



INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

The International Ethics Standards Board for Accountants (IESBA) is a standard-setting body designated by, and operating independently under the auspices of, the International Federation of Accountants (IFAC).

An overview of the IESBA's role and standard-setting process

Objective

The International Ethics Standards Board for Accountants develops and issues in the public interest high-quality ethical standards and other pronouncements for professional accountants for use around the world. The IFAC *Code of Ethics for Professional Accountants* and Interpretations apply to all professional accountants, whether in public practice, in business, education, and the public sector. The Code serves as the foundation for codes of ethics developed and enforced by member bodies. No member body of IFAC or firm issuing reports in accordance with International Auditing and Assurance Standards is allowed to apply less stringent standards than those stated in the Code.

Due Process

A rigorous due process followed by the International Ethics Standards Board for Accountants is critical to ensure that the views of those affected by its standards and interpretations are thoroughly considered. The process outlined below is applicable to the development of all International Ethics Standards Board for Accountants pronouncements.

- **Research and consultation** — A project task force is ordinarily established with the responsibility to develop a draft standard or interpretation. The task force develops its positions based on appropriate research and consultation.
- **Transparent debate** — A proposed standard or interpretation is presented as an agenda paper for discussion and debate at an International Ethics Standards Board for Accountants meeting, which is open to the public.
- **Exposure for public comment** — Exposure drafts are placed on the International Ethics Standards Board for Accountants' website and are widely distributed for public comment. The exposure period is ordinarily no shorter than 90 days.
- **Consideration of comments received on exposure** — The comments and suggestions received as a result of exposure are considered at an International Ethics Standards Board for Accountants meeting, which is open to the public, and the exposure draft is revised as appropriate. If the changes made after exposure are viewed by the International Ethics Standards Board for Accountants to be so substantive as to require re-exposure, the document is reissued for further comment.
- **Affirmative approval** — Approval of exposure drafts, re-exposure drafts, standards and interpretations is made by the affirmative vote of at least two-thirds of the members.

Public Interest Oversight

The Public Interest Oversight Board (PIOB) oversees the public interest activities of IFAC. The objective of the PIOB is to increase confidence of investors and others that such activities, including the setting of standards by the International Ethics Standards Board for Accountants, are properly responsive to the public interest. PIOB members are nominated by international institutions and regulatory bodies.

International Ethics Standards Board for Accountants Pronouncements

- **The Code of Ethics for Professional Accountants** establishes principles of ethics for the 2.5 million professional accountants who are members of IFAC member bodies.
- **Interpretations to the Code of Ethics for Professional Accountants** assist in the application of the Code. The interpretations are authoritative.

IESBA members undertake to develop standards and interpretations in the public interest.

Fundamental Principles

The Code of Ethics requires accountants to adhere to five fundamental principles:

- **Integrity** — A professional accountant should be straightforward and honest in performing professional services.
- **Objectivity** — A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- **Professional Competence and Due Care** — A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services.
- **Confidentiality** — A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.
- **Professional Behavior** — A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession.

Role of the International Ethics Standards Board for Accountants CAG

The International Ethics Standards Board for Accountants Consultative Advisory Group (CAG) is comprised of representatives of regulators and business and international organizations who are interested in the development of high quality international ethical standards. Through active consultation, the International Ethics Standards Board for Accountants receives valuable public interest input on its agenda, project timetable, priorities, and technical issues.

International Ethics Standards Board for Accountants Members

The International Ethics Standards Board for Accountants consists of a chairman and 17 volunteer members from around the world comprising representatives from IFAC member bodies, practitioners in public practice and other individuals with an interest in the work of the IESBA. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee and are approved by the PIOB. A complete list of International Ethics Standards Board for Accountants members along with their biographies is available on the International Ethics Standards Board for Accountants' website: <http://www.ifac.org/ethics>.

About IFAC

IFAC is the worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 157 members and associates in 123 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. The organization, through its independent standard-setting boards, sets international standards of ethics, auditing and assurance, education and public sector accounting. It also issues guidance to encourage high quality performance by professional accountants in business.

Contact Information

For more information about the International Ethics Standards Board for Accountants and its current projects, please visit its website at <http://www.ifac.org/ethics> or contact Richard George, Chair, by email: richard.george@kpmg.ie; or Jan Munro, Senior Technical Manager, by email: janmunro@ifac.org or telephone: +1 (416) 512-0771.



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