

IESBA Meeting Highlights and Decisions

October 2014

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This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for approval of documents for public exposure and issuance of final pronouncements, decisions reported are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

A [podcast](#) recording that provides a short audio summary of the main outcomes of the October 2014 IESBA meeting is also available on the IESBA website.

Structure of the Code

The IESBA unanimously approved the Consultation Paper *Improving the Structure of the IESBA Code* (CP). The CP sets out 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 CP is seeking stakeholders' input on restructuring the Code by more clearly distinguishing requirements from guidance; reorganizing the content of the Code, including rebranding the Code, or parts thereof, as international standards; use of language in drafting the Code; and identification of a firm's or an individuals' responsibility for compliance with the Code in particular circumstances to facilitate compliance and enforcement. The CP includes some illustrative examples of how a restructured layout might be presented.

The CP is expected to be released by early-November 2014 and will be open for public comment through early-February 2015.

Review of Part C of the Code

The IESBA approved for exposure the following proposed changes to Part C of the Code addressing professional accountants in business (PAIBs):

- Revisions to Section 320 dealing in particular with the topic of 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.

- A new Section 370 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 above proposals arise from Phase 1 of the IESBA's Part C project. The exposure draft is expected to be issued by mid-November 2014. Comments will be requested by mid-February 2015.

In connection with Phase 2 of its Part C project, the IESBA will consider preliminary issues pertaining to a review of Section 350 of the Code addressing the topic of inducements at its January 2015 meeting.

[Responding to Suspected Non-Compliance with Laws and Regulations \(NOCLAR\)](#)

The IESBA considered the feedback received from its three global roundtables on its NOCLAR project held in Hong Kong, Brussels and Washington DC in May, June and July 2014, respectively. It also considered Task Force proposals regarding a revised framework for how auditors, professional accountants in public practice providing non-assurance services (NAS), senior-level PAIBs and other PAIBs could respond to suspected NOCLAR.

The IESBA will consider a draft re-exposure draft of the proposed Sections 225 and 360 and related changes to other sections of the Code at its January 2015 meeting.

[Non-Assurance Services \(NAS\)](#)

The IESBA 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 in response to those comments. The discussion focused on the three areas covered by the exposure draft, i.e., the proposed withdrawal of the emergency exception provisions pertaining to bookkeeping and taxation services provided to audit clients that are public interest entities (PIEs); the additional guidance on safeguards on and clarification regarding what constitutes management responsibility; and the 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 IESBA 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 IESBA will consider a revised draft of the proposed changes to the Code with a view to approval at its January 2015 meeting.

[Review of Safeguards in the Code](#)

The IESBA considered preliminary matters to address in a potential project on safeguards, including the scope and focus of the project, and key issues to be addressed.

The IESBA will consider a project proposal for approval at its January 2015 meeting.

Emerging Issues and Outreach

The IESBA received an update from Russell Guthrie, IFAC Executive Director, Professional Relations, regarding the work of the IFAC Compliance Advisory Panel as this relates to promoting global adoption of the Code. The IESBA also briefly discussed the approach to monitoring the extent of global adoption of the Code.

The IESBA also received a brief update on summary inspection findings as reported by the International Forum of Independent Audit Regulators (IFIAR), the UK Financial Reporting Council, and the Canadian Public Accountability Board.

Meeting

The next meeting of the IESBA will be held in London, UK on January 12-14, 2015.