



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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Agenda Item

E

Board Ethics Consultative Advisory Group

Meeting Location: Thistle Royal Horseguards, London. UK

Meeting Date: September 19, 2007

Independence

Objectives of Agenda Item

1. To discuss and provide input on the direction taken by IESBA and proposed by Task Force in response to comments received on the exposure draft issued December 2006.

Background

In December 2006, the IESBA issued an exposure draft (ED) proposing revisions to existing Section 290 and proposing a new Section 291. The exposure period was four months, one month longer than three month period required by IESBA due process because of the length of the ED. The ED period ended on April 30, 2007.

Comments have been received from the following:

Member Bodies of IFAC	33
Firms	8
Regulators	4
Government Organizations	3
Other	28
Total Responses	76

All of the comment letters received have been posted on the IFAC website and may be downloaded at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0075>.

The IESBA discussed comments received on overall key strategic issues at its June 2007 meeting. The Task force met in July and August to continue its discussion of the comments received and will meet again on September 20-21st to finalize the papers that will be presented to the IESBA at its meeting on October 24-26, 2007.

This paper outlines the matters considered by the IESBA at its June meeting and the direction given by the IESBA to the Task Force. It also outlines matters that have not yet

been presented to the IESBA – these views presented for these matters reflect the opinion of the Task Force.

Key Issues

The key issues on which the input of the CAG is sought are comments received on:

- Principles/Rules
- Split of Section 290
- Definition of Entities of Significant Public Interest
- Partner Rotation and definition of key audit partner
- Definition of engagement team
- Non-audit Services
- Other Matters

An issues paper on each of these matters is presented. Each paper provides:

- Background to the position proposed in the exposure draft together with the Board's reasoning for the position taken;
- A discussion of the comments received;
- Alternatives considered by the IESBA, or Task Force as the case may be; and
- The proposed direction of the IESBA or the recommendation of the Task Force to the IESBA as the case may be.

In some cases the issues paper refers to a comment from a particular respondent. The legend for the respondents (and a complete list of respondents) is contained in the appendix to *this* agenda paper.

Material Presented

Agenda Paper E	This Agenda Paper
Agenda Paper E.1	Principles/Rules
Agenda Paper E.2	Split of Code
Agenda Paper E.3	Entities of Significant Public Interest
Agenda Paper E.4	Partner Rotation and Definition of Key Audit Partner
Agenda Paper E.5	Engagement Team Definition
Agenda Paper E.6	Non-audit services
Agenda Paper E.7	Other Matters

Action Requested

1. CAG members are asked to consider the recommendations direction presented and provide input.

Appendix

Respondents Legend

AC	Audit Conduct (US)
ACAG	Australasian Council of Auditors General
ACCA	Association of Chartered Certified Accountants (UK)
AICPA	American Institute of Certified Public Accountants
APB	Auditing Practices Board (UK)
APESB	Accounting Professional and Ethical Standards Board – Australia
Australia	Australian Member Bodies – CPA Australia, The Institute of Chartered Accountants in Australia and National Institute of Accountants
Basel	Basel Committee on Banking Supervision
BDO	BDO
Blieden	Mervyn Blieden (US practitioner)
CACPA	California Society of Certified Public Accountants (US)
CAGNZ	Controller and Auditor General of New Zealand
CARB	Chartered Accountants Regulatory Board – Ireland
CCAB	Consultative Committee of Accountancy Bodies (UK)
CEBS	Committee of European Banking Supervisors
CGA – Alberta	Certified General Accountants – Alberta
CGA - Canada	Certified General Accountants – Canada
CICA	Canadian Institute of Chartered Accountants
CIMA	Certified Institute of Management Accountants (UK)
CMA	Society of Management Accountants of Canada
CNCC	Compagnie Nationale des Commissaires aux Comptes
CNDC	Consiglio Nazionale Dottori Commercialisti
CoCPA	Colorado Society of Certified Public Accountants (US)
Constantine	Constantine Assoices
CSOEC	Conseil Supérieur de l'Ordre des Experts-comptables
DnR	The Norwegian Institute of Public Accountants
DTT	Deloitte Touche Tohmatsu
EC	European Commission
E&Y	Ernst & Young
EFAA	European Federation of Accountants and Auditors for SMEs
FACPE	Federacion Argentina de Consejos Profesionales de Ciencias Economicas
FAP	Federation of Accounting Professionals (Thailand)
FAR	The Institute for the Accountancy Profession in Sweden
FEE	Federation des Experts Comptables Europeens
FSR	Foreningen af Statsautoriserede Revisorer (Danish Institute of State Authorized Public Accountants)
GAO	Government Accountability Office (US)
GSH	Gabel, Schnieders, Hollman & Co (US accounting firm)
GT	Grant Thornton

Hogan Hansen	Hogan Hansen (US accounting firm)
HKICPA	Hong Kong Institute of Chartered Accountants
HRH –CR	Hare, Russell & Holder – Claire Russell (US practitioner)
HRH – DH	Hare, Russell & Holder – David Holder (US practitioner)
IBR-IRE	Institut des Reviseurs d’Entreprises (Belgium)
ICAEW	Institute of Chartered Accountants of England and Wales
ICANZ	Institute of Chartered Accountants of New Zealand
ICAP	Institute of Chartered Accountants in Pakistan
ICAS	Institute of Chartered Accountants of Scotland
ICAIIndia	Institute of Chartered Accountants in India
ICJCE	Instituto de Censores Jurados de Cuentas de España
ICPAI	Institute of Certified Public Accountants in Israel
ICPAS	Institute of Public Accountants in Singapore
IDW	Institut der Wirtschaftsprüfer (Germany)
IRBA	Independent Regulatory Board for Auditors (South Africa)
IOSCO	International Organization of Securities Commissions
JICPA	Japanese Institute of Certified Public Accountants
KICPA	Korean Institute of Certified Public Accountants
KPMG	KPMG
KyCPA	Kentucky Society of Certified Public Accountants (US)
Lorenzi	David Lorenzi CPA (US practitioner)
MACPA	Massachusetts Society of Certified Public Accountants (US)
MACPA2	Massachusetts Society of Certified Public Accountants second response (US)
Maresca	Joseph S. Maresca (US)
Mazars	Mazars
MIA	Malaysian Institute of Accountants
NASBA	National Association of States Boards of Accountancy (US)
NIVRA	Nederlands Instituut Van Registeraccountants (Netherlands)
NRF	Nordic Federation of Public Accountants
OCPA	Ohio Society of Certified Public Accountants (US)
PAOC	Public Accountants Oversight Committee (Singapore)
PwC	PricewaterhouseCoopers
SAICA	South African Institute of Chartered Accountants
SCAA	Society of Chinese Accountants and Auditors
SMP/DNC	IFAC Small and Medium Practices Committee and Developing Nations Committee
Wolf	Wolf & Co (US accounting firm)
WPK	Wirtschaftsprüferkammer (German member body)