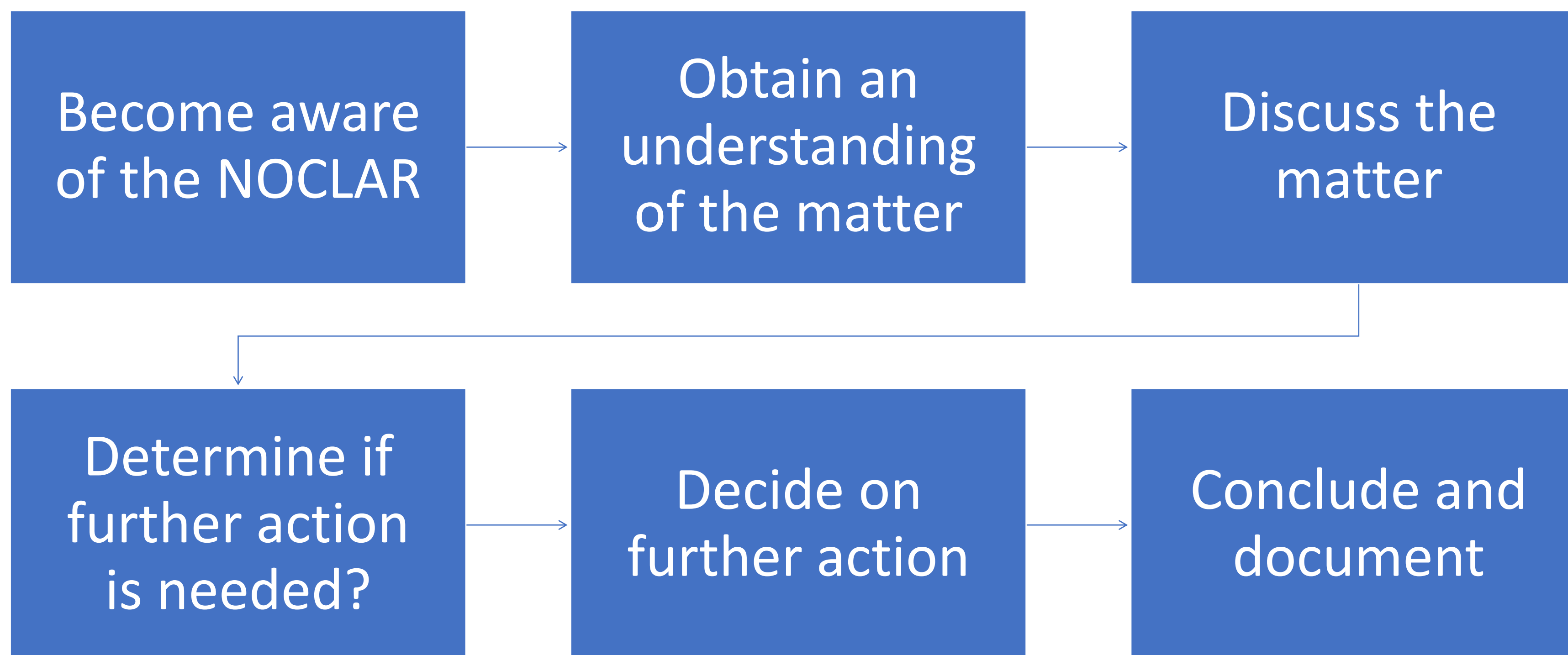
- Fraud, corruption and bribery
- Money laundering, terrorist financing and proceeds of crime
- Securities markets and trading
- Banking and other financial products and services
- Data protection
- Tax and pension liabilities and payments
- Environmental protection
- Public health and safety

EXCLUDED

- Matters that are clearly inconsequential
- Personal misconduct unrelated to the business activities of the client or the employing organisation
- NOCLAR other than by the client or the employing organisation, or TCWG, management or other individuals working for or under the direction of the client or the employing organisation

NOCLAR Process/Framework

Exit points??



ACTUAL OR POTENTIAL SUBSTANTIAL HARM

Is an act that results in serious adverse consequences to the entity or to investors, creditors, employees or the general public, in financial or non-financial terms

Examples include

- Fraud resulting in significant financial losses
- A breach that endangers the health and safety of ...

More examples

- Bribery for purposes of securing large contracts
- A matter that threatens the entity's license to operate
- An act that poses a systemic risk to the financial markets
- Products that are harmful to public health or safety
- Promoting a scheme to evade taxes

Reasonable and informed 3rd party test

Take into account whether a reasonable and informed third party, weighing all the specific facts and circumstances available to the PA at the time, would be likely to conclude that the professional accountant has acted appropriately in the public interest

Further context

- The PA is required to exercise professional judgment
- It is not a hindsight test
- It brings an essential elements of objectivity to the PAs evaluation of the matter in the circumstances
- Remember, the PA's overall objectives in terms of the Code

Consider:

Nature, cause, circumstances
and extent of matter

- Legal and regulatory framework
- The appropriateness and timeliness of the response of management and, where applicable, TCWG
- Urgency of the matter
- The involvement or management or TCWG in the matter
- The likelihood of substantial harm to the interests of the client, investors, creditors, employees or the general public

DOCUMENTATION

In relation to an identified or suspected act of NOCLAR, the PA is encouraged to document

- The matter
- The results of discussions with ...
- How management and, where applicable TCWG, have responded
- Courses of action considered, judgments made and the decisions that were taken
- How the PA is satisfied that he/she has appropriately considered whether further action is needed in the public interest

Reportable Irregularities

Section 45 of the APA

“An individual registered auditor referred to in section 44(1)(a) of an entity that is satisfied or has reason to believe that a reportable irregularity has taken place or is taking place in respect of that entity must, without delay, send a written report to the Regulatory Board” ... [and the remainder of section 45]

- Applies when appointed to perform an “audit”; i.e. any audit or other reasonable assurance engagements
- Excludes any review or other limited assurance engagement L&Rs
- However, includes ISRE 2410 engagement

Reportable Irregularities

Quick Refresher

The Criteria for a RI:

- An unlawful act or omission; and
- Committed by any person responsible for management of an entity; and

It meets one or a combination of the following:

- Has caused or is likely to cause material financial loss ...;
- Is fraudulent or amounts to theft; or
- Represents a material breach of any fiduciary duty ...

IRBA Guide, Appendix 7 provides 23 examples

Exceptional Circumstances (OVERRIDE)

- “In exceptional circumstances,
- the professional accountant may become aware of actual or intended conduct
- that the professional accountant has reason to believe would constitute an imminent breach of a law or regulation
- that would cause substantial harm to investors, creditors, employees or the general public.
- Having considered whether it would be appropriate to discuss the matter with management or those charged with governance of the entity,
- the professional accountant shall exercise professional judgment and may immediately disclose the matter to an appropriate authority
- in order to prevent or mitigate the consequences of such imminent breach of law or regulation.
- Such disclosure will not be considered a breach of the duty of confidentiality under Section 140 of this Code.”

CODE IN MORE DETAIL

Inducements

- Including Gifts and Hospitality
 - Clarifications about boundaries,
 - Prohibitions with intent to improperly influence behaviour
 - Application of CF when no actual or perceived improper intent

Long Association

- Strengthen general provisions
- Partner rotation for PIE audits
- Companies Act (5 years on, 2 years off)

Currently (Extant)	Revised
7 year time on: KAPs	No change
2 year cooling off: all KAP's	5 year cooling off: EP
	3 year cooling off: EQCR
	2 year cooling off: all other KAPs

Cooling off Restrictions

- Continual prohibition on consulting with engagement team or client regarding
 - Technical, industry specific issues, transactions and events
- **NEW restrictions**
 - Acting as “client relationship” partner
 - Undertaking any other role or activity (including Non Assurance services) that would result in individual having significant or frequent interactions with senior management or TCWG or directly influencing the outcome of audit

PAIB provisions affecting PAPPs

- Practitioners are in business too....

Professional Judgement and Professional Skepticism

- All PA's – emphasis on obtaining an understanding of facts and circumstances when exercising professional judgement
- For auditors and assurance
 - Compliance with principles supports the exercise of professional skepticism

Safeguards

Safeguards by the profession, legislation/regulation:

- Educational, Training and experience required to enter profession
- CPD
- Corporate governance, legislation and regulations
- Professional Standards
- Professional monitoring and disciplinary procedures
- External review of work done by PA

Code believes that

- Need safeguards to increase likelihood of identifying and deterring unethical behaviour
 - Effective and well published compliant system
 - Explicitly stated duty to report breaches in unethical behaviour
- Need to manage conflicts in interest
- DISENGAGE.....

Communication

- With those charged with governance
- Make relevant persons aware of limitations inherent in professional services where appropriate

Confidentiality

- Highlight that this includes social environment
- No legal privilege
- NOCLAR
- Disclaimers on email??
 - Appropriate recipient?

Professional behaviour

- Must not adversely affect the good reputation of the profession
- Consider marketing and promoting of work
 - No exaggerated claims (services, qualifications or experience)
 - Don't disparage work of others (references or comparisons)
- Multiple firms
 - possible but don't mislead

Self Interest Threat Examples

- Assurance team member having direct financial interest in client
- A firm having undue dependence on total fees from a client
- Assurance team having a significant close business relationship with an assurance client
- A firm being concerned about the possibility of losing a significant client
- Contingent fee arrangement with client

Self Interest Threat Examples

- Assurance team member entering into employment negotiations with a client
- A PA discovering a significant error when evaluating the results of a previous professional service performed by a member of the PA's firm

Self Review Threat Examples

- A firm issuing an assurance report on the effectiveness of a system after designing/implementing it
- A firm having prepared the original data used to generate records that are subject to assurance
- Assurance team recently been a director/officer of client (position of significant influence)
- **Can't mark your own homework!!**

Advocacy Threat Examples

- The firm promoting shares in an audit client
- A PA acting as an advocate on behalf of a client in litigation or disputes with third parties

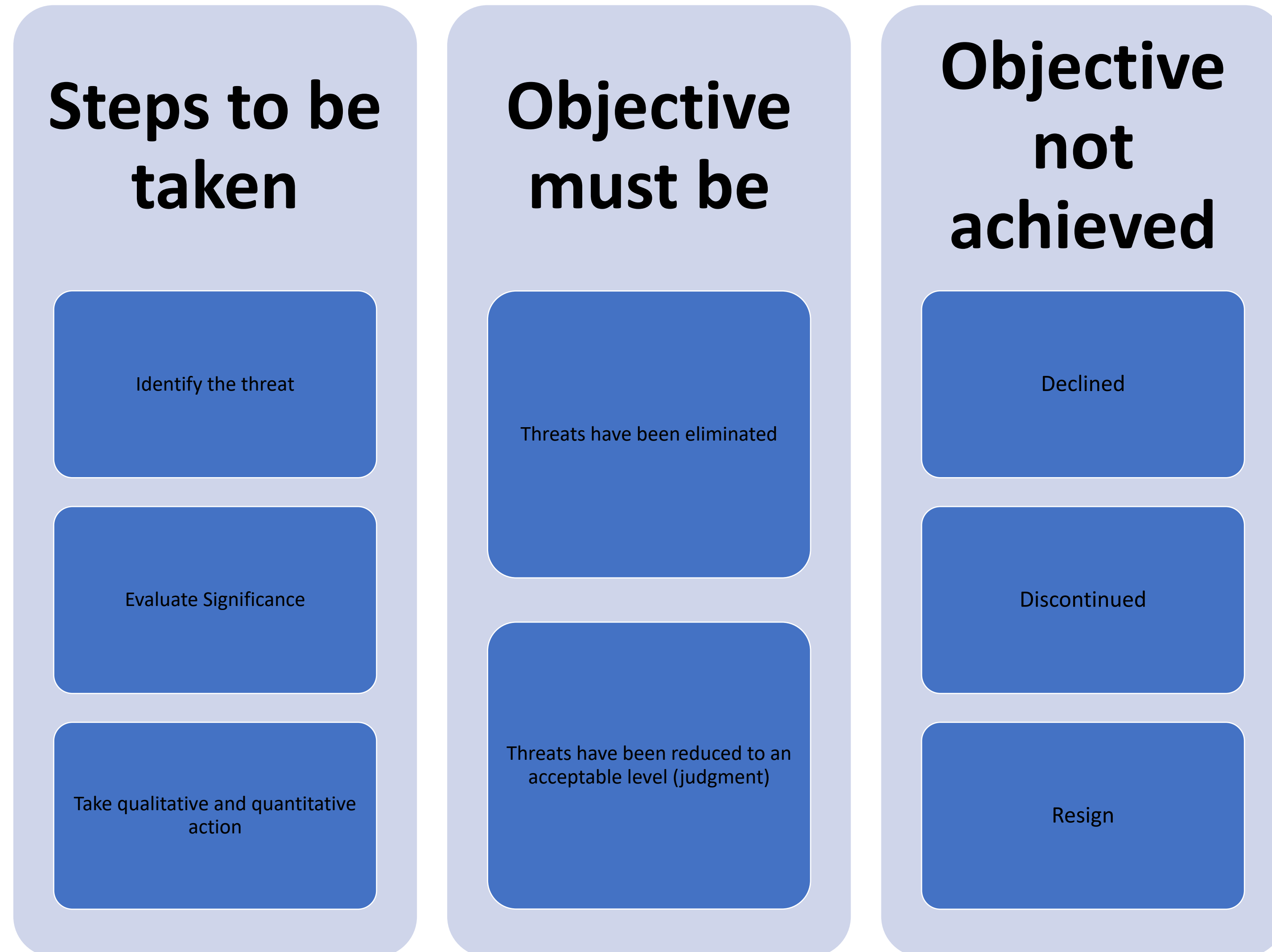
Familiarity Threat Examples

- Assurance team member having a close or immediate family member who is a director/officer of client (significant influence)
- Director/officer having recently been an engagement partner and in a position of influence
- PA accepting gifts or preferential treatment unless trivial
- Senior personnel having long association with assurance clients (MAFR)

Intimidation Threat Examples

- Threat of dismissal from client engagement
- Audit client threatening to withhold non assurance work from firm due to dispute
- A firm being threatened with litigation
- A being pressured to reduce work performed inappropriately to reduce fees
- PA feeling pressured to agree to judgement of client employee because they have more expertise
- PA promotion threatened if don't agree...

Objective of Safeguards



The reasonable and informed third party (RITP)

- The RITP is found in 13 places in the code
- Relates to decisions that have been made
- Conceptual Framework
- Independence
- Who is an RITP?
- Use the above mentioned tools in your working papers.

The reasonable and informed third party (RITP)

- How does that person make a decision? – Think of EQRP.
- “Weighing up all the specific facts and circumstances available to the registered auditor at the time, would likely to conclude that the treats would be eliminated or reduced to an acceptable level by the application of the safeguards” (200.10)

Safeguards

- Leadership
- Policies and procedures (ISQC1)
- Documentation
- Different partners and peer review
- Communication
- Training, mentoring counselling
- Consulting with independent technical consultants
- Disclosing ethical issues with TGWG

Professional Appointment

- **Client acceptance and continuance**
 - Pre-engagement
 - Make sure you have the skills and resources
 - Timeframes?
- Changes in professional appointment
 - Additional work to existing practitioner?
 - Client refuses to give permission to contact exiting PA, should decline appointment unless exceptional circumstances

Conflicts of interests

- Creates a threat to objectivity
- Assess client base and independence
- Need to identify
 - Nature of relevant interests and relationship between the parties involved, and
 - Nature of the service and implication for relevant parties
- Circumstances can change over time

Second Opinions

- Approach with care

Fees and other Remuneration

- May quote whatever fee that is deemed appropriate
- Must not sacrifice quality of engagement
- Safeguard - communicate with client and assigning appropriate resources
- Contingent fees for non assurance engagements?
- Referral fees and commissions?

Marketing Professional Services

- If concerned – need to consult with regulator

Gifts and Hospitality

Custody of Client Assets

- A PA shall not assume custody unless permitted to do so by law and if so, in compliance with additional legal duties imposed on PA
- FICA requirements
- Trust monies
- Acting as trustee

Objectivity – all services

- Beyond Assurance

INDEPENDENCE

- Independence
 - of mind
 - in appearance
- Network firms
- Public Interest Entities
 - Section 290.26(a)
- Related entities
- Those charged with governance
- Documentation

INDEPENDENCE

- Engagement period
- Mergers and Acquisitions
- Breach of a Provision of this Section (S290)
- *Management responsibility:*
 - *controlling, leading, directing an entity*
 - *including making significant decisions*
 - *regarding acquisition, deployment and control*
 - *of human, financial, physical and intangible resources*

Considerations

- Financial interests
 - Acting as a trustee
- Loans and Guarantees
- Business Relationships
- Family and personal relationships
 - Significant influence
- Employment with an audit client
- Temporary Staff Assignments

Considerations

- Recent service with an audit client
- Serving as a director/officer of a client
- Long association of senior personnel with Audit client
- Provision of non assurance services to audit clients
 - Management responsibility??
- Valuation services
- Taxation services

Considerations

- Taxation services resolution of tax disputes?
- Internal Audit
- IT System services
- Litigation support services
- Legal services
- Recruiting services
- Corporate finance services

Fees

- Relative size
 - 15% over 2 years
- Fees overdue
 - Expected to require payment before report is issued
- Contingent fees

Other issues

- Compensation and evaluation policies
 - I.e. compensation for selling non assurance services
- Gifts and hospitality
- Actual and threatened litigation
- Reports that include a restriction of use and distribution
- **S291 Other assurance engagements**

Takeaways

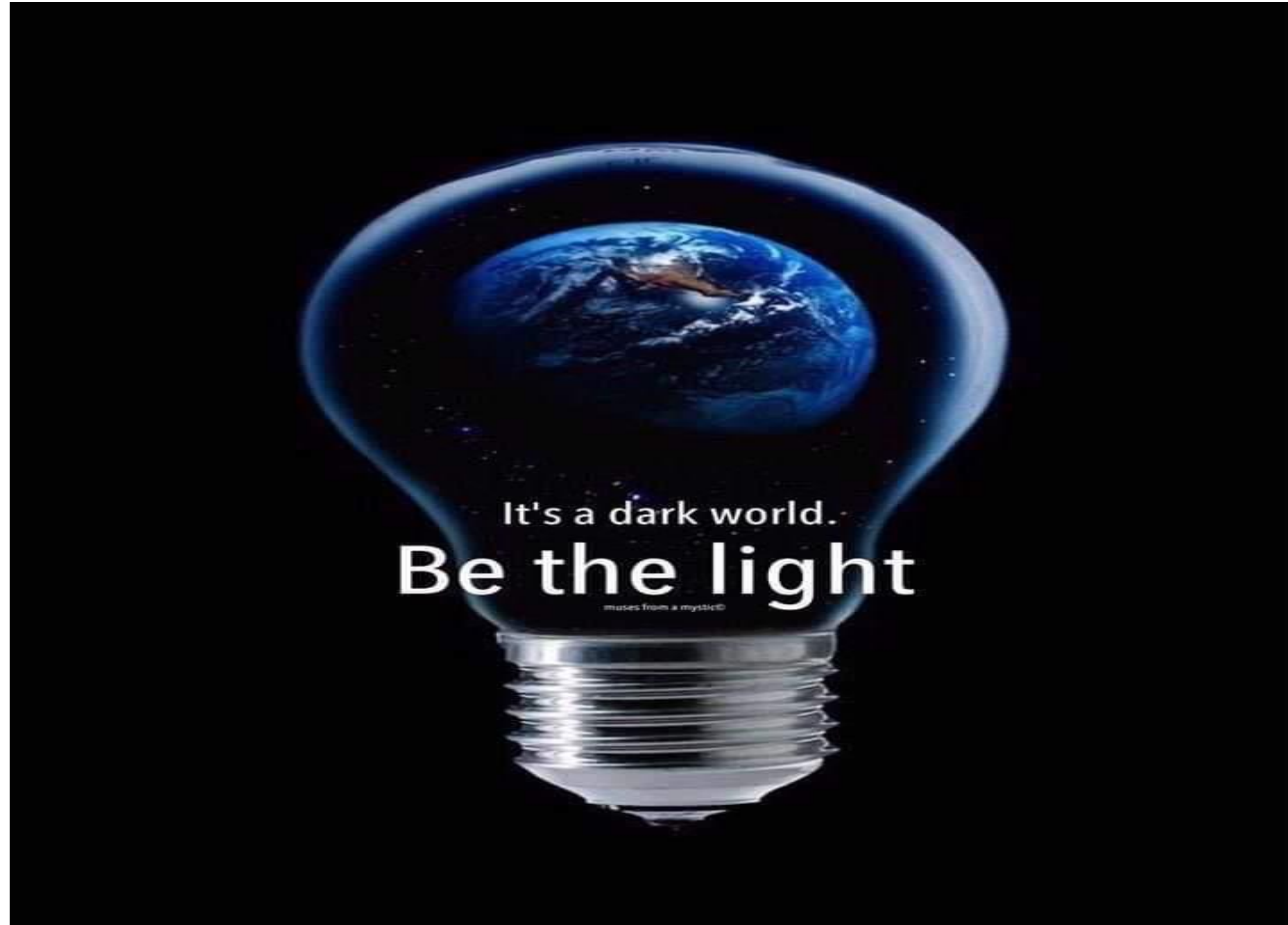
Where do we need to be?

- Effective and ethical leadership
- Accountability
- Empathy
- Teamwork
- Continually learning
- Creating a healthy culture and environment
- Truth to power
- Role modelling
- Personal Brand

What can we, as a profession, do to make a difference?

- For our staff
- For our clients
- For our communities
- For our country

Just remember...



**Thank you for your
participation**