

# IESBA Meeting Highlights and Decisions

July 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 July 2014 IESBA meeting is also available on the IESBA website.

## Strategy and Work Plan 2014-2018

The IESBA approved for issuance, subject to confirmation by the Public Interest Oversight Board (PIOB) that due process has been followed, the *IESBA Strategy and Work Plan, 2014-2018* (SWP).

The SWP is expected to be issued by October 2014.

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

The IESBA approved for public comment changes to the provisions in Section 290 of the Code dealing with long association of senior personnel with an audit client. The exposure draft responds to several issues raised by stakeholders including issues of independence in appearance. The exposure draft broadly covers the following areas:

- Strengthening the general provisions that apply to all audit engagements;
- Increasing the mandatory cooling-off period for the engagement partner on the audit of a client that is a public interest entity;
- Strengthening the restrictions on the type of activities that can be undertaken by any former key audit partner during the cooling-off period; and
- Ensuring the concurrence of those charged with governance with respect to the application of certain exception paragraphs.

The IESBA also approved for public comment corresponding changes to Section 291 of the Code dealing with long association of senior personnel with an assurance client.

The exposure draft is expected to be released by mid-August 2014 with a 90-day comment period.

### Review of Part C of the Code

The IESBA considered proposed changes to Section 320 of Part C of the Code addressing the topic of preparation and reporting of information, and a proposed new Section 370 addressing the topic of pressure by superiors and others to breach the fundamental principles. Among other matters, the IESBA discussed Task Force proposals addressing the misuse of discretion in a reporting framework to mislead. The IESBA also provided input on the construct and content of the proposed Section 370.

The IESBA will consider revised drafts of the proposed Sections 320 and 370, and related enhancements to other sections of Part C, with a view to approval for exposure at its October 2014 meeting.

### Structure of the Code

The IESBA considered a preliminary draft of a consultation paper setting out Task Force proposals for improving the clarity and structure of the Code. Among other matters, the IESBA discussed the approach to coordinating a review of safeguards in the Code with the work on restructuring the Code; the approach to clarifying responsibility for compliance with the Code in particular circumstances; alignment of the timing of deliverables on other projects in progress with the restructuring work; and general structuring and reorganization matters.

The IESBA will consider a revised draft of the consultation paper with a view to approval at its October 2014 meeting.

### Auditor Reporting

The IESBA considered revised proposals by the International Auditing and Assurance Standards Board (IAASB) regarding the inclusion of a statement about compliance with independence and other ethical requirements in the auditor's report, including the proposed approach with respect to disclosure of the sources of these requirements in the report. Among other matters, the IESBA supported the IAASB's proposed requirement relating to a statement in the auditor's report about independence and other ethical requirements, and the related illustrative wording and application material.

### Non-Assurance Services (NAS)

The IESBA agreed that the work stream on safeguards should be completed before determining the nature and scope of the "position paper" on NAS to be developed and what the timing of that paper might be. The IESBA asked the Task Force to scope out the issues to be addressed in a project on safeguards and to present a project proposal for Board consideration at the earliest opportunity.

The IESBA will consider the significant comments received on its NAS exposure draft at its October 2014 meeting.

## Responding to Non-Compliance with Laws and Regulations

The IESBA received an update on the discussion of the project with its national standard setter liaison group on May 28 and the feedback received from stakeholders at its two global roundtables on the project in Hong Kong on May 20 and Brussels on June 13. The IESBA also was briefed on preparations for its third and final global roundtable in Washington DC on July 10.

The IESBA will consider, among other matters, the input received from the roundtables at its October 2014 meeting.

## Meeting

The next meeting of the IESBA will be held in New York, USA, on October 13-15, 2014.