

# IESBA Meeting Highlights and Decisions

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

## Jörgen Holmquist

The IESBA paid tribute to its late Chair Jörgen Holmquist who passed away in March 2014.

## Non-Assurance Services (NAS)

The IESBA approved for exposure the following proposed changes to the Code pertaining to the provision of non-assurance services to an audit client:

- Withdrawal of the emergency exception provisions for bookkeeping and taxation services provided to audit clients that are public interest entities (PIEs) in Section 290 of the Code;
- Provisions addressing management responsibilities in Section 290; and
- Clarifications regarding the concept of “routine and mechanical” services relating to the preparation of accounting records and financial statements in Section 290.

With respect to the latter two areas, the IESBA also approved for exposure corresponding changes in Section 291 of the Code pertaining to non-assurance services provided to an assurance client.

The exposure draft is expected to be released by mid-May 2014. Comments will be requested by August 15, 2014.

The IESBA will consider a draft paper setting out its views and positions on NAS and related matters at its July 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, and a proposed Section 370 of the Code addressing pressure to breach the fundamental principles. Among other matters, the IESBA discussed possible guidance to help professional accountants in business (PAIBs) better understand their responsibilities regarding the issues of misuse or abuse of discretion under the applicable reporting framework, and transaction-based misrepresentation. The IESBA also provided input on proposed guidance to help PAIBs address the issue of pressure from superiors and others to breach the fundamental principles.

The IESBA will further consider issues and revised drafts of these sections and proposed changes to other related sections of Part C of the Code within this first phase of the project at its July 2014 meeting.

## Structure of the Code

Based on the final report and recommendations of its Structure of the Code Working Group regarding ways to improve the usability of the Code, the IESBA approved a project on restructuring the Code. Among other matters, the IESBA provided further input on the topics of clarifying responsibility for compliance with the Code's requirements; clarifying the language in the Code; reorganizing parts of the Code; and an electronic Code.

The IESBA will consider a draft consultation paper setting out the proposed approach to the restructuring work at its July 2014 meeting.

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

The IESBA further considered issues with respect to proposed enhancements to the long association provisions in Section 290. Among other matters, the IESBA discussed the duration of the cooling-off period for key audit partners with respect to audits of PIEs; if the Lead Audit Engagement Partner (LAEP) were to be subject to a longer cooling-off period, whether the requirement should apply to LAEPs on the audits of all PIEs or only LAEPs on the audits of listed entities; and permissible activities during the cooling-off period.

The IESBA agreed to further consider the issue of permissible activities during the cooling-off period in a teleconference scheduled for April 29, 2014.

The IESBA will consider a revised draft of the proposed enhancements to the Code with a view to approving an exposure draft at its July 2014 meeting.

## Auditor Reporting

In connection with the International Auditing and Assurance Standards Board's (IAASB's) Auditor Reporting project, the IESBA provided input on proposals by one of the IAASB's Drafting Teams regarding the inclusion of a statement of compliance with independence and other ethical requirements in the auditor's report, including options for disclosing the sources of these requirements in the report.

The IESBA will consider revised proposals of the IAASB Drafting Team at its July 2014 meeting.

### Emerging Issues and Outreach

The IESBA considered three developments internationally that its Emerging Issues and Outreach Committee had identified as potentially warranting the IESBA's attention as emerging issues: the MG Rover case in the UK; aggressive tax avoidance; and the regulatory developments concerning audit reform in the European Union. The IESBA also noted recent outreach activities by Board representatives.

The IESBA will further consider matters arising from its Emerging Issues and Outreach initiative at its October 2014 meeting.

### Strategy and Work Plan 2014-2018

The IESBA considered significant comments received on its Consultation Paper *Proposed Strategy and Work Plan, 2014-2018* (SWP) and the IESBA Planning Committee's preliminary proposals in response to these comments.

The IESBA will consider a revised draft of the SWP with a view to approving it at its July 2014 meeting.

### Responding to Non-Compliance with Laws and Regulations

The IESBA received a brief update on recent discussions of the project with certain stakeholders, including its Consultative Advisory Group. It also received an update on preparations for its upcoming series of global roundtables on the project in Hong Kong on May 20, Brussels on June 13, and Washington DC on July 20, 2014.

### Presentation from Canadian Public Accountability Board (CPAB)

The IESBA received a presentation from CPAB Vice Presidents Glenn Fagan and Kam Grewal outlining, among other matters, the scope of, and approach to, CPAB's inspections, its strategic plan, the Canadian initiative Enhancing Audit Quality, and CPAB's development of a protocol with key stakeholders to increase the transparency of its inspection reporting.

### Next Meeting

The next meeting of the IESBA will be held in New York, USA, on July 7-9, 2014.