

PROJECT PROPOSAL

Introduction

The International Ethics Standards Board for Accountants (IESBA) is in the final stages of issuing a revised IFAC *Code of Ethics for Professional Accountants*. The new international Code will necessitate changes to APES 110 *The Code of Ethics for Professional Accountants* used in Australia in line with this international development.

Background

With the objective of enhancing the clarity and comprehension of the international Code, the IESBA undertook a project to update the Code as well as improve the drafting conventions used in the Code. The exposure draft specifically addresses the following:

- Use of the word “shall” as a replacement of “should” to clarify the intention or application of the Code in certain instances;
- Introducing a new section 291 which addresses other Assurance Engagements whilst Section 290 continues to address Audit or Review Engagements;
- Use of the word “consider” versus “evaluate” and “determine”;
- Use of the words “examples” and “illustrates”; and
- How threats should be described in the Code.

In addition to the above, the exposure draft contains the revised Section 290 and new Section 291 (both adopted in 2008) and proposed changes to the provisions on internal audit services, contingent fees and relative size of fees contained within Section 290/291.

The IESBA approved release of the exposure draft in July 2008, with the comment period closing on 15th October 2008. Having considered all comments received, it is expected that the revised international Code will be approved for issue in its final form in April 2009.

Objectives: To update APES 110 *The Code of Ethics for Professional Accountants* consistent with the revised international Code issued by the IESBA.

Project Steps:

- APESB technical staff review international Code issued by the IESBA.
- APESB Technical staff to prepare marked up version of the proposed new *Code of Ethics for Professional Accountants* for consideration of the APES 110 Code of Ethics taskforce.
- Taskforce to review revised Code and provide comments and consider whether there are any practical implementation issues.
- Hold taskforce meetings as necessary to consider issues that arise.

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- Prepare a draft exposure draft and any applicable supporting material.
 - Liaise with the professional bodies and seek feedback on the draft ED.
 - Present exposure draft at the August 2009 or November 2009 Board meeting dependent on the approval date of the final IESBA Code.
 - Release the standard for exposure requesting comments on both specific issues highlighted and also general comments on the document as a whole.
 - Collate feedback received and upload onto APESB website.
 - Consider respondents' comments and their impact on the exposure draft and amend as required.
 - Prepare a basis for conclusions document detailing key issues that were identified and considered during development of the standard.
 - Present the final standard and the basis for conclusions document for Board approval.
 - Release the standard publicly and upload the standard and basis of conclusions document onto APESB website.

Project Structure:

- APES Board – provide feedback and oversee development of APES 110 *Code of Ethics for Professional Accountants*.
- APESB Senior Project Manager – provides technical support, consults with the professional bodies and is the principal drafting editor of the Exposure Draft in accordance with APESB policies and procedures.
- APESB Secretariat – provide administrative support.

Resource Requirements:

Teleconference facilities, travel of APESB staff or taskforce members (as required) and printing, stationary and communication costs budgeted:

Communication	\$1,500
Travel & accommodation \$1,000 per unit	\$8,000
Sundry expenses \$200 per unit	\$800
Total Budgeted Costs	\$10,300

Technical Staff time commitment would be approximately 2 - 4 months.

Timeline:

May 2009 – Approve project proposal.
 May 2009 – IESBA approves revised IFAC.
 Jun/July 2009 – Present marked up Code to taskforce.
 Aug or November 2009 – Present exposure draft for Board for approval.
 Aug or November 2009 – Release exposure draft for a 60 day

comment period.

Thereafter based on the date the Exposure Draft is issued the following process will be completed:

- Collation of respondents comments;
- Presents results of the consultation process to the Board;
- Present final standard and basis of conclusions to Board;
- Issue standard;

Impact on other APESB pronouncements

The proposed change in terminology and addition of the new section 291 is going to impact on other APESB pronouncements as the Code is one of the fundamental standards in the APESB framework of professional standards.

Impact on accounting, auditing, or other relevant standards

Improved clarity of the Code will enhance consistency of terminology with that used by the Auditing and Assurance Standards Board as part of their ASA redrafting project.

Related legislative developments

None noted.

Related international developments

As noted above it is expected that the IESBA will approve the revised Code at the April 2009 IESBA Board meeting to be held on April 27th and 28th in New York.