

# IESBA Meeting Highlights and Decisions

December 2013

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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 December 2013 IESBA meeting is also available on the IESBA website.

## Strategy and Work Plan 2014-2018

The IESBA approved for issuance the Consultation Paper, *Proposed IESBA Strategy and Work Plan, 2014–2018*. The closing date for comments on the Consultation Paper is February 28, 2014.

## Responding to Non-Compliance with Laws and Regulations

The IESBA considered a post-exposure draft of proposed changes to the Code regarding a professional accountant's responsibilities relating to responding to non-compliance with laws and regulations. Among other matters, the IESBA discussed the approach to disclosure of non-compliance with laws and regulations to an appropriate authority; the application of a materiality filter when responding to such a matter; communication between a proposed accountant and an existing accountant when there is a change in professional appointment; and documentation. The IESBA agreed on a draft of the proposed changes to the Code as a basis for further consultation with key stakeholders through three roundtables to be held in Asia-Pacific, Europe and North America in Q2-Q3 2014.

The IESBA will consider the input received from the roundtables and a possible re-Exposure Draft at its October 2014 meeting.

## Structure of the Code

The IESBA considered the preliminary report and recommendations of its Structure of the Code Working Group regarding ways to improve the usability of the Code. Among other matters, the IESBA discussed the Working Group's recommendations with respect to enhancing the visibility of the Code's requirements; clarifying responsibility for compliance

with the Code's requirements; simplifying the wording in the Code; repackaging parts of the Code; and an electronic Code. The IESBA also considered examples of a possible approach to restructuring the Code.

The IESBA will receive the Working Group's final report and recommendations at its April 2014 meeting.

### Long Association of Senior Personnel (Including Partner Rotation) with an Audit Client

The IESBA considered issues and Task Force proposals with respect to possible enhancements to the long association provisions in Section 290, *Independence – Audit and Review Engagements*, to ensure that those provisions continue to provide robust and appropriate safeguards against the familiarity and self-interest threats arising from long association with an audit client. Among other matters, the IESBA discussed proposed improvements to the overall framework of principles addressing long association; communication with those charged with governance; consideration of time served prior to becoming a key audit partner in the rotation decision; the duration of the cooling-off period; and permissible activities during that period.

The IESBA will further discuss issues and Task Force proposals at its April 2014 meeting.

### Review of Part C of the Code

The IESBA considered issues and Task Force proposals regarding a revised Section 320 of the Code addressing the preparation and reporting of information. Among other matters, the IESBA discussed a proposal to strengthen the requirement to prepare or present information fairly, honestly and in accordance with relevant professional standards; whether to deal separately with management and external information in Section 320; and whether to prohibit professional accountants in business from preparing or presenting misleading financial information that complies with the applicable reporting framework.

The IESBA will further discuss issues and Task Force proposals with respect to Section 320, as well as with respect to proposed Section 370 addressing pressure from superiors and others to engage in unethical or illegal acts, at its April 2014 meeting.

### Non-Assurance Services (NAS)

The IESBA considered issues and Task Force proposals with respect to:

- The emergency exception provisions for bookkeeping and taxation services in Section 290 of the Code;
- Clarification of the "Management Responsibilities" subsection of Section 290; and
- Clarification of the provisions in the "Preparing Accounting Records and Financial Statements" subsection of Section 290 dealing with services of a "routine or mechanical" Nature.

The IESBA will consider a further draft of proposed changes to the relevant subsections of the Code, and a draft paper setting out its views and positions on NAS and related matters, at its April 2014 meeting.

## Emerging Issues and Outreach

The IESBA approved the working process for its Emerging Issues and Outreach initiative and the Terms of Reference for its Emerging Issues and Outreach Committee to oversee the initiative going forward.

The IESBA will receive the first report from the Committee at its April 2014 meeting.

## Presentation on Behavioral Ethics

The IESBA received a presentation from Robert Prentice, Associate Chairman in the Business, Government and Society Department at the McCombs School of Business, University of Texas, on the topic of behavioral ethics.

## Presentation on Context and Issues in Sub-Saharan Africa

The IESBA received a presentation from IESBA Member Chishala Kateka on the contextual environment and issues relating to ethics standards for professional accountants in Sub-Saharan Africa.

## Next Meeting

The next meeting of the IESBA will be held in Toronto, Canada, on April 7-9, 2014.