



Meeting: IESBA Consultative Advisory Group
Meeting Location: New York
Meeting Date: September 12, 2012

Agenda Item

F

Reformat of Code

Objective of Agenda Item

1. To obtain the views of CAG members of change to structure of Code and an example of a possible approach.

Background

At its meeting in June 2012, the IESBA considered how the structure of the Code could be improved to raise the visibility of its requirements and prohibitions and, with respect to the independence requirements in the Code, how to better explain who within a firm has the responsibility for complying with them.

Discussion

The IESBA has received feedback from various users of the Code that improvements to the structure and format of the Code are needed — particularly increased visibility of the prohibitions and requirements and greater clarity about who is responsible for meeting its requirements. The board believes these refinements will enhance the Code's usefulness, understandability, and enforceability, which in turn can contribute to the success of its convergence objective.

At its June meeting, the IESBA discussed an example of a revised structure using the provisions in Section 290.102 to 290.231 that apply to audit clients that are not public interest entities. The example repositions the requirements and prohibitions in each section and places them at or near the beginning of the paragraphs that discuss the requirement or prohibition. The requirements and prohibitions have been presented in bold to make them more obvious and easier to identify. In addition, certain paragraphs that have been highlighted represent areas that could possibly be deleted. This represents one example of a reformatted Code but that there could be other approaches as well for the Board to consider.

The IESBA was generally supportive of the reformatted text and agreed any steps to make the Code better understood by its users would be beneficial. It was agreed that the Planning Committee¹ would take this project under consideration and report its recommendations to the Board at its next meeting.

¹ Jörgen Holmquist (chair), Bob Franchini, Caroline Gardner, Isabelle Sapet, Brian Walsh and Richard Fleck

Material Presented

Agenda Paper F	This agenda paper
Agenda Paper F-1	Reformatted Section 290 (clean)
Agenda Paper F-2	Reformatted Section 290 (mark-up)

Action Requested

1. IESBA CAG members are asked to consider the example and whether they believe that this is a more user friendly approach.
2. IESBA CAG members are asked to consider whether the re-formatting could be further stream-lined, for example, by deleting the shaded text in Agenda Paper F-2