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eNews

INTERNATIONAL
ETHICS STANDARDS BOARD
FOR ACCOUNTANTS

IESBA®

IESBA eNews: October 2014



Thank you for signing up to receive eNews from the International Ethics Standards Board for Accountants® (IESBA®, the Ethics Board). This edition provides a summary of topics discussed and decisions made at the Ethics Board's meeting held October 13-15, 2014, in New York, New York, USA. See the [Meeting Page](#) for the meeting highlights, including a podcast summary and agenda papers. You can also subscribe to our [podcast channel in iTunes](#) and follow us on Twitter [@Ethics Board](#).

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WORLD CONGRESS OF ACCOUNTANTS 2014

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1. Structure of the Code

The Ethics Board approved the Consultation Paper, *Improving the Structure of the IESBA Code of Ethics for Professional Accountants* (the Code). The paper consults on approaches that could be taken to improve the clarity and usability of the Code through revising its structure, thereby facilitating its adoption, effective implementation, and consistent application. Among other matters, the consultation is seeking stakeholders' input on:

- restructuring the Code by more clearly distinguishing requirements from guidance;
- reorganizing the content of the Code, including rebranding it, or parts of it, as international standards;
- using simpler language and shorter sentences; and
- identifying a firm's or an individual's responsibility for compliance with the Code in particular circumstances to facilitate compliance and enforcement.

The paper also includes illustrative examples to show how the restructured Code might be presented. The Consultation Paper will be released in the coming week and open for public comment through early-February 2015. In connection with this project, a web-based version of the Code—to enhance accessibility and navigability—is currently in development and is expected to go live in the coming weeks.

2. Review of Part C of the Code

The Ethics Board approved for exposure the following proposed changes to Part C of the Code, which addresses professional accountants in business (PAIBs):

- Section 320—revisions dealing, in particular, with misuse of discretion when preparing or presenting financial information. The revisions include enhanced guidance on how discretion can be misused in a manner intended to mislead, and the PAIB's actions when faced with misleading information.
- Section 370—a new section to guide PAIBs on responding to pressure from superiors or others to breach the fundamental principles, and on not placing pressure on others that would result in a breach of the fundamental principles.

Conforming changes have been proposed to other sections of Part C of the Code.

The Exposure Draft is expected to be issued by mid-November 2014. Comments will be requested by mid-February 2015. As part of Phase 2 of this project, the Ethics Board will consider preliminary issues pertaining

to a review of Section 350, addressing inducements, at its January 2015 meeting.

3. Strategy and Work Plan

In September, following approval by the Public Interest Oversight Board that due process had been followed, the Ethics Board released its [Strategy and Work Plan, 2014-2018](#).

The *IESBA Strategy & Work Plan, 2014-2018* highlights the board's priorities and planned actions toward achieving its objective of setting high-quality ethics standards for professional accountants that are widely adopted around the world. The Strategy and Work Plan lays out four inter-connected strategic themes that articulate the board's vision over the medium to longer term:

- maintaining a high-quality Code for application by professional accountants globally;
- promoting and facilitating the adoption and effective implementation of the Code;
- evolving the Code for continued relevance in a changing global environment; and
- increasing engagement and cooperation with key stakeholders.

A separate [Basis for Conclusions](#) has been prepared by staff to accompany the Strategy and Work Plan.

4. Responding to Suspected Non-Compliance with Laws & Regulations

The Ethics Board considered the feedback received from its three global roundtables, held in Hong Kong, Brussels, and Washington DC earlier this year, on its project addressing professional accountants' responsibilities to respond to suspected non-compliance with laws and regulations (NOCLAR). It also considered Task Force proposals regarding a revised framework for how auditors, professional accountants in public practice providing non-assurance services, senior-level PAIBs, and other PAIBs could respond to suspected NOCLAR.

The Ethics Board will discuss a revised draft of the proposed new sections (225 and 360), and related changes to other sections of the Code, at its January 2015 meeting in preparation for re-exposure by mid-2015.

5. Non-Assurance Services

The Ethics Board considered significant comments received on its Exposure Draft, [Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients](#), and related Task Force proposals, aimed at enhancing the independence provisions in Section 290 (Independence—Audit and Review Engagements). The discussion focused on the three areas covered by the Exposure Draft:

- the proposed withdrawal of the emergency exception provisions pertaining to bookkeeping and taxation services provided to audit clients that are public interest entities (PIEs);
- additional guidance on safeguards on and clarification regarding what constitutes management

responsibility; and

- enhanced guidance and clarification on the concept of “routine or mechanical” services relating to the preparation of accounting records and financial statements for non-PIE audit clients.

The Ethics Board will seek input from its Consultative Advisory Group in November 2014 regarding the significant comments received on the Exposure Draft and the board’s indicative direction forward on the key issues. The Ethics Board will consider a revised draft of the proposed changes to the Code with a view to approval at its January 2015 meeting.

6. 2014 Handbooks from 4 Standard Setters—Now Available!

The 2014 editions of the handbooks from the following boards supported by the International Federation of Accountants® (IFAC®) are now available:

- International Auditing and Assurance Standards Board® (IAASB®);
- International Accounting Education Standards Board™ (IAESB™);
- International Ethics Standards Board for Accountants® (IESBA®); and
- International Public Sector Accounting Standards Board® (IPSASB®).

To access electronic copies of the handbooks for personal use, purchase print copies, or find information on recent developments and outstanding Exposure Drafts and Consultation Papers from each of the boards, visit their respective web pages: www.iaasb.org, www.iaesb.org, www.ethicsboard.org, and www.ipsasb.org.

The 2014 [*Handbook of the Code of Ethics for Professional Accountants*](#) incorporates several revised pronouncements that are now effective—addressing a breach of a requirement of the Code, conflicts of interest, and the definition of “those charged with governance.” It also contains the revised definition of “engagement team” (effective for audits of financial statements for periods ending on or after December 15, 2014). In connection with the Structure of the Code project (see above), a web-based version of the Code—with enhanced accessibility and navigability—is currently in development and expected to go live in the coming weeks.

7. Ethics Resources, Discussions & News in Global Knowledge Gateway

Earlier this year, the International Federation of Accountants (IFAC) launched the Global Knowledge Gateway™, a new digital hub for the global accountancy profession: www.ifac.org/global-knowledge-gateway. The Gateway serves professional and aspiring accountants in all sectors by providing streamlined access to relevant resources, news, discussions, and thought leadership in nine different areas, including ethics. Resources in this area, designed to serve both accountants in business and in practice, include surveys and reports on business ethics issues, as well as practical guidance on implementing the IESBA Code and other codes of conduct.

We invite you to explore and contribute your views to the discussions, recommend content that you find the most useful, suggest new resources, and subscribe to receive customized updates on new content added to the

Gateway. [Register](#) to take full advantage of all of these features.

8. The Ethics Board Is Tweeting

Several months ago, the Ethics Board launched a Twitter handle to increase engagement with the public and with professional accountants worldwide, enhance its profile and brand, and increase the transparency and timeliness of its communications. Stay current on the Ethics Board's projects, publications, and meeting decisions, as well as the latest accounting and business ethics news, trends, and resources from around the world. We hope you'll stay connected and join us: [@Ethics Board](#).

9. Next Meetings

Meetings of the Ethics Board and the Ethics Board's Consultative Advisory Group (CAG) are open to the public. The next meeting of the board will be held in London, United Kingdom, on January 12–14, 2015. The next CAG teleconference will be held on November 18, 2014, and the next physical CAG meeting will be held in New York, New York, USA, on March 10–11, 2015.

For more information and to register to attend an Ethics Board or Ethics Board CAG meeting as an observer, visit [Ethics Board Meetings](#) and [Ethics Board CAG Meetings](#) respectively.

10. Last Chance to Register—World Congress of Accountants 2014, Agenda Includes Ethics Issues

The 2014 World Congress of Accountants (WCOA) will be hosted by the [Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili](#) (CNDCEC) in Rome, Italy, November 10–13. Themed *2020 Vision: Learning from the Past, Building the Future*, the WCOA 2014 will be held at the Auditorium Parco della Musica. Almost 4,000 professionals from around the world will convene at this quadrennial IFAC event. WCOA 2014 will look back to explore the evolution of the accountancy profession and forward to showcase the innovations that will shape its future. Days 2 and 3 feature sessions on ethics: "Fighting Corruption and Fraud: The Role of Professional Accountants" and "Code of Ethics: Shaping Behavior." View the [full agenda](#) and [register here](#).

Online registration closes October 31, 2014. If you are unable to register on the website, please contact the WCOA Secretariat: wcoa2014@adriapoint.it.

Prepared by IFAC's Communications Department. Contact communications@ifac.org for further information.

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