

AGENDA PAPER

Item Number: 11
Date of Meeting: 7 September 2009
Subject: International update

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Purpose:

To provide an update on IESBA's work program since the last Board meeting held on 9th May 2009.

IESBA

IESBA has issued the revised *Code of Ethics for Professional Accountants* on the 10th of July 2009. The revised Code will be effective from 1 January 2011 with early adoption permitted. There are also transitional provisions that in most cases will apply from 01 January 2012 relating to public interest entities, partner rotation, and partner compensation and evaluation policies.

IESBA notes that the revised Code maintains the principles-based approach which is supplemented by detailed requirements where necessary, resulting in a Code that is robust but also sufficiently flexible to address the wide-ranging circumstances encountered by professional accountants.

The revised Code includes the following changes to strengthen auditor independence requirements:

- Extending the independence requirements for audits of listed entities to all public interest entities;
- Requiring a cooling off period before certain members of the firm can join public interest audit clients in certain specified positions;
- Extending partner rotation requirements to all key audit partners;
- Strengthening some of the provisions related to the provision of non-assurance services to audit clients;
- Requiring a pre- or post-issuance review if total fees from a public interest audit client exceed 15% of the total fees of the firm for two consecutive years; and
- Prohibiting key audit partners from being evaluated on or compensated for selling non-assurance services to their audit clients.

APES 110 Code of Ethics Taskforce

The APES 110 Code of Ethics Taskforce has commenced work on the revised Code of Ethics. It is envisaged that a first draft of the exposure draft will be presented to the Board at the November 2009 Board meeting.

Recommendation:

1. That the report on the work program of the IESBA be noted;

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Date: 24th August 2009